



 COMPARATIVE TABLE OF TEXTS

# ESRS S3

AFFECTED  
COMMUNITIES

 DECEMBER 2025

 EFRAG

# Comparative Table: ESRS as enacted in 2023, Exposure Draft ESRS, and Draft Amended ESRS – ESRS S3 *Affected Communities*

**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 S3: ESRS S3 as enacted in 2023 (Column 1), Exposure Draft ESRS S3 (Column 2) and Draft Amended ESRS S3 (Column 3).
2. This document is purely illustrative and does not offer explanations for changes to ESRS S3. The Basis for Conclusions and the relevant Log of Amendments should be consulted for an explanation of draft amended ESRS S3.
3. By reading each row, the reader can understand how each paragraph of ESRS S3 has changed across the three versions of ESRS listed above. The starting point is Column 1, the text of the ESRS S3 as enacted in 2023.

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
Objective		
	1. When reporting in accordance with the ESRS, the <b>sustainability statement</b> shall cover information in relation to [Draft] Amended ESRS S3 <i>Affected communities</i> , when this <b>topic</b> is related to material <b>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, <b>metrics</b> and <b>financial effects</b> .	1. The <b>sustainability statement</b> shall include information in relation to ESRS S3 <i>Affected Communities</i> if this <b>topic</b> relates to material <b>impacts, risks</b> and <b>opportunities</b> to cover all the reporting areas listed in paragraph 5 of ESRS 1 <i>General Requirements</i> . 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 <i>General Requirements</i> 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 impacts on <b>affected communities</b> connected with the undertaking's own operations and value chain, including through its products or services, as well as through its <b>business relationships</b> , 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, and the UN Declaration on the Rights of Indigenous People.	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; and the UN Declaration on the Rights of Indigenous People.
(a) how the undertaking affects communities, in areas where impacts are most likely to be present and severe, 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 related to its impacts		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
and <b>dependencies</b> on <b>affected communities</b> , 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 arising from the undertaking's impacts and dependencies on affected communities.		
	6. In this Standard, each DR is introduced by a disclosure objective, with the exception of <b>policies</b> , <b>actions</b> and <b>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</b> , <b>actions</b> and <b>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 impacts on <b>affected communities</b> in relation to:	4. This Standard sets out the DRs related to <b>affected communities</b> and, in particular, with respect to the following sub-topics:	5. This Standard sets out DRs related to <b>affected communities</b> , in particular with respect to the following sub-topics:
(a) communities' economic, social and cultural rights (for example, adequate housing, adequate food, water and sanitation, land-related and security-related impacts);	(a) communities' economic, social and cultural rights (land-related impacts, security-related impacts, adequate housing and food, water and sanitation);	(a) communities' economic, social and cultural rights (including land-related impacts, security-related impacts, adequate housing and food, water and sanitation);
(b) communities' civil and political rights (for example, freedom of expression, freedom of assembly, impacts on human rights defenders); and	(b) communities' civil and political rights (freedom of expression, freedom of assembly, impacts on human rights defenders); and	(b) communities' civil and political rights (including freedom of expression, freedom of assembly, impacts on human rights defenders); and
(c) particular rights of <b>indigenous peoples</b> (for example, free, prior and informed consent, self-determination, cultural rights).	(c) rights of indigenous peoples ( <b>free, prior and informed consent</b> ('FPIC')), self-determination, cultural rights).	(c) rights of <b>indigenous peoples</b> (including <b>free, prior and informed consent</b> (FPIC)), self-determination, cultural rights).

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
3. This Standard also requires an explanation of how such impacts, as well as the undertaking's <b>dependencies</b> on affected communities, can create material risks or opportunities for the undertaking. For example, negative relationships with <b>affected communities</b> may disrupt the undertaking's own operations or harm its reputation, while constructive relationships can bring business benefits, such as stable and conflict-free operations and a greater ease of recruiting locally.		
	5. The undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 to 32, and GDRP, GDR-A, GDR-T and GDR-M. In particular:	
	(a) if the undertaking has not adopted <b>policies, actions</b> and <b>targets</b> with reference to a <b>topic</b> related to <b>material impacts, risks</b> and <b>opportunities</b> , it shall disclose this fact; and	
	(b) the undertaking may present the description of its <b>material impacts, risks</b> and <b>opportunities</b> , in accordance with [Draft] Amended ESRS 2 IRO-2, alongside information about its <b>policies, actions, targets</b> and <b>metrics</b> through which it addresses them, to avoid duplication and support a coherent narrative.	
Interaction with other ESRS	Interaction with other topical ESRS	Interaction with other topical ESRS
4. This standard applies when material impacts on and/or material risks and opportunities related to <b>affected communities</b> have been identified through the <b>materiality</b> assessment process laid out in ESRS 2 <i>General disclosures</i> .		
5. This Standard shall be read in conjunction with ESRS 1 <i>General requirements</i> , and ESRS 2, as well as the ESRS S1 <i>Own workforce</i> , ESRS S2 <i>Workers in the value chain</i> and ESRS S4 <i>Consumers and end-users</i> .	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> and <b>workers in the value chain</b> under [Draft] Amended	6. Social and environmental <b>topics</b> interact with each other. The points of interaction between ESRS S3 <i>Affected Communities</i> and the other topical standards are the following:

