



EXPOSURE DRAFT

ESRS S4

CONSUMERS AND
END-USERS

 JULY 2025

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EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting. In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS. EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.



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~~Revised structure and drafting conventions~~

As compared to the ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined.

- ~~— All the ‘shall disclose/shall include/shall report/shall describe/shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.~~
- ~~— Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for [Draft] Amended-ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options—which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.~~
- ~~— All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).~~
- ~~— A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.~~
- ~~— The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (topic), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.~~
- ~~— The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets—for example, ‘4. (24)’ or ‘4 (24 amended)’ in paragraph [Draft] Amended ESRS 1.~~

[Draft] ESRS S4 Consumers and End-users

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Objective

- ~~1. When reporting in accordance with the ESRS, The **sustainability statement** shall ~~cover~~include information in relation to [Draft] Amended ESRS S4 Consumers and End-users, ~~when if~~ this **topic** relates to material **impacts, risks** and **opportunities**. The disclosure on the material impacts, risks and opportunities is expected to cover ~~policies, actions~~ and ~~targets~~ (if in place), ~~dependencies~~ when relevant, ~~metrics~~ and ~~financial effects~~.~~
- ~~2. The objective of this Standard is to specify Disclosure Requirements ('DRs') in relation to the items of information mentioned all the reporting areas listed in paragraph 5 of ESRS 1 that are General Requirements. If not covered in [Draft] Amended ESRS 2.~~
- ~~3.1. When only one of all the sub-topics covered prescribed by this Standard is material, the undertaking shall report only on that sub-topic. 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** ~~and~~, in particular, ~~for~~ 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 undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 to 32, and GDR-P, GDR-A, GDR-T and GDR-M. In particular:~~
 - ~~(a) if the undertaking has not adopted **policies, actions** and **targets** with regard to a **topic** related to **material impacts, risks** and **opportunities**, it shall disclose this fact; and~~
 - ~~(b) the undertaking may present the description of its **material impacts, risks** and **opportunities**, in accordance with [Draft] Amended ESRS 2 IRO-2, alongside information about its **policies, actions, targets** and **metrics** through which it addresses them, to avoid duplication and support a coherent narrative.~~
- ~~6. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions** and **targets**, for which the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.~~
- ~~7.5. 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. The reporting under this Standard shall be consistent, coherent Social and, where relevant, clearly linked environmental topics interact with reporting on each other. The points of interaction between ESRS S4 Consumers and End-users and the undertaking's ~~own workforce~~ under [Draft] Amended 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

~~Impact, risk~~ Impacts, risks and ~~opportunity~~ opportunities management

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

~~8.7.~~ (15 amended) The undertaking shall describe its **policies** for managing ~~the~~ material **impacts**, **risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with ~~[Draft] Amended~~ 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. 9 <u>7</u> (Policies related to consumers and end-users)	(AR 13 amended) The channels <u>Examples of policy aspects to disclose are the means of communication</u> 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 <u>employees</u> , contractors and <u>suppliers</u>); or because they have a direct interest in their implementation; are examples of policy aspects to disclose.
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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*

~~9.8.~~ (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**, ~~including to raise concerns or needs such as grievance mechanisms~~, and its approach to remedy.

~~10.9.~~ (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, ~~where relevant~~, how ~~it~~ 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.

~~11.10.~~ (25(b)(d) amended) The undertaking shall describe the channels available to **consumers** and/or **end-users** to bring their concerns or needs directly ~~their~~ 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.

~~12.11.~~ (25a25(a) amended) The undertaking shall describe its general approach to and **processes** ~~for providing to provide or contributing to remedy~~ 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. 11 <u>9</u> (Engagement)	(AR 16 amended) The Engagement with consumers and/or end-users can take different forms, such as information <u>sessions</u> , consultation or participation, and occur <u>take place</u> at different frequencies <u>intervals</u> .
AR 3 for para. 12 (Channels for raising concerns)	(AR 19 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (e.g. governments, NGOs or industry associations), including business relationships, with dedicated processes through which consumers and/or end-users can raise their concerns or needs. This includes grievance mechanisms, hotlines, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
AR 43 for para. 12 <u>10</u> (Grievance mechanism)	(26 <u>AR 24</u> amended) The 'effectiveness criteria for non-judicial <i>grievance mechanisms</i> ', 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.

