



 COMPARATIVE TABLE OF TEXTS

# ESRS S2

WORKERS IN THE  
VALUE CHAIN

 DECEMBER 2025

 EFRAG

# Comparative Table: ESRS as enacted in 2023, Exposure Draft ESRS, and Draft Amended ESRS – ESRS S2 *Workers in the Value Chain*

**Disclaimer:** The ‘Comparative Table: ESRS as enacted in 2023, Exposure Draft ESRS, and Draft Amended ESRS’ accompanies but is not part of the draft amended ESRS issued by EFRAG on 3 December 2025. It is a non-binding document which complements and should be read in conjunction with the Basis for Conclusions and Log of Amendments, where descriptions and illustrations of the main changes to the Standards can be found. This document does not reflect the position of the European Union or the European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

## Introduction

1. This document illustrates the text of each of the following three versions of ESRS S2: ESRS S2 as enacted in 2023 (Column 1), Exposure Draft ESRS S2 (Column 2) and Draft Amended ESRS S2 (Column 3).
2. This document is purely illustrative and does not offer explanations for changes to ESRS S2. The Basis for Conclusions and the relevant Log of Amendments should be consulted for an explanation of draft amended ESRS S2.
3. By reading each row, the reader can understand how each paragraph of ESRS S2 has changed across the three versions of ESRS listed above. The starting point is Column 1, the text of the ESRS S2 as enacted in 2023.

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
<b>Objective</b>		
	1. When reporting in accordance with the ESRS, the <b>sustainability statement</b> shall cover information in relation to [Draft] Amended ESRS S2 Workers in the value chain, when this <b>topic</b> relates to <b>material impacts, risks</b> and <b>opportunities</b> . The disclosure on the material impacts, risks and opportunities is expected to cover <b>policies, actions</b> and <b>targets</b> (if in place), <b>dependencies</b> when relevant, metrics and <b>financial effects</b> .	The <b>sustainability statement</b> shall include information in relation to ESRS S2 Workers in the Value Chain if this topic relates to material <b>impacts, risks</b> and <b>opportunities</b> 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 <b>materiality</b> assessment, paragraph 30 of ESRS 1 General Requirements applies.
1. The objective of this Standard is to specify disclosure requirements which will enable <b>users</b> of the <b>sustainability statement</b> to understand material <b>impacts</b> on <b>value chain workers</b> connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and its related material risks and opportunities, including:	2. The objective of this Standard is to specify Disclosure Requirements ('DRs') in relation to the items of information mentioned in paragraph 1 that are not covered in [Draft] Amended ESRS 2. It is also to enable <b>users</b> an understanding of the extent to which the undertaking aligns or complies with international and European human rights instruments and conventions, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, the UN Convention on Persons with Disabilities, the European Convention on Human Rights and the revised European Social Charter, the Charter of Fundamental Rights of the European Union.	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 <i>General Requirements</i> and ESRS 2 <i>General Disclosures</i> .  4. The objective of this Standard is also to enable an understanding of the extent to which the undertaking aligns or complies with the international and European human rights instruments and conventions, including the International Bill of Human Rights; the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions; the UN Convention on Persons with Disabilities; the European Convention on Human Rights and the revised European Social Charter; and the Charter of Fundamental Rights of the European Union.

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
(a) how the undertaking affects workers in its value chain, in terms of material positive and negative actual or potential impacts;		
(b) any <b>actions</b> taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;		
(c) the nature, type and extent of the undertaking's material risks and opportunities, including those related to its impacts and <b>dependencies</b> on workers in the value chain, and how the undertaking manages them; and		
(d) the <b>financial effects</b> on the undertaking over the short-, medium- and long-term of material risks and opportunities, including those arising from the undertaking's impacts and dependencies on workers in the value chain.		
	6. In this Standard, each DR is introduced by a disclosure objective, with the exception of <b>policies, actions and targets</b> , for which the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.	3. In this Standard, each DR is introduced by a disclosure objective except for <b>policies, actions and targets</b> , for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
	3. When only one of the <b>sub-topics</b> covered by this Standard is material, the undertaking shall report only on that sub-topic.	
2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential <b>impacts</b> on <b>value chain</b> workers in relation to:	4. This Standard sets out the DRs related to <b>workers in the value chain</b> and, in particular, with respect to the following <b>sub-topics</b> :	5. This Standard sets out the DRs related to <b>workers in the value chain</b> , in particular with respect to the following sub-topics:

