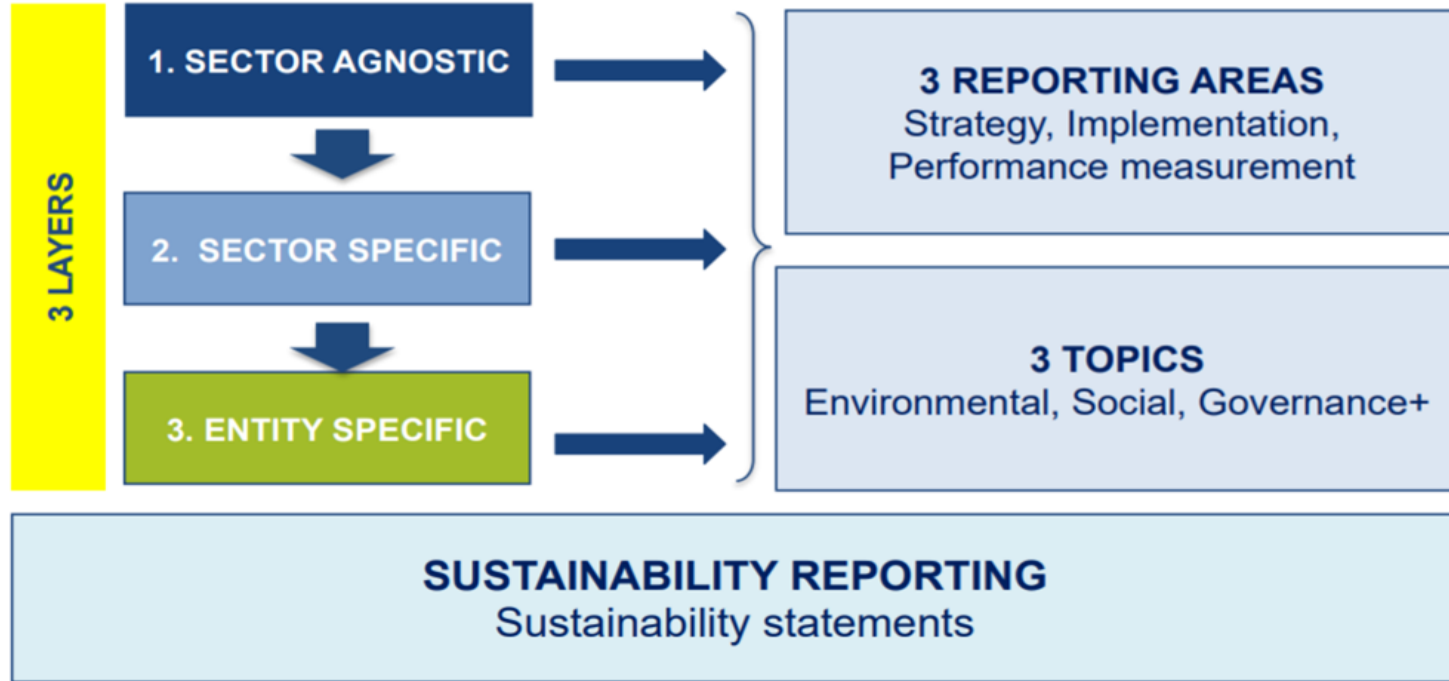# EU Sustainability Reporting Standards_Architecture

# EU Sustainability Reporting Standards

**Cluster 1: Conceptual Guidelines & Cross-Cutting Standards**

| C2: Environmental – Climate | C3: Environmental – Other | C4: Social – Workforce | C5: Social – Other | C6: Governance + |
|---|---|---|---|---|

**Cluster 7: Sector-Specific Standards**

**Cluster 8: SMEs**

**Cluster 9: Format**

Standards developed in first set

Standards to be developed in second set

**Social**

| Level | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Topic** | | | | | | | | | |
| **Sub-Topics** | Own Workforce | | Workers in the Value Chain | | | Affected Communities | | | Consumers / End-users |