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
	ESRS S1 <i>Own workforce</i> and [Draft] Amended ESRS S2 <i>Workers in the value chain</i> .	
		(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 <sup>22</sup> . The disclosures in the social standards address material 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; and
		(b) this Standard is related to the environmental standards (ESRS E1 to E5) because impacts on <b>affected communities</b> may stem from environmental impacts, risks and opportunities that the undertaking discloses under those. For example, the undertaking's climate or biodiversity <b>transition plan</b> may affect the lands, territories and natural resources of <b>indigenous peoples</b> .
<b>Disclosure Requirements ESRS 2 - General Disclosures</b>		
6. 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 <i>Material impacts, risks and opportunities and their interaction with strategy and business model</i> , for which the undertaking has an option to present the disclosures alongside the topical disclosure.		
<b>Strategy</b>		
<b>Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders</b>		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
7. When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the views, interests, and rights of <b>affected communities</b> , including respect for their human rights (and their rights as <b>indigenous peoples</b> , where applicable), inform its strategy and business model. <b>Affected communities</b> 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>		
8. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:		
(a) whether and how actual and potential impacts on <b>affected communities</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 its material risks and opportunities arising from impacts and <b>dependencies</b> on affected communities and its strategy and business model.		
9. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all <b>affected communities</b> who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and <b>value chain</b> , including through its products or services, as well as through its <b>business relationships</b> , are included in the scope of its disclosure under ESRS		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
2. In addition, the undertaking shall provide the following information:		
<p>(a) a brief description of the types of communities subject to material impacts by its own operations or through its upstream and downstream value chain, and specify whether they are:</p> <p>i. communities living or working around the undertaking's operating <b>sites</b>, factories, facilities or other physical operations, or more remote communities affected by activities at those sites (for example by downstream water <b>pollution</b>);</p> <p>ii. communities along the undertaking's value chain (for example, those affected by the operations of <b>suppliers'</b> facilities or by the activities of logistics or distribution providers);</p> <p>iii. communities at one or both endpoints of the value chain (for example, at the point of extraction of metals or minerals or harvesting of commodities, or communities around <b>waste</b> or <b>recycling</b> sites);</p> <p>iv. communities of <b>indigenous peoples</b>.</p>		
<p>(b) 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 business relationships (for example, marginalised populations suffering impacts on their health and quality of life in a highly industrialised area), or (ii) related to individual <b>incidents</b> in the undertaking's own operations (e.g., a toxic <b>waste</b> spill affecting a community's access to clean drinking water)</p>	<p>AR 8. (9b 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 topics in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to the measures taken to mitigate negative <b>impacts</b> on <b>affected communities</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</p>	<p>AR 6. (9(b) amended) The undertaking shall present its <b>actions</b> in a way that enables users to understand 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 <b>affected communities</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</p>



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or in a specific business relationship (e.g., a peaceful protest by communities against business operations that was met with a violent response from the undertaking's security services). This includes consideration of impacts on affected communities 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;	for the transition to a sustainable economy and solar panel production.	mining of minerals that are needed for the transition to a sustainable economy.
(c) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (for example, capacity-building to support more and new forms of local livelihoods) and the types of communities 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		
(d) any material risks and opportunities for the business arising from impacts and <b>dependencies</b> on affected communities.		
10. In describing the main types of communities who are or could be negatively affected, based on the <b>materiality</b> assessment set out in Disclosure Requirement ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how <b>affected communities</b> with particular characteristics or those living in particular contexts, or those undertaking particular activities may be at greater risk of harm.		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
11. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and <b>dependencies</b> on affected communities relate to specific groups of <b>affected communities</b> rather than to all affected communities.		
Impact, risk and opportunity management		
<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>	<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>	<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>
12. The undertaking shall describe its policies adopted to manage its material impacts on affected communities, as well as associated material risks and opportunities.		
13. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or <b>remediation</b> of material impacts on <b>affected communities</b> specifically, as well as policies that cover material risks or opportunities related to affected communities.		
14. The disclosure required by paragraph 12 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to <b>affected communities</b> in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking shall specify if such policies cover specific affected communities or all affected communities.	8. (14 amended) The undertaking shall describe its <b>policies</b> for managing the <b>material impacts, risks</b> and <b>opportunities</b> related to <b>affected communities</b> in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these policies cover specific affected communities (e.g. a community of <b>indigenous people</b> or a community living around its <b>site</b> ) or all affected communities.	7. (14 amended) The undertaking shall describe its <b>policies</b> for managing the material <b>impacts, risks</b> and <b>opportunities</b> related to <b>affected communities</b> in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific affected communities (for example, a community of <b>indigenous peoples</b> or a community living around a <b>site</b> ) or all affected communities.
15. The undertaking shall disclose any particular <b>policy</b> provisions for preventing and addressing impacts on <b>indigenous peoples</b> .	9. (15 amended) The undertaking shall disclose any particular <b>policy</b> provisions for preventing and addressing <b>impacts</b> on <b>indigenous peoples</b> .	8. (15 amended) The undertaking shall disclose any particular <b>policy</b> provisions for preventing and addressing <b>impacts</b> on <b>indigenous peoples</b> .
16. The undertaking shall describe its human rights <b>policy</b> commitments ( 112) that are relevant to affected		