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
(a) working conditions (for example, secure employment, working time, <b>adequate wage</b> , <b>social dialogue</b> , freedom of association, including the existence of work councils, <b>collective bargaining</b> , <b>work-life balance</b> and health and safety);	(a) working conditions ( <b>adequate wages</b> , <b>work-life balance</b> , working time, secure employment, social protection);	(a) working conditions (including <b>adequate wages</b> , <b>work-life balance</b> , working time, secure employment, <b>social protection</b> );
	(b) social dialogue, freedom of association, works councils, participation rights of workers and collective bargaining;	(b) <b>social dialogue</b> , freedom of association, works councils, participation rights of workers and <b>collective bargaining</b> ;
	(c) health and safety;	(c) health and safety;
	(d) <b>training</b> and skills development;	(d) <b>training</b> and skills development;
(b) <b>equal treatment</b> and <b>opportunities</b> for all (for example, gender equality and equal <b>pay</b> for work of equal value, <b>training</b> and skills <b>development</b> , the employment and inclusion of <b>persons with disabilities</b> , measures against violence and <b>harassment</b> in the workplace, and diversity);	(e) diversity and <b>equal treatment</b> and diversity (gender equality, equal <b>pay</b> for equal work, employment and inclusion of people with disabilities, non-discrimination, anti-harassment); and	(e) diversity and <b>equal treatment</b> (including gender equality, equal <b>pay</b> for work of equal value, employment and inclusion of <b>people with disabilities</b> , non-discrimination, anti-harassment); and
(c) other work-related rights (for example, <b>child labour</b> , <b>forced labour</b> , adequate housing, water and sanitation and privacy).	(f) other labour related to human rights ( <b>child labour</b> , <b>forced labour</b> , privacy, adequate housing and water and sanitation).	(f) other labour-related human rights (including <b>child labour</b> , <b>forced labour</b> , privacy, adequate housing and water and sanitation).
3. This Standard also requires an explanation of how such impacts, as well as the undertaking's <b>dependencies on value chain workers</b> , can create material risks or opportunities for the undertaking. For example, negative impacts on value chain workers may disrupt the undertaking's operations (through customers refusing to buy its products or state agencies impounding its goods) and harm its reputation. Conversely, respect for workers' rights and active support programmes (for example through financial literacy initiatives) can bring business opportunities, such as more reliable supply or widening of the future consumer base.		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
4. This Standard covers all workers in the undertaking's upstream and downstream <b>value chain</b> who are or can be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not included in the scope of " <b>own workforce</b> " ("own workforce" includes <b>employees</b> , individual contractors, i.e., self-employed workers, and workers provided by third party undertakings primarily engaged in 'employment activities'). <b>Own workforce</b> is covered in ESRS S1 Own workforce. See AR 3 for examples of what is included in the scope of this Standard.	7. This Standard covers all workers in the undertaking's upstream and downstream <b>value chain</b> who are or can be materially impacted by the undertaking, including <b>impacts</b> that are connected with the undertaking's own operations and upstream and downstream <b>value chain</b> , including through its products or services, as well as through its <b>business relationships</b> . This includes all workers who are not included in the scope of ' <b>own workforce</b> ' ('own workforce' includes <b>employees</b> , individual contractors, i.e. self-employed workers and workers provided by third-party undertakings primarily engaged in 'employment activities').	6. This Standard covers all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking. Such <b>impacts</b> may be connected with the undertaking's own operations or its upstream and downstream value chain. They include impacts connected to the undertaking's products and services, as well as through its <b>business relationships</b> . This standard covers workers who are not included in the scope of ' <b>own workforce</b> ' as set out in ESRS S1 Own Workforce (people who are in an employment relationship with the undertaking (' <b>employees</b> ') and people who, for the purposes of ESRS reporting, are called ' <b>non-employees</b> ' in the undertaking's own workforce).
	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 <b>policies, actions and targets</b> with reference 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.	
	8. Examples of workers who could fall within the scope of this Standard are:	7. Examples of workers who could fall within the scope of this Standard are:
	(a) workers of outsourced services working in the workplace of the undertaking (e.g. third-party catering or security workers);	(a) workers of outsourced services working in the workplace of the undertaking (for example, third-party catering or security workers);
	(b) workers of a <b>supplier</b> contracted by the undertaking who work on the supplier's premises using the supplier's	(b) workers of a <b>supplier</b> contracted by the undertaking who work on the supplier's premises

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
	work methods or workers for a 'downstream' entity which purchases goods or services from the undertaking;	using the supplier's work methods or workers of a 'downstream' entity which purchases goods or services from the undertaking;
	(c) workers of an equipment <b>supplier</b> to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (e.g. photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and	(c) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and
	(d) (AR 3 amended) workers deeper in the <b>supply chain</b> who are extracting commodities that are then processed into components that go in the undertaking's products.	(d) (AR 3 amended) workers deeper in the <b>supply chain</b> who are extracting commodities that are then processed into components that go in the undertaking's products.
Interaction with other ESRS	Interaction with other topical ESRS	Interaction with other topical ESRS
5. This Standard applies when material <b>impacts</b> on and/or material <b>risks</b> and <b>opportunities</b> related to <b>value chain workers</b> have been identified through the <b>materiality</b> assessment process laid out in ESRS 2 General disclosures.		
6. This Standard shall be read in conjunction with ESRS 1 General requirements, and ESRS 2, as well as the ESRS S1, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.		8. Social and environmental <b>topics</b> interact with each other. The points of interaction between ESRS S2 <i>Workers in the Value Chain</i> and the other topical standards are the following:
		(a) all the social standards, i.e. ESRS S1 <i>Own Workforce</i> , ESRS S2 <i>Workers in the Value Chain</i> , ESRS S3 <i>Affected Communities</i> and ESRS S4 <i>Consumers and End-users</i> , are aligned in terms of content and structure and are related to each other. ESRS S2 <i>Workers in the Value Chain</i> covers the same sub-topics as ESRS S1 <i>Own Workforce</i> for those workers in the upstream and downstream value chain who are not in the undertaking's <b>own workforce</b> . The disclosures in the social standards address material

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		information needed for reporting on <b>impacts</b> on people, <b>risks</b> and <b>opportunities</b> related to each <b>stakeholder</b> group, including in relation to sustainability due diligence;
		(b) this Standard interacts with ESRS E1 <i>Climate Change</i> to the extent that the transition to a low-carbon and climate-resilient economy is a source of <b>impacts, risks</b> and <b>opportunities</b> for ESRS S2 <i>Workers in the Value Chain</i> ; and
		(c) this Standard interacts with ESRS E2 <i>Pollution</i> to the extent that <b>pollution</b> can cause material negative <b>impacts</b> with regard to health and safety at the workplace.
7. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's <b>own workforce</b> under ESRS S1, in order to ensure effective reporting.	9. The reporting under this Standard shall be consistent, coherent and, where relevant, clearly linked with reporting on the undertaking's <b>own workforce</b> under [Draft] Amended ESRS S1 Own workforce.	
<b>Disclosure Requirements ESRS 2 - General Disclosures</b>		
8. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, for which the undertaking has an option to present the disclosures alongside the topical disclosure.		
<b>Strategy</b>		



ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
<b>Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders</b>		
9. When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its <b>value chain workers</b> could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected <b>stakeholders</b> .		
<b>Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model</b>		
10. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:		
a) whether and how actual and potential impacts on <b>value chain workers</b> , as identified in ESRS 2 IRO-1 <i>Description of the processes to identify and assess material impacts, risks and opportunities</i> : (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and		
b) the relationship between on the one hand its material risks and opportunities arising from impacts and <b>dependencies</b> on <b>value chain</b> workers, and on the other hand its strategy and business model.		
11. When fulfilling the requirements of paragraph ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose whether all <b>value chain workers</b> who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
products or services , as well as through its business relationships, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information:		
<p>a) a brief description of the types of value chain workers who could be materially impacted by the undertaking, including impacts that connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and specify whether they are:</p> <p>i.workers working on the undertaking <b>site</b> but who are not part of <b>own workforce</b>, i.e., who are not self-employed workers or workers provided by third party undertakings primarily engaged in employment activities (covered through ESRS S1);</p> <p>ii.workers working for entities in the undertaking's upstream value chain (e.g., those involved in the extraction of metals or minerals or harvesting of commodities, in refining, manufacturing or other forms of processing);</p> <p>iii.workers working for entities in the undertaking's downstream value chain (e.g., those involved in the activities of logistics or distribution providers, franchisees, retailers);</p> <p>iv.workers working in the operations of a joint venture or special purpose vehicle involving the reporting undertaking;</p>		

