



EFRAG SECRETARIAT ANALYSIS OF THE COMMENTS – Survey 1 – ESRS S1 Own workforce

Q45: ESRS S1 – Own workforce

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	<ul style="list-style-type: none"> Include social factor "diversity" which is included in CSRD Art. 29b and require reporting also on e.g., antiracism 	<p>Not in line with CSRD</p> <p>(Alignment with CSRD)</p>	Yes – CSRD [S1-C17 (C)]	Diversity has been added to S1 as one of the final version CSRD changes. Antiracism not specifically mentioned in CSRD but reporting on this issue would be covered under the topic "equal treatment and opportunities for all"	Ongoing	Yes - Diversity
2	<ul style="list-style-type: none"> Prioritise S1 over S2-S3-S4 in set 1 and consider data accessibility Rebuttable presumption should not be applied to most disclosure requirements in S1 Consider phasing in DRs S1 is too granular, phasing-in should be applied S1-12 should be mandatory in set 1 or phased-in 	<p>Phase in disclosure requirements over time</p> <p>(Phasing-in / prioritization)</p>	No	CSRD does not foresee prioritizing S1 over S2-4, however, it should be noted that S2-4 have no KPIs. The issues of materiality/rebuttable presumption are under discussion at SRT/SRB level, and a review of S1 DRs with regard to sector-agnostic and mandatory status is underway. Phasing of entire standards not recommended but phasing in of parts of DRs to be considered.	Analysis at DR level	Partially covered by the DD paper



3a	<ul style="list-style-type: none"> Harmonization in terminology needed to clarify scope and avoid ambiguity between DRs and implementation requirements, e.g., between workers, own workers, employees, own employees, also applies for remuneration which several terms are used: wage, salary, pay, compensation, hourly earnings 	Unclear terminology (Definition adjustment)	Yes	The social standards have been reviewed for harmonization in terminology and adjustments made accordingly.	Ongoing	No
3b	<ul style="list-style-type: none"> Not clearly defined where franchised/licensed workers should be reported on Definition of self-employed workers is not clear FTE should be reported on instead of headcount except for S1-11 The definition of a child in annex is not correct. Suggest three definitions 1) child 2) child labour 3) young workers in line with the international human rights framework S1-14 should only be required for countries in which the undertaking has significant employment 	Unclear terminology (Definition adjustment)	No	Relevant issue papers are forthcoming on definitions of affected stakeholders in the social standards and the value chain. Definitions will be clarified and examples provided for them and the issues of headcount and applicability of significant employment will be considered. Comments on S1-14, including from Survey 2, are under review.	To be discussed	Yes



4	<ul style="list-style-type: none"> AG should only include guidance and no additional requirements Para 6 to be deleted as para 5 clearly sets the scope Clarify DRs by adding "shall disclose" and vocabulary need to be harmonized for it to become an EU legal framework S1-19, par. AG 150 requires undertakings to behave in a certain way rather than to require disclosures on the employment of persons with disabilities Define measures for measurement of "outcomes" 	<p>Unclear terminology (Rephrasing required)</p>	Yes	<p>Will be adjusted where possible but it should be noted that many AG 'shall' requirements refer to the calculation of a KPI and are more appropriate in AG than in the body of the DR. Para 6 included to clearly define the boundary between S1 and S2. To be adjusted where relevant. S1-19 AG provides guidance on what an undertaking may consider disclosing, not behavioural requirements. The approach to reporting "outcomes" is principles-based and specific metrics are not prescribed.</p>	To be aligned	No
5	<ul style="list-style-type: none"> DRs require too granular data Require too much qualitative information 	<p>Excessive granularity (Reduce complexity)</p>	No	<p>This will be considered in the context of discussions on reducing the complexity of the ESRS.</p>	Simplification. Ongoing	No
6	<ul style="list-style-type: none"> Cost benefit for some DRs are unreasonable More detailed cost benefit analysis needed to provide comment 	<p>High burden for reporting entities (Questionable cost-benefit ratio)</p>	No	<p>This will be considered in the context of discussions on reducing complexity, phasing-in and prioritisation. And a cost-benefit analysis in progress.</p>	Ongoing	No