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communities, 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. In its disclosure it shall focus on those matters that are material in relation to ( 113), as well as its general approach to:		
(a) respect for the human rights of communities, and <b>indigenous peoples</b> specifically;		
(b) engagement with affected communities; and		
(c) measures to provide and/or enable <b>remedy</b> for human rights impacts		
17. The undertaking shall disclose whether and how its policies with regard to <b>affected communities</b> are aligned with internationally recognised standards relevant to communities and <b>indigenous peoples</b> specifically, including the United Nations (UN) Guiding Principles on Business and Human Rights. 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 affected communities have been reported in its own operations or in its upstream and downstream <b>value chain</b> and, if applicable, an indication of the nature of such cases ( 114).		

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18. The <b>policy</b> may take the form of a stand-alone policy regarding communities 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.		
<b><i>Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts</i></b>	<b><i>Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</i></b>	<b><i>Disclosure Requirement S3-2 - Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</i></b>
19. The undertaking shall disclose its general processes for engaging with affected communities and their representatives about actual and potential impacts on them.		
20. 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 affected communities, their 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 <b>affected communities</b> are taken into account in the decision-making processes of the undertaking.	10. (20 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with <b>affected communities</b> , the availability of channels, including <b>grievance mechanisms</b> , and <b>remedy</b> .	9. (20 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with <b>affected communities</b> , including the availability of <b>channels to raise concerns or needs</b> such as <b>grievance mechanisms</b> , and its approach to <b>remedy</b> .
21. The undertaking shall disclose whether and how the perspectives of <b>affected communities</b> inform its decisions or activities aimed at managing actual and potential impacts on communities. This shall include, where relevant, an explanation of:	11. [FIRST PART] (21 and 22 amended) The undertaking shall disclose how it engages directly with <b>affected communities</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> , and how the perspectives of affected communities inform its decisions or activities aimed at	10. [FIRST PART] (21 and 22 amended) The undertaking shall disclose how it engages directly with <b>affected communities</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> and how the perspectives of affected communities inform its decisions or activities aimed at

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(a) whether engagement occurs with affected communities or their <b>legitimate representatives</b> directly, or with <b>credible proxies</b> that have insight into their situation;	managing the <b>actual</b> and <b>potential impacts</b> on affected communities during the reporting year.	managing the <b>actual</b> and <b>potential impacts</b> on affected communities during the reporting year.
(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 this engagement happens, and that the results inform the undertaking's approach;		
(d) where applicable, how the undertaking assesses the effectiveness of its engagement with affected communities, including, where relevant, any agreements or outcomes that result.		
22. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of <b>affected communities</b> that may be particularly vulnerable to impacts and/or marginalised, and into the perspective of specific groups within the affected communities, such as women and girls.	11. [SECOND PART] (21 and 22 amended) This shall include, where relevant, how it gains insight into the perspectives of affected communities who may be particularly vulnerable to <b>impacts</b> and/or are marginalised (for example, women, girls, migrants, <b>persons with disabilities</b> ).	10. [SECOND PART] (21 and 22 amended) This shall include how the undertaking gains insight into the perspectives of affected communities who may be particularly vulnerable to impacts and/or who are marginalised (for example, women, girls, migrants, <b>persons with disabilities</b> ), if the undertaking takes action to understand those perspectives.
23. Where <b>affected communities</b> are <b>indigenous peoples</b> , the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its <b>stakeholder engagement</b> approach, including their right to <b>free, prior and informed consent</b> with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. In particular, where engagement occurs with	12. (23 amended) Where <b>affected communities</b> are <b>indigenous peoples</b> , the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its <b>stakeholder engagement</b> approach, including their right to <b>free, prior and informed consent ('FPIC')</b> with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. In particular, where engagement occurs with	11. (23 amended) Where <b>affected communities</b> are <b>indigenous peoples</b> , the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its <b>stakeholder engagement</b> approach, including their right to <b>free, prior and informed consent (FPIC)</b> with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. Where engagement occurs with indigenous