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v.workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers.		
b) any geographies, at country level or other levels, or commodities for which there is a significant risk of <b>child labour</b> , or of <b>forced labour</b> or compulsory labour, among workers in the undertaking's value chain <sup>1</sup> ;		
c) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking operates or has sourcing or other <b>business relationships</b> (e.g., <b>child labour</b> or <b>forced labour</b> in particular commodity <b>supply chains</b> in specific countries or regions), or (ii) related to individual <b>incidents</b> (e.g., an industrial accident or an oil spill) or to specific business relationships. This includes consideration of impacts on <b>value chain workers</b> that may arise from the transition to greener and climate-neutral operations. Potential impacts include impacts associated with innovation and restructuring, closure of mines, increased mining of minerals needed for the transition to a sustainable economy, and solar panel production.	AR 7. (11c amended) The undertaking shall present its <b>actions</b> in a way that allows an understanding of the connections that exist between the interaction of different <b>topics</b> in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to measures taken to mitigate negative <b>impacts</b> on its <b>workers in the value chain</b> that arise from the transition to a greener, climate-neutral economy. In cases where innovation and restructuring occur, this could lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy and solar panel production. Conversely, positive impacts may arise from initiatives such as updating purchasing practices, capacity-building to <b>supply chain</b> workers. In addition, present and/or expected external developments that influence whether <b>dependencies</b> turn into <b>risks</b> for just transition is another aspect that could lead to actions.	AR 5. (11(c) amended) The undertaking shall present its <b>actions</b> in a way that allows an understanding of the connections that exist between different <b>topics</b> , in accordance with Chapters 3.3 and 9.1 of ESRS 1 <i>General Requirements</i> . This applies to measures taken to mitigate negative <b>impacts</b> on its <b>workers in the value chain</b> that arise from the transition to a low-carbon and climate-resilient economy. For example, innovation and restructuring can lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy. Conversely, positive impacts may arise from initiatives such as updating purchasing practices or training <b>supply chain</b> workers. Other examples include current and/or expected external developments that influence <b>dependencies</b> that are sources of just transition risks.
d) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (e.g., updated purchasing practices, capacity-building to supply chain workers), including providing opportunities for the workforce such as job creation and upskilling in the context of a 'just transition', and		

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the types of value chain workers that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and		
e) any material risks and opportunities for the undertaking arising from impacts and <b>dependencies</b> on value chain workers.		
12. In describing the main types of <b>value chain workers</b> who are or could be negatively affected, based on the <b>materiality</b> assessment set out in ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm.		
13. The undertaking shall disclose which, if any, of its material <b>risks</b> and <b>opportunities</b> arising from <b>impacts</b> and <b>dependencies</b> on its <b>value chain workers</b> relate to specific groups of value chain workers (for example, particular age groups, workers in a particular factory or country) rather than to all of the value chain workers.		
<b>Impact, risk and opportunity management</b>		
<b>Disclosure Requirement S2-1 – Policies related to value chain workers</b>	<b>Disclosure Requirement S2-1 – Policies related to value chain workers</b>	<b>Disclosure Requirement S2-1 – Policies related to value chain workers</b>
14. The undertaking shall describe its policies adopted to manage its material impacts on value chain workers, as well as associated material risks and opportunities.		
15. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has <b>policies</b> that address the		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
identification, assessment, management and/or <b>remediation</b> of material <b>impacts</b> on <b>value chain workers</b> specifically, as well as policies that cover material <b>risks</b> or <b>opportunities</b> related to value chain workers.		
16. The disclosure required by paragraph 14 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to <b>value chain workers</b> in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking shall specify whether such policies cover specific groups of <b>value chain workers</b> or all value chain workers.	10. (16 amended) The undertaking shall describe its <b>policies</b> for managing the <b>material impacts, risks</b> and <b>opportunities</b> related to <b>value chain workers</b> in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these policies cover specific groups of value chain workers (e.g. particular age groups or workers in a particular factory or country) or all value chain workers.	9. (16 amended) The undertaking shall describe its <b>policies</b> for managing material <b>impacts, risks</b> and <b>opportunities</b> related to <b>workers in the value chain</b> in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific groups of workers in the value chain (for example, particular age groups or workers in a particular factory or country) or all workers in the value chain.
17. The undertaking shall describe its human rights <b>policy</b> commitments <sup>2</sup> that are relevant to <b>value chain workers</b> , including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises <sup>113</sup> . In its disclosure, it shall focus on those matters that are material in relation to, as well as the general approach to:		
(a) respect for the human rights, including labour rights, of workers;		
(b) engagement with value chain workers; and		
(c) measures to provide and/or enable <b>remedy</b> for human rights impacts.		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
18. The undertaking shall state whether its policies in relation to <b>value chain workers</b> explicitly address trafficking in human beings <sup>114</sup> , <b>forced labour</b> or compulsory labour and <b>child labour</b> . It shall also state whether the undertaking has a <b>supplier</b> code of conduct <sup>115</sup> .	11. (18 amended) The undertaking shall state whether its <b>policies</b> in relation to <b>value chain workers</b> explicitly address trafficking in human beings <sup>1</sup> , <b>forced labour</b> or compulsory labour and <b>child labour</b> .	10. (18 amended) The undertaking shall state whether its <b>policies</b> in relation to <b>workers in the value chain</b> address trafficking in human beings <sup>1</sup> , <b>forced labour</b> or compulsory labour, and <b>child labour</b> .
	12. (18 amended) The undertaking shall also state whether it has a <b>supplier</b> code of conduct. <sup>2</sup>	11. (18 amended) The undertaking shall also state whether it has a <b>supplier</b> code of conduct. <sup>2</sup>
19. The undertaking shall disclose whether and how its policies with regard to <b>value chain workers</b> are aligned with internationally recognised instruments relevant to value chain workers, including the United Nations (UN) Guiding Principles on Business and Human Rights <sup>116</sup> . The undertaking shall also disclose the extent to which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers have been reported in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases <sup>117</sup> .		
<b>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</b>	<b>Disclosure Requirement S2-2 - Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy</b>	<b>Disclosure Requirement S2-2 - Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</b>
20. The undertaking shall disclose its general processes for engaging with value chain workers and their representatives about actual and potential impacts on them.		
21. The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with <b>value chain workers</b> and their	13. (21 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with value chain workers, the use of	12. (21 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with <b>workers in the value</b>

