

 DRAFT

ESRS S4

CONSUMERS AND
END-USERS

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Objective

1. The **sustainability statement** shall include information in relation to ESRS S4 *Consumers and End-users* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This Standard sets out DRs related to **consumers** and/or **end-users**, in particular with respect to the following sub-topics:
 - (a) information-related impacts for consumers and/or end-users (including privacy, access to information, freedom of expression);
 - (b) personal safety of consumers and/or end-users (including health and safety, protection of children, security of a person); and
 - (c) social inclusion of consumers and/or end-users (including access to products and services, responsible marketing practices, non-discrimination).
5. The unlawful use or misuse of the undertaking's products and services by **consumers** and/or **end-users** fall outside the scope of this Standard.

Interaction with other topical ESRS

6. Social and environmental **topics** interact with each other. The points of interaction between ESRS S4 *Consumers and End-users* and the other topical standards are the following:
 - (a) all the social standards, i.e. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities*, ESRS S4 *Consumers and End-users*, are aligned in terms of content and structure and are related to each other. The disclosures in the social standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence;
 - (b) this Standard interacts with ESRS E1 *Climate Change* to the extent that the transition to a low-carbon and climate-resilient economy can give rise to material **impacts, risks** or **opportunities** with regard to **consumers** and/or **end-users**; and
 - (c) this Standard interacts with ESRS E5 *Resource Use and Circular Economy* to the extent that consumers and/or end-users are informed about the **resource use, waste** management or **circular economy** aspects of the products or services they buy.

Disclosure Requirements

Impacts, risks and opportunities management

Disclosure Requirement S4-1 – Policies related to consumers and end-users

7. (15 amended) The undertaking shall describe its **policies** for managing material **impacts, risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific groups (for example, particular age groups) or all consumers and/or end-users.

APPLICATION REQUIREMENTS

AR 1 for para. 7 (Policies related to consumers and end-users)	(AR 13 amended) Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's employees , contractors and suppliers) or because they have a direct interest in their implementation.
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Disclosure Requirement S4-2 – Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy

8. (19 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **consumers** and/or **end-users**, including the availability of **channels to raise concerns or needs** such as **grievance mechanisms**, and its approach to **remedy**.
9. (20 and 21 amended) The undertaking shall disclose how it engages directly with **consumers** and/or **end-users**, their **legitimate representatives**, or with **credible proxies**, and how the perspectives of consumers and/or end-users inform its decisions or activities aimed at managing the **actual** and **potential impacts** on consumers and/or end-users during the reporting year. This shall include how the undertaking gains insight into the perspectives of consumers and/or end-users who may be particularly vulnerable to impacts and/or who are marginalised (for example, **persons with disabilities**, children) if the undertaking takes action to understand those perspectives.
10. (25(b)(d) amended) The undertaking shall describe the channels available to **consumers** and/or **end-users** to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism** in place¹. It shall also explain how it assesses the effectiveness of these channels.
11. (25(a) amended) The undertaking shall describe its general approach to and **processes to provide or cooperate in remediation** where it has caused or contributed to a material negative **impact** on **consumers** and/or **end-users**.

APPLICATION REQUIREMENTS

AR 2 for para. 9 (Engagement)	(AR 16 amended) Engagement with consumers and/or end-users can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
AR 3 for para. 10 (Grievance mechanism)	<p>(AR 24 amended) The 'effectiveness criteria for non-judicial grievance mechanisms', as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31, can be used for assessing the effectiveness of the channels.</p> <p>(26 amended) If the undertaking has policies for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.</p>

Disclosure Requirement S4-3 – Actions and resources related to consumers and end-users

12. (30 amended) The undertaking shall describe the key **actions** and resources used to manage its material positive and negative **impacts, risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-A.
13. (31(a)(b)(d) amended) In relation to material negative **impacts** on **consumers** and/or **end-users**, the undertaking shall describe:

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of processes and compliance mechanisms to monitor compliance with the UNGPs and the OECD Guidelines for Multinational Enterprises').

- (a) its key **actions** taken, planned or underway to prevent, mitigate and **remediate** material negative impacts on consumers and/or end-users, including its approach in situations where tensions arise between such actions and other business pressures (for example, practices related to marketing, sales and data use); and
 - (b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for consumers and/or end-users. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
14. (35 amended) For the sub-topics assessed as material for this Standard, subject to relevant privacy regulation, the undertaking shall disclose **human rights incidents** connected to its **consumers** and/or **end-users** identified in the reporting period.²

APPLICATION REQUIREMENTS

<p>AR 4 for para. 13 (Key actions)</p>	<p>(AR 26 and AR 27 amended) The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This disclosure requirement also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
<p>AR 5 for para. 14 (Human rights incidents)</p>	<p>(New) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Art. 29b (2) (b) (iii). These incidents are understood as the substantiated instances of:</p> <ul style="list-style-type: none"> (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
<p>AR 6 for para. 14 (Human rights incidents)</p>	<p>(New) When applying the filter of information materiality (paragraph 23 of ESRS 1 <i>General Requirements</i>) to the information about incidents referred to under paragraph 14, the undertaking's assessment is primarily based on the severity of the impacts on consumers and end-users.</p>
<p>AR 7 for para. 14 (Human rights incidents)</p>	<p>(New) The undertaking is not expected to disclose a list of each human rights incident, and may aggregate the information provided, such as by relevant types of incidents and/or consumers and end-users affected.</p>
<p>AR 8 para. 14 (Cross-referencing)</p>	<p>(New) If the undertaking considers that changes in human rights incidents are relevant for understanding the effectiveness and availability of channels to raise concerns or needs, including grievance mechanisms, it may cross-reference paragraph 14 and paragraph 10.</p>

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by indicator #10 in Table I of Annex I, by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Violations of the UNGPs and the OECD Guidelines for Multinational Enterprises" and "Number of identified cases of severe human rights issues and incidents"), and the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator 'Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents)', as referred to in international treaties and conventions, United Nations principles and, where applicable, national law' in Section 1 and 2 of Annex II.

	(New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 13.
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Metrics and Targets

Disclosure Requirement S4-4 – Targets related to consumers and end-users

15. (40 amended) The undertaking shall disclose qualitative and/or quantitative **targets** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 9 for para. 15 (Tracking performance)	<p>(41(b)(c) amended) Engagement with consumers and/or end-users, their legitimate representatives, or with credible proxies, can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 13 (b), including the development of metrics, target-setting and/or tracking of performance against those metrics and targets.</p> <p>In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the undertaking's management of material negative impacts and the identification of lessons learnt or improvements.</p>
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