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<i>indigenous peoples</i> , the undertaking shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).	indigenous peoples, it shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).	peoples it shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of engagement (for example, in designing the agenda, nature, and timeliness of engagement).
24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with affected communities, 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><i>Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns</i></b>	<b><i>Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</i></b>	<b><i>Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</i></b>
25. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on affected communities that the undertaking is connected with, as well as channels available to affected communities 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><i>affected communities</i></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><i>grievance mechanisms</i></b> ) by its business relationships, how follow up is performed with these communities regarding the issues raised, and the effectiveness of these channels.		
27. The undertaking shall describe:		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
(a) its general approach to and processes for providing or contributing to <b>remedy</b> where it has identified that it has caused or contributed to a material negative <b>impact</b> on affected communities, including whether and how the undertaking assesses that the remedy provided is effective;	14. (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>affected communities</b> .	13. (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>affected communities</b> .
(b) any specific channels it has in place for <b>affected communities</b> 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 through participation in third-party mechanisms;	13. (27 amended) The undertaking shall describe the channels available to <b>affected communities</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>1</sup> . It shall also explain how it assesses the effectiveness of these channels.	12. (27(b) (d) amended) The undertaking shall describe the channels available to <b>affected communities</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>1</sup> . It shall also explain how it assesses the effectiveness of these channels.
(c) its processes through which the undertaking supports the availability of such channels by its business relationships; 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> of those channels.		
28. The undertaking shall disclose whether and how it assesses that <b>affected communities</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 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.	AR 5. [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 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 under ESRS G1-1, the undertaking may refer to that disclosure.
29. If the undertaking cannot disclose the above required information because it has not adopted a		

ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
channel for raising concerns and/or does not support the availability of such a channel by its business relationships, 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 S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</i></b>	<b><i>Disclosure Requirement S3-3 – Actions and resources related to affected communities</i></b>	<b><i>Disclosure Requirement S3-3 – Actions and resources related to affected communities</i></b>
30. The undertaking shall disclose how it takes action to address material impacts on affected communities, and to manage material risks and pursue material opportunities related to affected communities and the effectiveness of those actions.		
31. The objective of this Disclosure Requirement is twofold. Firstly, it is to provide an understanding of any <b>actions</b> and initiatives through which the undertaking seeks to:		
(a) prevent, mitigate and remediate the negative material <b>impacts</b> on affected communities; and/or		
(b) achieve positive material impacts for affected communities.		
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 opportunities related to affected communities.		
The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities	15. (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>affected</b>	14. (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>



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related to affected communities as per ESRS 2 MDR-A Actions and resources in relation to material sustainability matters.	<b>communities</b> in accordance with [Draft] Amended ESRS 2 GDR-A.	related to <b>affected communities</b> in accordance with ESRS 2 GDR-A.
32. In relation to material impacts, the undertaking shall describe:	16. (32 amended) In relation to the material <b>impacts</b> related to <b>affected communities</b> , the undertaking shall describe:	15. (32(a)(b)(d) amended) In relation to material negative <b>impacts</b> on <b>affected communities</b> , the undertaking shall describe:
(a) actions taken, planned or underway to prevent or mitigate material negative impacts on affected communities;	17. [FIRST PART] key <b>actions</b> taken, planned or underway to prevent, mitigate and remediate material negative <b>impacts</b> on <b>affected communities</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 affected communities, 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 affected communities; and		
(d) how it tracks and assesses the effectiveness of these <b>actions</b> and initiatives in delivering intended outcomes for affected communities.	18. how it tracks and assesses the effectiveness of these <b>actions</b> and initiatives in delivering outcomes for <b>affected communities</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 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.	(b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for affected communities. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
33. In relation to paragraph 29, 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 affected communities;		
(b) its approach to taking action in relation to specific material negative impacts on communities, including		

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any action in relation to its own practices regarding land acquisition, planning and construction, operation or closure practices, as well as whether wider industry or collaborative action with other relevant parties will be required; 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>affected communities</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 affected communities.		
35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on <b>affected communities</b> through its own practices, including, where relevant, in relation to planning, land acquisition and exploitation, finance, extraction or production of raw materials, use of natural resources, and management of environmental impacts. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.	17. [SECOND PART] where tensions arise between such actions and other business pressures (e.g. its practices in relation to planning and land acquisition or exploitation and financing raw materials); and	15. (a) [SECOND PART] where tensions arise between such actions and other business pressures (for example, its practices in relation to planning and land acquisition or in relation to the exploitation and financing of raw materials); and