7	<ul style="list-style-type: none"> Missing quantitative and qualitative indicators¹ 	<p>Missing indicators (Additional indicators)</p>	Yes – GRI & TEG [S1-T6 (C)]	Some of the suggested indicators have been considered and their addition is recommended, e.g. workforce turnover and further information on health & safety, others are better placed in sector-specific standards or out of scope of CSRD.	To be aligned.	Yes for diversity
8	<ul style="list-style-type: none"> Full country-by-country reporting is needed 	<p>Country by country reporting is required (Adapt country-by-country basis)</p>		This comment will be reviewed in the context of a discussion of users' needs and level of disaggregation. Such breakdown is provided for a number of disclosures.	To be aligned	No
9	<ul style="list-style-type: none"> S1 is outside the scope of CSRD, EFRAG should not introduce new concepts that is not defined at EU level, e.g., living wage and fair wage Data required is too granular and goes far beyond the scope of CSRD 	<p>Requirements go beyond CSRD requirements (Out of scope)</p>	No	S1 was developed based on a thorough review of the CSRD, including the social matters explicitly mentioned and legislation and initiatives referenced, and is based on these. S1-14 refers specifically to the 'fair wage', which is contained in the European Pillar of Social Rights; the term 'living wage' is used only to reference its common use as a synonym for 'fair wage'. The final text of the CSRD explicitly include adequate wages in Art 29 a) 2b)	No action	No



				Granularity to be considered in the context of discussions on user need and granularity and simplification.		
10	<ul style="list-style-type: none"> • EFRAG should better articulate its standards and application guidance with EU legislation, when possible (for instance, on privacy rights AG 31 (f)) • Higher consideration for companies needs to comply with working conditions set in EU law and national level, and diverse collective bargaining practices in the Member States 	No consistency with other EU or international standards - EU legislation	No	<p>Alignment with EU and international legislation to be considered in the context of consultation comments.</p> <p>S1-26 on privacy at work to be considered in light of Survey 2 comments.</p> <p>Consideration of diversity of national conditions to be examined in light of consultation comments, e.g. in the context of different definitions and different legal requirements for privacy or data collection.</p>	To be aligned	No
	<ul style="list-style-type: none"> • Final version of S1 should ensure full compatibility and consistency with the "social taxonomy" and with the proposed directive on diversity 	No consistency with other EU or international standards - Social taxonomy	No	It is not foreseen to include disclosure requirements in ESRS that anticipate final legislative decisions. However, the ESRS should be adjusted as appropriate after law comes into force.	No action	No
11	<ul style="list-style-type: none"> • Align with ILO Conventions No. 182 on the Worst Forms of Child Labour and No. 138 on the Minimum Age² 	No consistency with other EU or international standards - ILO	No	Alignment is consistent with the CSRD principle of referencing international human rights instruments.	To be aligned	No
12	<ul style="list-style-type: none"> • Include reference to UN Convention on Persons with Disabilities in AG 20 	No consistency with other EU or	No	Alignment is consistent with the CSRD principle of referencing international human rights instruments.	To be aligned	No



		international standards - UN				
13	<ul style="list-style-type: none"> Key standard for alignment is ISSB which does not yet cover this topic. Difference in underlying principles (i.e., double materiality, EV perspective and the different set of stakeholder groups assumed), may give rise to doubts as to whether sufficient alignment of the standards can be achieved at all 	No consistency with other EU or international standards - ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
14	<ul style="list-style-type: none"> S1 should better acknowledge the benefits companies bring to their workers Focus more on risk than opportunities 	Add additional disclosure requirements (Lack of opportunities reporting)	No	One of the objectives of S1 is clearly defined as the disclosure of impacts (including positive impacts) on workforce (Par 1a). S1 includes a number of DRs where undertakings may disclose the positive impacts they have for workers, e.g. S1-4 on targets and S1-5 on action plans. With regards to DR1-DR6, 3 out of 6 DRs cover financial materiality (risks and opportunities).	No actions.	
15	<ul style="list-style-type: none"> Difficult to provide assurance considering the amount and detail of DRs, and the auditor will not make a statement on the accuracy of the sustainability disclosures, but on the audited 	Excessive granularity (Assurance considerations)	No	A number of discussions with relevance for this comment are ongoing: level of disaggregation and simplification. Furthermore, the individual DRs are being assessed in light of comments in Survey 2.	No action	No



	<p>process regarding the collection and monitoring of these disclosures</p> <ul style="list-style-type: none"> The level of granularity of the information required will make the process of auditability long and complex 					
16	<ul style="list-style-type: none"> Data protection and confidentiality issues, legal restrictions and GDPR³ 	<p>Risk of disclosing sensitive information; Contradiction with GDPR</p> <p>(Confidentiality concerns; Alignment with GDPR)</p>	No	<p>Relevant DRs to be analysed with regard to this comment, also with regard to comments received on individual DRs in Survey 2.</p>	To be aligned	No
17	<ul style="list-style-type: none"> General inclusion of total upstream and downstream value chain in the reporting boundaries significantly increases the complexity and the burden 	<p>Excessive granularity</p> <p>(Value chain considerations)</p>	Yes	<p>There is a clear perimeter for Own workforce that does not include upstream and downstream value chain.</p>	No action	Yes
18	<ul style="list-style-type: none"> Special consideration needs to be taken for SME 	<p>Makes exemptions for SMEs</p> <p>(SME considerations)</p>	No	<p>SME reporting requirements will be set in coming sets.</p>	No action	No