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legitimate representatives, or with <b>credible proxies</b> , about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.	channels to raise concerns or <b><i>grievance mechanisms</i></b> and <b><i>remedy</i></b> .	<b><i>chain</i></b> , including the availability of <b><i>channels to raise concerns or needs</i></b> such as <b><i>grievance mechanisms</i></b> , and its approach to <b><i>remedy</i></b> .
22. The undertaking shall disclose whether and how the perspectives of <b><i>value chain workers</i></b> inform its decisions or activities aimed at managing the actual and potential impacts on value chain workers. This shall include, where relevant, an explanation of:	14. (22 amended) The undertaking shall disclose how it engages, as part of its ongoing due diligence process, directly with <b><i>value chain workers</i></b> or their legitimate representatives or with <b><i>credible proxies</i></b> , and how the perspectives of its value chain workers inform its decisions or activities aimed at managing the <b><i>actual</i></b> and <b><i>potential impacts</i></b> on value chain workers during the reporting year. This shall include, where relevant:	13. (22 amended) The undertaking shall disclose how it engages directly with <b><i>workers in the value chain</i></b> , their <b><i>legitimate representatives</i></b> or with <b><i>credible proxies</i></b> , and how the perspectives of its workers in the value chain inform its decisions or activities aimed at managing the <b><i>actual</i></b> and <b><i>potential impacts</i></b> on workers in the value chain during the reporting year. This shall include:
(a) whether engagement occurs with value chain workers or their <b><i>legitimate representatives</i></b> directly, or with <b><i>credible proxies</i></b> that have insight into their situation.		
(b) the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;		
(c) the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach;		
(d) where applicable, Global Framework Agreements or for agreements that the undertaking has with global union federations related to respect of human rights of workers in the value chain, including their right to bargain collectively, and including an explanation of how the agreement enables the undertaking to gain insight into those workers' perspectives; and	(b) (22 amended) where applicable, the <b><i>Global Framework Agreements ('GFA')</i></b> or other outcomes that the undertaking has reached with <b><i>value chain workers' representatives</i></b> related to the respect of human rights of value chain workers.	(b) (22(d) amended) the <b><i>Global Framework Agreements ('GFA')</i></b> or other outcomes that the undertaking has reached with workers in the value chain representatives related to the respect of human rights of workers in the value chain if there are any such agreements or outcomes.
e) where applicable, how the undertaking assesses the effectiveness of its engagement with workers in the		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
value chain, including, where relevant, any agreements or outcomes that result.		
23. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of workers that may be particularly vulnerable to impacts and/or marginalised (for example, women workers, migrant workers, workers with disabilities).	(a) (23 amended) how it gains insight into the perspectives of <b>workers in the value chain</b> who may be particularly vulnerable to <b>impacts</b> and/or are marginalised (for example, women workers, migrant workers, workers with disabilities); and	(a) (23 amended) how the undertaking gains insight into the perspectives of workers in the value chain who may be particularly vulnerable to impacts and/or who are marginalised (for example, women workers, migrant workers, workers with disabilities) if the undertaking takes action to understand those perspectives; and
24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with workers in the value chain, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.		
<b>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</b>	<b>Disclosure Requirement S2-2 - Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy</b>	<b>Disclosure Requirement S2-2 - Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</b>
25. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on value chain workers that the undertaking is connected with, as well as channels available to value chain workers to raise concerns and have them addressed.		
26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which <b>value chain workers</b> can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, <b>grievance mechanisms</b> ) in the workplace of value chain workers,		



ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels.		
27. The undertaking shall describe:		
(a) its general approach to and processes for providing or contributing to <b>remedy</b> where it has caused or contributed to a material negative impact on <b>value chain workers</b> , including whether and how the undertaking assesses that the remedy provided is effective;	16. (27a amended) The undertaking shall describe its general approach to and processes for providing or contributing to <b>remedy</b> where it has caused or contributed to a material negative <b>impact</b> on <b>value chain workers</b> .	15. (27(a) amended) The undertaking shall describe its general approach to and <b>processes to provide or cooperate in remediation</b> where it has caused or contributed to a material negative <b>impact</b> on <b>workers in the value chain</b> .
(b) any specific channels it has in place for value chain workers to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or whether they are third-party mechanisms;	15. (27 amended) The undertaking shall describe the channels available to <b>value chain workers</b> to bring their concerns or needs directly to their attention and have them addressed. In particular, it shall state whether it has a <b>grievance mechanism</b> <sup>3</sup> . It shall also explain how it assesses the effectiveness of these channels.	14. (27(b)(d) amended) The undertaking shall describe the channels available to <b>workers in the value chain</b> to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a <b>grievance mechanism</b> in place. <sup>3</sup> It shall also explain how it assesses the effectiveness of these channels.
(c) the processes through which it supports or requires the availability of such channels in the workplace of value chain workers; and		
(d) how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of <b>stakeholders</b> who are the intended <b>users</b> .		
28. The undertaking shall disclose whether and how it assesses that <b>value chain workers</b> are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has	AR. 4 [SECOND PART] (28 amended) If the undertaking has <b>policies</b> for protecting individuals that use these channels against retaliation and they are disclosed in [Draft] Amended ESRS G1-1, it may refer to that disclosure.	AR 3. [SECOND PART] (28 amended) If the undertaking has <b>policies</b> for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
policies in place regarding the protection of individuals that use them against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.		
29. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of such a channel in the workplace of <b>value chain workers</b> , it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.		
<b><i>Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions</i></b>	<b><i>Disclosure Requirement S2-3 – Actions and resources related to value chain workers</i></b>	<b><i>Disclosure Requirement S2-3 – Actions and resources related to workers in the value chain</i></b>
30. The undertaking shall disclose how it takes action to address material impacts on value chain workers, and to manage material risks and pursue material opportunities related to value chain workers and the effectiveness of those actions.		
31. The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:		
(a) prevent, mitigate and <b>remediate</b> the negative material <b>impacts on value chain workers</b> ; and/or		
(b) achieve positive material impacts for value chain workers		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material <b>risks</b> and pursuing the material <b>opportunities</b> related to <b>workers in the value chain</b> .		
The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to <b>value chain workers</b> as per ESRS 2 MDR-A Actions and resources in relation to material sustainability matters.	17. (31 amended) The undertaking shall describe the key <b>actions</b> and resources used to manage its <b>material impacts, risks</b> and <b>opportunities</b> related to <b>value chain workers</b> in accordance with [Draft] Amended ESRS 2 GDR-A.	16. (31 amended) The undertaking shall describe the key <b>actions</b> and resources used to manage its material positive and negative <b>impacts, risks</b> and <b>opportunities</b> related to <b>workers in the value chain</b> in accordance with ESRS 2 GDR-A.
32. In relation to material impacts, the undertaking shall describe:	18. (32 amended) In relation to material <b>impacts</b> related to <b>value chain workers</b> , the undertaking shall describe:	17. (32(a)(b)(d) amended) In relation to material negative <b>impacts on workers in the value chain</b> , the undertaking shall describe:
(a) actions taken, planned or underway to prevent or mitigate material negative impacts on <b>value chain workers</b> ;	(a) [FIRST PART] key <b>actions</b> taken, planned or underway, to prevent, mitigate and remediate material negative <b>impacts on value chain workers</b> , including its approach in situations	(a) [FIRST PART] its key <b>actions</b> taken, planned or underway to prevent, mitigate and <b>remediate</b> material negative impacts on workers in the value chain, including its approach in situations
(b) whether and how it has taken action to provide or enable <b>remedy</b> in relation to an actual material impact;		
(c) any additional <b>actions</b> or initiatives it has in place with the primary purpose of delivering positive impacts for value chain workers; and		
(d) how it tracks and assesses the effectiveness of such <b>actions</b> and initiatives in delivering intended outcomes for value chain workers.	(b) how it tracks and assesses the effectiveness of these <b>actions</b> and initiatives in delivering outcomes for <b>value chain workers</b> . This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with [Draft] Amended ESRS 2	(b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for <b>workers in the value chain</b> . 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

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
	GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.	GDR-M. In that case, a reference to that disclosure is sufficient.
33. In relation to paragraph 30, the undertaking shall describe:		
(a) the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on <b>value chain workers</b> ;		
(b) its approach to taking action in relation to specific material negative impacts on value chain workers, including any action in relation to its own purchasing or other internal practices, as well as capacity- building or other forms of engagement with entities in the value chain, or forms of collaborative action with industry peers or other relevant parties; and		
(c) how it ensures that processes to provide or enable <b>remedy</b> in the event of material negative impacts are available and effective in their implementation and outcomes.		
34. In relation to material risks and opportunities, the undertaking shall describe:		
(a) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and <b>dependencies</b> on <b>value chain workers</b> and how it tracks effectiveness in practice; and		
(b) what action is planned or underway to pursue material opportunities for the undertaking in relation to value chain workers.		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on <b>value chain</b> workers through its own practices, including, where relevant, in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.	18. (a) [SECOND PART] where tensions arise between such actions and other business pressures (for example, in procurement or sales); and	17. (a) [SECOND PART] where tensions arise between such actions and other business pressures (for example, in procurement or sales); and
36. The undertaking shall also disclose whether severe human rights issues and <b>incidents</b> connected to its upstream and downstream <b>value chain</b> have been reported and, if applicable, disclose these <sup>3</sup> .	19. (36 amended) Subject to the relevant privacy regulation, the undertaking shall also disclose whether human rights <b>incidents</b> connected to workers in its upstream and downstream <b>value chain</b> have been reported and, if applicable, disclose these. <sup>4</sup>	18. (36 amended) For the sub-topics assessed as material for this Standard, subject to the relevant privacy regulation, the undertaking shall disclose <b>human rights incidents</b> connected to <b>workers in the value chain</b> identified in the reporting period. <sup>4</sup>
37. When disclosing the information required under paragraph 32 (c), the undertaking shall consider ESRS 2 (see ESRS 2 MDR-T Tracking effectiveness of policies and <b>actions</b> through <b>targets</b> ) if it evaluates the effectiveness of an action by setting a target.		
38. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that enables <b>users</b> to gain an understanding of how the material impacts are managed.		
<b>Metrics and targets</b>		
<b>Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</b>	<b>Disclosure Requirement S2-4 – Targets related to value chain workers</b>	<b>Disclosure Requirement S2-4 – Targets related to workers in the value chain</b>
39. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
(a) reducing negative impacts on value chain workers; and/or		
(b) advancing positive impacts on value chain workers; and/or		
(c) managing material risks and opportunities related to value chain workers.		
40. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented <b>targets</b> to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on <b>value chain</b> workers, and/or in managing material risks and opportunities related to value chain workers.		
41. The summarised description of the <b>targets</b> to manage its material impacts, risks and opportunities related to <b>value chain workers</b> shall contain the information requirements defined in ESRS 2 MDR-T.	20. (41 amended) The undertaking shall disclose the qualitative and/or quantitative <b>targets</b> related to <b>value chain workers</b> in accordance with [Draft] Amended ESRS 2 GDR-T.	19. (41 amended) The undertaking shall disclose qualitative or quantitative <b>targets</b> related to <b>workers in the value chain</b> in accordance with ESRS 2 GDR-T.
42. The undertaking shall disclose the process for setting the <b>targets</b> , including whether and how the undertaking engaged directly with workers in the value chain, their legitimate representatives, or with <b>credible proxies</b> that have insight into their situation in:	21. (42 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with <b>workers in the value chain</b> , their legitimate representatives, or with <b>credible proxies</b> that have insight into their situation, for the purpose of <b>target</b> -setting and/or tracking performance against those targets.	AR 10. [FIRST PART] (42(b)(c) amended) Engagement with <b>workers in the value chain</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> can inform the undertaking's tracking and assessment of the effectiveness of its <b>actions</b> disclosed under paragraph 17(b), including the development of <b>metrics</b> , target-setting or tracking of performance against those metrics and <b>targets</b> .
(a) setting any such targets;		
(b) tracking the undertaking's performance against them; and	AR 8. In the context of tracking the undertaking's performance against <b>targets</b> , engagement with <b>workers</b>	