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36. The undertaking shall also disclose whether severe human rights issues and <b>incidents</b> connected to <b>affected communities</b> have been reported and, if applicable, disclose these ( 115).	19. (36 amended) Subject to the relevant privacy regulation, the undertaking shall also disclose whether human rights <b>incidents</b> connected with <b>affected communities</b> have been reported and, if applicable, disclose these <sup>2</sup> .	16. (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>affected communities</b> identified in the reporting period <sup>2</sup> .
37. When disclosing the information required under paragraph 31 (c), the undertaking shall consider ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets 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 S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</b>	<b>Disclosure Requirement S3-4 – Targets related to affected communities</b>	<b>Disclosure Requirement S3-4 – Targets related to affected communities</b>
39. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:		
(a) reducing negative impacts on affected communities; and/or		
(b) advancing positive impacts on affected communities; and/or		
(c) managing material risks and opportunities related to affected communities.		

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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 affected communities, and/or in managing material risks and opportunities related to affected communities.		
41. The summarised description of the <b>targets</b> to manage its material impacts, risks and opportunities related to <b>affected communities</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>affected communities</b> in accordance with [Draft] Amended ESRS 2 GDR-T.	17. (41 amended) The undertaking shall disclose qualitative and/or quantitative <b>targets</b> related to <b>affected communities</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 affected communities, 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>affected communities</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> that have insight into their situation, for the purpose of <b>target-setting</b> and/or tracking performance against those targets.	AR 12. [FIRST PART] (42(b)(c) amended) Engagement with <b>affected communities</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 15(b), including the development of <b>metrics</b> , target-setting and/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 10. In the context of tracking the undertaking's performance against <b>targets</b> , engagement with <b>affected communities</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> , can inform its understanding of the effectiveness of its management of material negative <b>impacts</b> and the identification of lessons learnt or improvements.	AR 12. [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 <b>impacts</b> and the identification of lessons learnt or improvements.
(c) identifying, any, lessons or improvements as a result of the undertaking's performance.		
<b>Appendix A</b>		
<b>Application Requirements</b>		
<b>Objective</b>		
AR 1. 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		

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Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its materiality assessment (ref. to ESRS 1 chapter 3 Double <b>materiality</b> as the basis for sustainability disclosures and ESRS 2 IRO-1) related to <b>affected communities</b> and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.		
AR 2. 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 impacts on communities related to the undertaking's operations due to extreme and sudden weather conditions.		
<b>ESRS 2 – General Disclosures</b>		
<b>Strategy</b>		
<b>Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders</b>		
AR 3. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of if 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>affected communities</b> , and whether and how the business model and strategy are adapted to address such material impacts.		
AR 4. While <b>affected communities</b> may not be engaging with the undertaking at the level of its strategy or <b>business model</b> , their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of affected		

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communities and affected communities' 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 5. <i>Impacts</i> on <i>affected communities</i> can originate in the undertaking's strategy or <i>business model</i> in a number of different ways. For example, impacts may relate to the undertaking's value proposition (such as, construction or commencement of projects with timelines that do not allow sufficient time for consultation with groups affected by the projects), its <i>value chain</i> (for example, <i>land-use</i> in countries in which ownership is often contested or records are unreliable or in which land-users such as <i>indigenous peoples</i> are unrecognised), or its cost structure and the revenue model (such as, aggressive strategies to minimise taxation, particularly with respect to operations in developing countries).		
AR 6. Impacts on <i>affected communities</i> that originate in the strategy or business model can also bring material risks to the undertaking. For example, where the undertaking's strategy involves moving into higher risk geographies in pursuit of certain commodities, and if affected communities resist its presence or object to its local practices, this may create extensive and costly delays, and affect the undertaking's ability to secure future land concessions or permits. Similarly, if the undertaking's business model relies on intensive water extraction at its plants, to the extent that it affects access to water for communities' consumption, hygiene and livelihoods, this may result in reputationally-damaging boycotts, complaints and lawsuits.		

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AR 7. Examples of particular characteristics of <b>affected communities</b> that may be considered by the undertaking when responding to paragraph 10 may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking and payments go to male heads of households, women become further disenfranchised in the community. It may also be because the community is indigenous, and its members seek to exercise cultural or economic rights to the land owned or used by the undertaking – or by one of the entities with which it has a business relationship – in a context where their rights are not protected by the state. In addition, the undertaking shall consider whether different characteristics overlap. For example, characteristics such as ethnicity, socioeconomic status, migrant status and gender may create overlapping risks of harm for certain affected communities, or for distinct parts of those affected communities, since affected communities are often heterogeneous in nature.		
AR 8. With regard to paragraph 11, material risks could also arise because of the undertaking's dependency on <b>affected communities</b> where low likelihood but high impact events may trigger <b>financial effects</b> ; for example, where a natural disaster leads to a catastrophic industrial accident involving the undertaking's operations, resulting in severe harm to affected communities.		
<b>Impact, risk and opportunity management</b>		
<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>	<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>	<b>Disclosure Requirement S3-1 – Policies related to affected communities</b>