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').

	(26 amended) If the undertaking has policies for protecting individuals that use these channels against retaliation, and it is <u>they are</u> disclosed in [Draft] <u>Amended</u> under ESRS G1-1, it <u>the undertaking</u> may refer to that disclosure.
AR 5 for para. 13 (Remedy)	(AR 19 amended) ‘Processes’ for providing or contributing to remedy may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, by providing or contributing to remedy for actual impacts . This can include channels to raise concerns or needs as reported under paragraph 12 if they are used for providing or contributing to remedy.

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

~~13.12. 14.~~ (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 ~~[Draft] Amended~~ ESRS 2 GDR-A.

~~14.13.~~ (31 (a)(b)(d) amended) In relation to ~~the~~ material negative impacts ~~related to~~ on **consumers** and/or **end-users**, the undertaking shall describe:

- (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 ~~and initiatives~~ 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 ~~[Draft] Amended~~ ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.

~~15.14.~~ (35 amended) For the sub-topics assessed as material for this Standard, subject to relevant privacy regulation, the undertaking shall ~~also~~ disclose ~~whether human rights incidents~~ connected ~~with~~ to its **consumers** and/or **end-users** ~~have been reported and, if applicable, disclose these~~²: identified in the reporting period.³

APPLICATION REQUIREMENTS

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.

³ 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.

<p>AR 64 for para. 1513 (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 <u>disclosure requirement</u> also applies to key actions to provide for, contribute to, cooperate in, or enable remedy <u>remediation</u> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass <u>include</u> the use of <u>different types of leverage</u> and/or collective actions taken through multistakeholder <u>multi-stakeholder</u> and/or industry initiatives.</p>
<p>AR 5 for para. 14 (Human rights incidents)</p>	<p>(New) The <u>human rights incidents</u> 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) <u>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</u> (b) <u>incidents registered by the undertaking, including those it identified through its internal processes.</u>
<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 <u>impacts on consumers and end-users.</u></p>
<p>AR 7 for para. 14 (Human rights incidents)</p>	<p>(New) The undertaking is not expected to disclose a list of each <u>human rights incident</u>, and may aggregate the information provided, such as by relevant types of incidents and/or <u>consumers and end-users affected.</u></p>
<p>AR 8 para. 14 (Cross-referencing)</p>	<p>(New) If the undertaking considers that changes in <u>human rights incidents</u> are relevant for understanding the effectiveness and availability of <u>channels to raise concerns or needs</u>, including <u>grievance mechanisms</u>, it may cross-reference paragraph 14 and paragraph 10.</p> <p>(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.</p>

Metrics and Targets

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

~~16-15.~~ (40 amended) The undertaking shall disclose ~~the~~ qualitative and/or quantitative **targets** related to **consumers** and/or **end-users** in accordance with ~~[Draft] Amended~~ ESRS 2 GDR-T.

~~17.~~ (41 amended) When disclosing in accordance with ~~[Draft] Amended~~ ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with ~~consumers and/or end-users~~, their ~~legitimate representatives~~, or with ~~credible proxies~~ that have insight into their situation, for the purpose of ~~target~~ setting and/or tracking performance against those targets.

APPLICATION REQUIREMENTS

<p>AR 79 for para. 18<u>15</u> (Tracking performance against targets)</p>	<p>In the context of tracking the undertaking's performance against targets, <u>(41(b)(c) amended)</u> Engagement with consumers and/or end-users, their legitimate representatives, or with credible proxies, can inform its<u>the undertaking's</u> 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><u>In particular, in relation to the tracking of performance, such engagement can inform the</u> understanding of the effectiveness of its<u>the undertaking's</u> management of material negative impacts and the identification of lessons learnt or improvements.</p>
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