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
(c) identifying any lessons or improvements as a result of the undertaking's performance.	<i>in the value chain</i> , their legitimate <i>representatives</i> , or with <i>credible proxies</i> can inform its understanding of the effectiveness of its management of material negative <i>impacts</i> and the identification of lessons learnt or improvements.	AR 10. [SECOND PART] (42(b)(c) amended) 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 <i>impacts</i> and the identification of lessons learnt or improvements.
<b>Appendix A</b>		
<b>Application Requirements</b>		
<b>Objective</b>		
AR 1. In addition to the issues listed in paragraph 2, the undertaking may also consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of <i>value chain workers</i> during a pandemic.		
AR 2. The overview of social and human rights matters provided in paragraph 2 is not meant to imply that all of these issues should be disclosed in each Disclosure Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its <i>materiality</i> assessment (ref. to ESRS 1 chapter 3 <i>Double materiality as the basis for sustainability disclosures</i> and ESRS 2 IRO-1) related to <i>value chain workers</i> and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.		
AR 3. Examples of workers that fall within the scope of this Standard are:		
a) workers of outsourced services working in the workplace of the undertaking (e.g., third party catering or security workers);		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
b) workers of a <b>supplier</b> contracted by the undertaking who work on the supplier's premises using the supplier's work methods;		
c) workers for a 'downstream' entity which purchases goods or services from the undertaking;		
d) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (e.g., photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and		
e) workers deeper in the <b>supply chain</b> who are extracting commodities that are then processed into components that go in the undertaking's products.		
<b>Strategy</b>		
<b>ESRS 2 – General Disclosures</b>		
<b>Disclosure Requirement related to ESRS 2 SBM-2 - Interests and views of stakeholders</b>		
AR 4. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of whether and how it considers the role that its strategy and <b>business model</b> may play in creating, exacerbating or mitigating significant material <b>impacts</b> on <b>value chain</b> workers, and whether and how the business model and strategy are adapted to address such material impacts.		



ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
AR 5. While <b>value chain</b> workers may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of the value chain workers and value chain workers' representatives.		
<b>Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</b>		
AR 6. <b>Impacts</b> on <b>value chain</b> workers can originate in the undertaking's strategy or <b>business model</b> in a number of different ways. For example, impacts may relate to the undertaking's value proposition (such as providing lowest cost products or services, or high-speed delivery, in ways that put pressure on labour rights in the upstream and downstream value chains), its <b>value chain</b> (such as relying on commodities of unclear provenance, without visibility on impacts on workers), or its cost structure and the revenue model (e.g. shifting inventory risk to suppliers, with knock-on effects on the labour rights of their workers).		
AR 7. Impacts on <b>value chain workers</b> that originate in the strategy or the <b>business model</b> can also bring material <b>risks</b> to the undertaking. For example, in the context of a pandemic or other severe health crisis, undertakings that rely on contingent labour with little to no access to sick care and health benefits may face severe operational and business continuity risks as workers have no choice but to keep working while sick, further exacerbating the spread of the disease and causing major <b>supply chain</b> breakdowns. Another example is where selling goods premised on cheapest prices for customers create operational risks as <b>suppliers</b> under extreme price pressure may sub-		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
contract production, leading to lower quality, and a longer, less transparent, and less controllable supply chain. Reputational and business opportunity risks linked to the exploitation of low-skilled, low-paid workers in sourcing geographies with minimal protections for them are also increasing with media backlash and <b>consumer</b> preferences moving to more ethically sourced or sustainable goods.		
AR 8. Examples of particular characteristics of <b>value chain workers</b> that may be considered by the undertaking when responding to paragraph 12 relate to young workers that may be more susceptible to <b>impacts</b> on their physical and mental development, or women workers in a context where women are routinely discriminated against in the terms and conditions of work, or migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some workers, the inherent nature of the activity that they are required to undertake may put them at risk (e.g., workers required to handle chemicals or operate certain equipment or low paid workers who are on “zero hours” contracts).		
AR 9. With regard to paragraph 13, material risks could also arise because of the undertaking’s dependency on <b>value chain workers</b> where low likelihood but high impact events may trigger <b>financial effects</b> ; for example, where a global pandemic leads to severe health impacts on workers at all stages of the value chain resulting in major disruptions to production and distribution. Other examples of risk related to the undertaking’s dependency on value chain workers include a shortage in skilled workers or political decisions or legislation affecting value chain workers working for logistics providers. For example, if some		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
workers in the undertaking's value chain are at risk of <b>forced labour</b> , and the undertaking is importing products into countries where the law allows for the confiscation of imported goods that are suspected of being made with forced labour.		
<b>Impact, risk and opportunity management</b>		
<b>Disclosure Requirement S2-1 – Policies related to value chain workers</b>	<b>Disclosure Requirement S2-1 – Policies related to value chain workers</b>	<b>Disclosure Requirement S2-1 – Policies related to workers in the value chain</b>
AR 10. If the policies are limited to the undertaking's <b>own workforce</b> and do not cover workers in upstream and downstream entities and relationships, they shall be disclosed under ESRS S1 and not in relation to this requirement.		
AR 11. If the disclosures under ESRS S1 include information relevant for workers in the value chain, a reference to this can be made here; disclosures on the remaining elements shall then be fulfilled under this Disclosure Requirement.		
AR 12. The undertaking may disclose explanations of significant changes to the policies adopted during the reporting year (e.g., new expectations for <b>suppliers</b> , new or additional approaches to due diligence and remedy).		
AR 13. The <b>policy</b> may take the form of a stand-alone policy regarding <b>value chain</b> workers or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.		
AR 14. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Rights, which consist of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, and may disclose its alignment with these instruments.		
AR 15. When disclosing how external-facing policies are embedded, the undertaking may, for example, consider internal policies of responsible sourcing, and alignment with other policies relevant to <b>value chain</b> workers, for example, regarding <b>forced labour</b> . With regard to <b>supplier</b> codes of conduct that the undertaking may have, the summary shall indicate whether they include provisions addressing the safety of workers, precarious work (for example, the use of workers on short-term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of forced labour or <b>child labour</b> , and whether such provisions are fully in line with applicable ILO standards.		
AR 16. The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's <b>employees</b> , contractors and <b>suppliers</b> ), or because they have a direct interest in their implementation (for example, own workers, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives), aimed at ensuring that the <b>policy</b> is	AR 1. (AR 16 amended) The channels the undertaking uses to communicate its <b>policies</b> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (e.g. the undertaking's <b>employees</b> , contractors and <b>suppliers</b> ), or because they have a direct interest in their implementation, are examples of policy aspects to disclose.	AR 1. (AR 16 amended) Examples of <b>policy</b> 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 <b>employees</b> , contractors and <b>suppliers</b> ), or because they have a direct interest in their implementation (for example, <b>workers in the value chain</b> , investors).