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AR 9. The description shall include the key information necessary to ensure a faithful representation of the policies in relation to <b>affected communities</b> and, therefore, the undertaking shall consider explanations of significant changes to the policies adopted during the reporting year (for example, new or additional approaches to engagement, due diligence and remedy).		
AR 10. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organisation's Convention concerning Indigenous and Tribal Peoples (ILO No. 169) and the core conventions that underpin it, and may disclose its alignment with these instruments.		
AR 11. 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 accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes	AR 1. (AR 11 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 11 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.



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potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.		
AR 12. When disclosing severe human rights issues and <b>incidents</b> connected to affected communities, the undertaking shall consider any legal disputes related to land rights and to the <b>free, prior and informed consent of indigenous peoples</b> .	AR 9. (AR 12 amended) When determining the human rights <b>incidents</b> connected with <b>affected communities</b> , the undertaking shall consider any legal disputes related to land rights and to the <b>free, prior and informed consent (FPIC) of indigenous peoples</b> .	AR 8. (AR 12 amended) When determining the human rights incidents connected to affected communities, the undertaking shall consider any legal disputes related to land rights and to the <b>free, prior and informed consent (FPIC) of indigenous peoples</b> .
<b>Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts</b>	<b>Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</b>	<b>Disclosure Requirement S3-2 - Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</b>
AR 13. Explanations of how the undertaking takes into account and ensures respect of the right of indigenous peoples to <b>free, prior and informed consent</b> may include information about processes to consult with <b>indigenous peoples</b> to obtain such consent. The undertaking shall consider how the consultation includes a good faith negotiation with affected indigenous peoples to obtain their free, prior and informed consent where the undertaking affects the lands, territories or resources that indigenous peoples customarily own, occupy or otherwise use; or relocates them from land or territories subject to traditional ownership or under customary use or occupation; or affects or exploits their cultural, intellectual, religious and spiritual property.	AR 3. (AR 13 amended) Examples for the engagement disclosure in paragraph 12, include the process to obtain consent from <b>indigenous people</b> and good faith negotiations where the undertaking affects lands, territories or resources (for example, relocation or occupation).	AR 3. (AR 13 amended) Examples of the engagement disclosure in paragraph 10 include the process to obtain consent from <b>indigenous peoples</b> and to ensure good faith negotiations where the undertaking affects lands, territories or resources through relocation or occupation.
AR 14. 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		

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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 The role of the administrative, management and supervisory bodies.		
AR 15. When preparing the disclosures described in paragraph 20 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) evaluating the effectiveness of mitigation;		
(b) for type of engagement, these could be participation, consultation and/or information;	AR 2. (AR 15 amended) The engagement with <b>affected communities</b> can take different forms, such as information, consultation or participation, and occur at different frequencies.	AR 2. (AR 15 amended) Engagement with <b>affected communities</b> can take different forms, such as information, consultation or participation, and occur at different frequencies.
(c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process; 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. In the case of material impacts, risks and opportunities related to <b>indigenous peoples</b> , this includes training on indigenous people's rights, including on free, prior and informed consent.		
AR 16. To illustrate how the perspectives of communities have informed specific decisions or		

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activities of the undertaking, the undertaking may provide examples from the current reporting period.		
<b>Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns</b>	<b>Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</b>	<b>Disclosure Requirement S3-2 - Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</b>
AR 17. In fulfilling the requirements set out by Disclosure Requirement ESRS S3-3, 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> .		
AR 18. Channels for raising concerns or needs, include <b>grievance mechanisms</b> , hotlines, dialogue processes or other means through which <b>affected communities</b> or their <b>legitimate representatives</b> can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include channels provided by the undertaking directly, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on communities, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its <b>business relationships</b> to answer this requirement, it may state that.	AR 4. (AR 18 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>affected communities</b> can raise such concerns or needs. They include <b>grievance mechanisms</b> , hotlines, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.	
AR 19. To provide greater insight into the information covered in ESRS S3-3, the undertaking may explain whether and how communities that may be affected are able to access channels at the level of the undertaking they are affected by, in relation to each material impact. Relevant insights include information on whether <b>affected communities</b> can access channels	AR 6. (AR 19 amended) ‘Processes’ for providing or contributing to <b>remedy</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, by providing or contributing to remedy for <b>actual impacts</b> . This can	