19	<ul style="list-style-type: none"> Level of granularity and qualitative information required reduce the comparability Most of the social concepts are defined at national level such as social security, occupational health and safety, and DRs may therefore not be comparable 	<p>Lack of comparability of requested information</p> <p>(Enhanced comparability)</p>	No	<p>For due diligence related requirements, the undertakings are to describe their own processes given the nature of the due diligence principles.</p> <p>Most S1 DRs are based on established frameworks (GRI, SASB) and the DRs are designed in a way which respects national heterogeneity (concepts defined at an abstract level, e.g. employees “according to national law or practice”)</p>	No actions	No
20	<ul style="list-style-type: none"> Reporting on non-employed workers need further guidance 	<p>Difficult to report on non-employees</p> <p>(Non-employee reporting)</p>	No	<p>An issue paper on definitions of the stakeholder groups in the social standards is being written and should help clarify this issue.</p>	Ongoing	Yes
21	<ul style="list-style-type: none"> Scope of DRs should be clearer, either fully employed or part-time to limit burdensome efforts with limited presence⁴ Missing DRs on potential financial effects Add clarification that DR in S1-1 still applies even if link to policy is provided and clarify whether S1-3 covers establishment of a procedure for whistle-blowers 	<p>Provide additional guidance</p> <p>(Guidance for reporting)</p>	No	<p>AG will be adjusted to provide more clarity on the issues mentioned. Indicators on potential financial effects relate to DR 1, 4 and 6. No action on this regard.</p>	To be aligned	No



22	<ul style="list-style-type: none"> Difficult to collect data from companies the preparer does not control and non-employee workers 	<p>Data is not available</p> <p>(Data accessibility (inc value chain data))</p>	No	<p>The S1 category “non-employee workers in own workforce” was defined more restrictively than the GRI category “non-employee workers whose work or workplace is controlled”, with data accessibility being one of the main criterion for the definition. An Enhancements to the AG are being proposed</p>	Ongoing	Yes
23	<ul style="list-style-type: none"> S1 adequately covers information required by CSRD 	<p>Comprehensive nature of ESRS S1</p> <p>(Balanced content)</p>	No	<p>This is a positive comment regarding accurate alignment of S1 with CSRD.</p>	No actions	No
24	<ul style="list-style-type: none"> Social standards should be based around themes, S1 includes too many DRs making it too complex, and there should be a minimum set of core metrics in ESRS 2⁵ 	<p>Organise the social ESRS thematically</p> <p>(Architecture of Social standards)</p>	No	<p>The social matters are defined by CSRD. The KPIs in S1 will be reorganized to fit the list of social matters defined in Article 29b of the final version of the CSRD. KPIs for value chain workers will be considered for the sector-specific standards. The architecture of Social standards into affected stakeholder groups is also aligned with the draft social taxonomy’s groupings.</p>	No actions	No
25	<ul style="list-style-type: none"> Undertakings should only have to report on material topics 	<p>Restructure the standards</p>	No	<p>S1 was designed with the intention that its DRs should be material at a sector-agnostic level. Discussions are currently ongoing at SRB/SRT level on</p>	To be discussed	Yes



	<ul style="list-style-type: none"> S1 or large parts of it should not be subject to rebuttable presumption Several DRs can be merged within S1 and with other standards⁶ 	(Architecture of Social standards)		<p>materiality/rebuttable presumption and a review of S1 DRs is being performed which includes the feasibility of merger.</p> <p>In ESRS, all information reported derives from the material IROs. No action on that regard.</p>		
26	<ul style="list-style-type: none"> Align definition of own workforce with GRI Add guidance from GRI 403 to para 6 on how control is determined 	No consistency with other EU or international standards - GRI	Yes - GRI	<p>The workforce definition is only partially aligned with GRI's definition because of the observation by many preparers that the concept of "control of work and workplace" central to the GRI definition is difficult to operationalize.</p> <p>An issue paper is being prepared which will provide further guidance on the ESRS workforce definition.</p>	No action	Yes
27	<ul style="list-style-type: none"> Threshold should be set by the undertaking in relation to their activities 	<p>Make categories for number of employees more flexible</p> <p>(Threshold of employees)</p>	No	<p>The employment threshold for many S1 DRs is in fact set relative to the undertaking's activities (i.e., country-specific reporting only for countries where 10% or more of an undertaking's employees are employed. However, some DRs (S1-7 Par 51(a) i, S1-22, S1-24 specify a threshold of significant employment (50 employees) since the number of employees is key to triggering rights</p>	No action	No



				under labour law and to understanding freedom of association/collective bargaining and social dialogue.		
--	--	--	--	---	--	--