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.		
<b><i>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</i></b>	<b><i>Disclosure Requirement S2-2 - Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy</i></b>	<b><i>Disclosure Requirement S2-2 - Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</i></b>
AR 17. When describing which function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake engagement. If it cannot identify such a position or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 <i>The role of the administrative, management and supervisory bodies.</i>		
AR 18. When preparing the disclosures described in paragraph 22 b) and c), the following illustrations may be considered:		
a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluation the effectiveness of mitigation;		
b) for type of engagement, these could be participation, consultation and/or information;	AR 2. (AR 18 amended) The engagement with <b>value chain workers</b> can take different forms such as information, consultation or participation, and occur at different frequencies.	AR 2. (AR 18 amended) Engagement with <b>workers in the value chain</b> can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
c) for the frequency of the engagement, information may be provided on whether engagement occurs on a		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
regular basis, at certain points in a project or business process, for example, when a new harvest season begins or a new production line is opened, as well as whether it occurs in response to legal requirements and/or in response to stakeholder requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and		
d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or whether it provides <b>training</b> or capacity building to relevant staff to undertake engagement.		
AR 19. Global Framework Agreements (GFA) serve to establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the undertaking adheres to the same standards in every country in which it operates.		
AR 20. To illustrate how the perspectives of <b>value chain</b> workers have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.		
<b>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</b>	<b>Disclosure Requirement S2-2 - Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy</b>	<b>Disclosure Requirement S2-2 - Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</b>
AR 21. In fulfilling the requirements set out by Disclosure Requirement ESRS S2-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on <b>remediation</b> and <b>grievance mechanisms</b> .		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
AR 22. Channels for raising concerns or needs include <b><i>grievance mechanisms</i></b> , hotlines, trade unions (where workers are unionised), dialogue processes or other means through which <b><i>value chain</i></b> workers or their <b><i>legitimate representatives</i></b> can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where the value chain workers are working, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on workers, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its <b><i>business relationships</i></b> to answer this requirement, it may state that.	<p>AR 3. (AR 22 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (for example, governments, NGOs or industry associations), including business relationships, with dedicated processes to which <b><i>value chain workers</i></b> can raise such concerns or needs. They include <b><i>grievance mechanisms</i></b>, hotlines, trade unions, works councils, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms. They can be channels provided by the undertaking itself or channels provided by the entities where the value chain workers are working, in addition to any other mechanisms it may use to gain insight into the management of impacts on workers, such as compliance audits.</p> <p>AR 5. (AR 22 amended) ‘Processes’ for providing or contributing to <b><i>remedy</i></b> 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, providing or contributing to remedy for <b><i>actual impacts</i></b>. This can include channels to raise concerns or needs as reported under paragraph 15 if they are used for providing or contributing to remedy.</p>	
AR 23. To provide greater insight into the information covered in Disclosure Requirement ESRS S2-3, the undertaking may explain whether and how <b><i>value chain</i></b> workers that may be affected are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material impact.		
AR 24. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible		

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to all workers who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts.		
AR 25. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether the mechanisms allow for workers to use them anonymously (for example, through representation by a third party).		
AR 26. In disclosing whether and how the undertaking knows that <b>value chain</b> workers are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of value chain workers themselves. Examples of sources of information are surveys of workers that have used such channels and their levels of satisfaction with the process and outcomes.		
AR 27. In describing the effectiveness of channels for <b>value chain</b> workers to raise concerns, the undertaking may be guided by the following questions, based on the “effectiveness criteria for non-judicial <b><i>grievance mechanisms</i></b> ”, as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. The below considerations may be applied to individual channels or to a collective system of channels:	AR 4. [FIRST PART] (AR 27 amended) The ‘effectiveness criteria for non-judicial <b><i>grievance mechanisms</i></b> ’, 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.	AR 3. [FIRST PART] (AR 27 amended) The ‘effectiveness criteria for non-judicial <b><i>grievance mechanisms</i></b> ’, 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.
a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?		



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b) are the channels known and accessible to <b>stakeholders</b> ?		
c) do the channels have clear and known procedures, with indicative timeframes?		
d) do the channels ensure reasonable access for <b>stakeholders</b> to sources of information, advice and expertise?		
e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?		
f) do outcomes achieved through the channels accord with internationally recognised human rights?		
g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?		
h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?		
<b><i>Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions</i></b>	<b><i>Disclosure Requirement S2-3 – Actions and resources related to value chain workers</i></b>	<b><i>Disclosure Requirement S2-3 – Actions and resources related to workers in the value chain</i></b>
AR 28. It may take time to understand negative impacts and how the undertaking may be involved with them through its value chain, as well as to identify		

ESRS S2 as enacted in 2023	Exposure Draft ESRS S2	Draft Amended ESRS S2
appropriate responses and put them into practice. Therefore, the undertaking shall consider:		
a) its general and specific approaches to addressing material negative impacts;		
b) its initiatives aimed at contributing to additional material positive impacts;		
c) how far it has progressed in its efforts during the reporting period; and		
d) its aims for continued improvement.		
AR 29. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact or whether the material impact is directly linked to its own operations, products or services through a business relationship.	AR 6. [FIRST PART] (AR 30 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.	AR 4. [FIRST PART] (AR 29 and AR 30 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts.