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in a language they understand, and whether they have been consulted in the design of such channels.	include channels to raise concerns or needs reported under paragraph 13 if they are used for providing or contributing to remedy.	
AR 20. 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 to all <b>affected communities</b> 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 21. In relation to the protection of individuals that use the mechanisms against retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether to the mechanisms can be used anonymously (for example, through representation by a third party).		
AR 22. When disclosing processes related to providing and enabling <b>remedy</b> for <b>indigenous peoples</b> , relevant information includes whether and how the undertaking has considered their customs, traditions, rules and legal systems.		
AR 23. In disclosing whether and how the undertaking knows that <b>affected communities</b> 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 affected communities themselves. Examples of sources of information are surveys of community members that		

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have used such channels and their levels of satisfaction with the process and outcomes.		
AR 24. In describing the effectiveness of channels for <b>affected communities</b> 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 on an individual channel basis or for the collective system of channels:	AR 5. [FIRST PART] (AR 24 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 4. [FIRST PART] (AR 24 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 <b><i>channels</i></b> .
(a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?		
(b) are the channels known and accessible to stakeholders?		
(c) do the channels have clear and known procedures, set timeframes and clarity on the processes?		
(d) do the channels ensure reasonable access 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 at stake?		
(f) do the outcomes achieved through the channels accord with internationally recognised human rights?		

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(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 S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</i></b>	<b><i>Disclosure Requirement S3-3 – Actions and resources related to affected communities</i></b>	<b><i>Disclosure Requirement S3-3 – Actions and resources related to affected communities</i></b>
AR 25. 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 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 social investment or other <b><i>development</i></b> programmes 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 26. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact, or whether the material impact is	AR 7. [FIRST PART] (AR 27 amended) The <b><i>actions</i></b> taken by the undertaking differ depending on its connection to the <b><i>impact</i></b> (causation, contribution, direct linkage),	AR 5. [FIRST PART] (AR 26 and AR 27 amended) The <b><i>actions</i></b> taken by the undertaking differ depending on its connection to the <b><i>impact</i></b> (causation, contribution,

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directly linked to its own operations, products or services through a business relationship.	and how it has identified the actions as appropriate for addressing material impacts.	direct linkage) and how it has identified the actions as appropriate for addressing material impacts.
AR 27. Given that material negative impacts affecting communities 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 business <b>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 the rights of indigenous peoples to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at minimising security-related impacts on communities or participating in company-community partnerships).	AR 7. [SECOND PART] (AR 27 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 multi-stakeholder and/or industry initiatives.	AR 5. [SECOND PART] (AR 26 and 27 amended) This disclosure requirement 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> and/or collective actions taken through multistakeholder and/or industry initiatives.
AR 28. Impacts on communities may stem from environmental matters which are disclosed by the undertaking under the ESRS E1 to E5. Examples include:		
(a) ESRS E1 Climate Change: The implementation of <b>climate change mitigation</b> plans may require the undertaking to invest in <b>renewable energy</b> projects that may affect the lands, territories and <b>natural resources</b> of <b>indigenous peoples</b> . If the undertaking does not consult with the affected indigenous peoples , it could negatively impact the affected communities' right to <b>free, prior and informed consent</b> ;		

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(b) ESRS E2 Pollution: The undertaking may negatively impact <b>affected communities</b> by failing to protect them from <b>pollution</b> from a particular production facility that causes them health-related issues;		
(c) ESRS E3 Water and marine sources: The undertaking may negatively impact the access to clean drinking water of communities when withdrawing water in water stressed areas;		
(d) ESRS E4 Biodiversity and ecosystems: The undertaking may negatively affect the livelihood of local farmers through operations that contaminate <b>soil</b> . Additional examples include the sealing of land through building new infrastructure, which can eradicate plant species that are critical for, for example, local <b>biodiversity</b> or to filter water for communities; or the introduction of <b>invasive species</b> (whether plants or animals) that can impact <b>ecosystems</b> and cause subsequent harm;		
<p>(e) ESRS E5 Resource use and circular economy: The undertaking may negatively impact the lives of communities by affecting their health through the mismanagement of <b>hazardous waste</b>.</p> <p>Where the connection between environmental impacts and local communities is addressed in the disclosures within the Disclosure Requirements ESRS E1-E5, the undertaking may cross reference to those and clearly identify such disclosures.</p>		
AR 29. 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		



ESRS S3 as enacted in 2023	Exposure Draft ESRS S3	Draft Amended ESRS S3
own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S3-5 the relevant <b>targets</b> set by the initiative and progress towards them.		
AR 30. When disclosing whether and how the undertaking considers actual and potential impacts on <b>affected communities</b> 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 31. In disclosing how it tracks the effectiveness of <b>actions</b> to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods.		
AR 32. 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 33. Reporting on effectiveness is aimed at enabling the understanding of the links between <b>actions</b> taken by an undertaking and the effective management of impacts.		
AR 34. With regard to initiatives or processes whose primary aim is to deliver positive impacts for affected communities that are based on affected communities' needs, and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:		