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AR 30. Given that material negative impacts affecting <b>value chain</b> workers that have occurred during the reporting period may also be linked to entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage in its <b>business relationships</b> to manage those impacts. This may include using commercial <b>leverage</b> (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing <b>training</b> or capacity-building on workers' rights to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an <b>adequate wage</b> ).	AR 6. [SECOND PART] (AR 30 amended) This also applies to key actions to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of <b>leverage</b> and/or collective actions taken through multistakeholder and/or industry initiatives.	AR 4. [SECOND PART] (AR 29 and AR 30 amended) This DR also applies to key actions to provide, cooperate in, or enable <b>remediation</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of <b>leverage</b> or collective actions taken through multi-stakeholder or industry initiatives.
AR 31. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its <b>actions</b> to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S2-5 the relevant <b>targets</b> set by the initiative and progress towards them.		
AR 32. When disclosing whether and how the undertaking considers actual and potential impacts on <b>value chain</b> workers in decisions to terminate <b>business relationships</b> and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.		
AR 33. In disclosing how it tracks the effectiveness of its <b>actions</b> to manage material impacts during the reporting period, the undertaking may disclose any		

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lessons learned from the previous and current reporting periods.		
AR 34. Processes used to track the effectiveness of <b>actions</b> can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, <b>grievance mechanisms</b> , external performance ratings, and benchmarking.		
AR 35. Reporting on effectiveness is aimed at enabling the understanding of the links between <b>actions</b> taken by the undertaking and the effective management of impacts. For example, to show the effectiveness of its <b>actions</b> to support its <b>suppliers</b> with improving their working conditions, the undertaking may disclose survey feedback from the suppliers' workers showing that working conditions have improved since the time the undertaking began working with those suppliers. Additional information that the undertaking may provide includes data showing a decrease in the number of <b>incidents</b> identified through for instance, independent audits.		
AR 36. With regard to initiatives or processes the undertaking has in place that are based on affected workers' needs and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:		
a) information about whether and how <b>value chain</b> workers and <b>legitimate representatives</b> or their <b>credible proxies</b> play a role in decisions regarding the design and implementation of these programmes or processes; and		
b) information about the intended or achieved positive outcomes for value chain workers of these initiatives or processes.		

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AR 37. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for <b>value chain</b> workers are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 8 to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” the undertaking may be providing capacity-building to smallholders in its <b>supply chain</b> , resulting in increases in their income; or it may be supporting <b>training</b> to increase the proportion of women able to take delivery jobs in its downstream value chain.		
AR 38. When disclosing the intended or achieved positive outcomes of its <b>actions</b> for <b>value chain</b> workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy <b>training</b> ) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).		
AR 39. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may e.g., consider programmes that aim to advance women workers’ financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual <b>harassment</b> in the workplace.		
AR 40. When disclosing the material risks and opportunities related to the undertaking’s impacts or <b>dependencies</b> on <b>value chain</b> workers, the undertaking may consider the following:		

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a) risks related to the undertaking's impacts on value chain workers may include the reputational or legal exposure where value chain workers are found to be subject to <b><i>forced labour</i></b> or <b><i>child labour</i></b> ;		
b) risks related to the undertaking's dependencies on value chain workers may include disruption of business operations where a pandemic closes significant parts of its <b><i>supply chain</i></b> or distribution network;		
c) opportunities related to the undertaking's impacts on value chain workers may include market differentiation and greater customer appeal from guaranteeing decent <b><i>pay</i></b> and conditions for non-employee workers; and		
d) opportunities related to the undertaking's dependencies on value chain workers might include the achievement of a future sustainable supply of a commodity by ensuring smallholder farmers earn enough to persuade future generations to keep farming that crop.		
AR 41. When disclosing whether <b><i>dependencies</i></b> turn into risks, the undertaking shall consider external developments.		
AR 42. When disclosing policies, <b><i>actions</i></b> and resources and <b><i>targets</i></b> related to the management of material <b><i>risks</i></b> and <b><i>opportunities</i></b> , in cases where risks and opportunities arise from a material <b><i>impact</i></b> , the undertaking may cross-reference its disclosures on		

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policies, action and resources and targets in relation to that impact.		
AR 43. The undertaking shall consider whether and how its process(es) to manage material risks related to <b>value chain</b> workers are integrated into its existing risk management process(es).		
AR 44. When disclosing the resources allocated to the management of material impacts, the undertaking may disclose which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.		
		AR 6. (New) The <b>human rights incidents</b> 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:
		(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.
		AR 7. (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 18, the undertaking's assessment is primarily based on the severity of the <b>impacts</b> on its <b>workers in the value chain</b> .

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		AR 8. (New) The undertaking is not expected to disclose a list of each <b>human rights incident</b> , and may aggregate the information provided, such as by relevant types of incidents and/or <b>workers in the value chain</b> affected.
		AR 9. (New) If the undertaking considers that changes in <b>human rights incidents</b> are relevant for understanding the effectiveness and availability of <b>channels to raise concerns or needs</b> , including <b>grievance mechanisms</b> , it may cross-reference paragraph 18 and paragraph 14.  (New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 17.
<b>Metrics and Targets</b>		
<b>Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</b>	<b>Disclosure Requirement S2-4 – Targets related to value chain workers</b>	<b>Disclosure Requirement S2-4 – Targets related to workers in the value chain</b>
AR 45. When disclosing information about <b>targets</b> in accordance with paragraph 39, the undertaking may disclose:		
a) the intended outcomes to be achieved in the lives of <b>value chain</b> workers, being as specific as possible;		
b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time;		



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c) the standards or commitments on which the targets are based (for instance codes of conduct, sourcing policies, global frameworks or industry codes).		
AR 46. <b>Targets</b> related to material <b>risks</b> and <b>opportunities</b> may be the same as or distinct from targets related to material <b>impacts</b> . For example, a target to reach living <b>wages</b> for <b>supply chain</b> workers could both reduce impacts on those workers and reduce associated risks in terms of the quality and reliability of supply.		
AR 47. The undertaking may also distinguish between short-, medium- and long-term <b>targets</b> covering the same <b>policy</b> commitment. For example, the undertaking may have a long-term target to achieve an 80% reduction in health and safety <b>incidents</b> affecting the workers of a given <b>supplier</b> by 2030 and a near-term target to reduce their <b>overtime</b> hours of delivery drivers by x% while maintaining their income by 2024.		
AR 48. When modifying or replacing a <b>target</b> in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the <b>business model</b> or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information, as per ESRS 2 BP-2 <i>Disclosures in relation to specific circumstances</i> .		



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