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(a) information about whether and how <b>affected communities</b> and <b>legitimate representatives</b> or their <b>credible proxies</b> play a role in decisions regarding the design and implementation of these investments or programmes; and		
(b) information about the intended or achieved positive outcomes for <b>affected communities</b> of these investments or programmes.		
(c) an explanation of the approximate scope of <b>affected communities</b> covered by the described social investment or <b>development</b> programmes, and, where applicable, the rationale for why selected communities were chosen for a given social investment or development programme's implementation.		
AR 35. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for <b>affected communities</b> 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 5 to “achieve gender equality and empower all women and girls” the undertaking may be taking thoughtful measures to include women in the consultation process with an affected community to meet standards of effective <b>stakeholder engagement</b> , which can help empower the women in the process itself, but potentially also in their daily lives.		
AR 36. When disclosing the intended or achieved positive outcomes of its <b>actions</b> for <b>affected communities</b> a distinction is to be made between		

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evidence of certain activities having occurred (for example, that x number of women community members have been provided with <b>training</b> on how to become local <b>suppliers</b> to the undertaking) from evidence of actual outcomes for affected communities (for example, that x women community members have set up small businesses and have had their contracts with the undertaking renewed year-on-year).		
AR 37. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may for example consider programmes that aim to improve local infrastructure surrounding an undertaking's operations, such as improvements in roads leading to a reduction in the number of severe traffic accidents involving community members.		
AR 38. When disclosing the material risks and opportunities related to the undertaking's impacts or <b>dependencies</b> on affected communities, the undertaking may consider the following:		
(a) risks related to the undertaking's impacts on <b>affected communities</b> may include the reputational or legal exposure, as well as operational risks, where affected communities protest against resettlements or the loss of access to lands, leading to costly delays, boycotts, or lawsuits;		
(b) risks related to the undertaking's dependencies on <b>affected communities</b> may include disruption of business operations where <b>indigenous peoples</b> decide to withdraw their consent to a project on their lands,		

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forcing the undertaking to significantly modify or abandon the project;		
(c) business opportunities related to the undertaking's impacts on <b>affected communities</b> may include more easily financing projects and being a partner of choice for communities, governments and other businesses; and		
(d) opportunities related to the undertaking's dependencies on <b>affected communities</b> may include the development of positive relationships between the undertaking and indigenous peoples that enable existing projects to expand with strong support.		
AR 39. In disclosing the information in AR 41, the undertaking may consider explanations of risks and opportunities stemming from environmental impacts or <b>dependencies</b> (please refer to AR 31 for further details), including related human rights (or social) impacts. Examples include reputational risks stemming from the impact on the health of communities of unmanaged polluting <b>discharges</b> ; or the <b>financial effects</b> of protests that may disrupt or interrupt an undertaking's activities, for example, in response to operations in water stressed areas that may impact the lives of affected communities.		
AR 40. When disclosing whether <b>dependencies</b> turn into risks, the undertaking shall consider external developments.		
AR 41. When disclosing policies, action and resources and <b>targets</b> related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the		

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undertaking may cross-reference its disclosures on policies, actions and resources and targets in relation to that impact.		
AR 42. The undertaking shall consider whether and how its processes to manage material risks related to <b>affected communities</b> are integrated into its existing risk management processes.		
AR 43. 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 7. (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 9. (New) When applying the filter of information materiality (paragraph 23 of ESRS 1 General Requirements) to the information about incidents referred to under paragraph 16, the undertaking's assessment is primarily based on the severity of the <b>impacts on affected communities</b> .
		AR 10. (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

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		relevant types of incidents and/or communities affected.
		AR 11. (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 16 and paragraph 12.  (New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 15.
<b>Metrics and Targets</b>		
<b>Disclosure Requirement S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</b>	<b>Disclosure Requirement S3-4 – Targets related to affected communities</b>	<b>Disclosure Requirement S3-4 – Targets related to affected communities</b>
AR 44. 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 affected communities, being as specific as possible;		
b) the stability of the <b>targets</b> over time in terms of definitions and methodologies to enable comparability over time;		
c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks or industry codes).		
AR 45. <b>Targets</b> related to material <b>risks</b> and <b>opportunities</b> may be the same as or		

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distinct from targets related to material impacts. For example, a target to fully restore livelihoods of <b>affected communities</b> following resettlement could both reduce impacts on those communities and reduce associated risks such as community protests.		
AR 46. 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 as a main objective to employ community members at a local mining <b>site</b> , with the long-term goal of staffing 100% locally by 2025, and with the short-term objective of adding x percent of local <b>employees</b> every year up and until 2025.		
AR 47. When modifying or replacing a target in the reporting period, the undertaking may explain the change by linking it to significant changes in the business model 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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