**Sub-sub Topics**

| Working Conditions | Equal Opportunities/ Non-discrimination | Other work-related rights | Working Conditions | Equal Opportunities/ Non-discrimination | *Other work-related rights* | Economic, social and cultural rights | Civil and political rights | Particular rights of indigenous peoples | Information | Personal safety | Social Inclusion |
|---|---|---|---|---|---|---|---|---|---|---|---|

**Specific issues/ matters**

| Working Conditions | Equal Opportunities | Other work-related rights | Working Conditions | Equal Opportunities | Other work-related rights | Economic, social and cultural rights | Civil and political rights | Particular rights of indigenous peoples | Information | Personal safety | Social Inclusion |
|---|---|---|---|---|---|---|---|---|---|---|---|
| - Remuneration<br>- Social security<br>- Working hours<br>- Work-life balance<br>- Health & Safety<br>- Water & Sanitation<br>- Training & Development | - Inequality<br>- Non-Discrimination/ Diversity, incl.<br>* Gender<br>* Race<br>* Age<br>* Disability<br>* Migrants<br>- *Precarious* work | - Freedom of Association & Collective Bargaining<br>- Social Dialogue<br>- Child labour<br>- Forced labour<br>- Privacy<br>- Adequate housing | - Remuneration (wages and income)<br>- Social security<br>- Working hours<br>- Health & Safety<br>- Water & Sanitation | - Inequality<br>- Non-Discrimination/ Diversity, incl.<br>* Gender<br>* Race<br>* Age<br>* Disability<br>* Migrants<br>- *Precarious* work | - Freedom of Association & Collective Bargaining<br>- Child labour<br>- Forced labour<br>- Privacy<br>- Adequate housing | - Adequate housing<br>- Adequate food<br>- Water & sanitation<br>- Land-related impacts<br>- Security | - Freedom of Expression<br>- Freedom of Assembly<br>- Human Rights Defenders | - Free, prior and informed consent<br>- Self-determination<br>- Cultural rights | - Privacy<br>- Freedom of Expression<br>- Access to information | - Health & Safety<br>- Security of person<br>- Protection of children | - Non-Discrimination<br>- Equal access to products and services |

# EU Sustainability Reporting Standards_'Other' Social Matters

| | |
|---|---|
| Disclosure Requirement 1 | **Impacts originating from business model and strategy**<br>*Disclosure of whether the company assesses the extent to which material impacts on its [value chain workers / local communities / consumers and end-users] originate from the undertaking's business model and strategy, and how the highest governance bodies are informed about any such impacts.* |
| Disclosure Requirement 2 | **Material impacts on [value chain workers/affected communities/consumers and end-users] and types of workers affected**<br>*Statement of material impacts - negative and positive - on [value chain workers/local communities/consumers and end-users] and description of the main types of [value chain workers/local communities/consumers and end-users] that are affected.* |
| Disclosure Requirement 3 | **Risks and opportunities related to [value chain workers/affected communities/consumers and end-users]**<br>*Statement of any material risks and opportunities for the business arising from impacts and dependencies on, as well as the general situation of, [value chain workers/local communities/consumers and end-users].* |
| Disclosure Requirement 4 | **Policies related to [value chain workers/affected communities/consumers and end-users]**<br>*Statement of policies that address the management of material impacts or dependencies on [value chain workers/local communities/consumers and end-users], and any associated risks and opportunities, and a summary of their content and how they are communicated.* |

# EU Sustainability Reporting Standards_'Other' Social Matters

| | |
|---|---|
| Disclosure Requirement 5 | **Processes for engaging** with [value chain workers/affected communities/consumers and end-users] about impacts<br>*Explanation of general processes for engaging with [value chain workers/local communities/consumers and end-users] and their representatives about actual and potential impacts on them.* |
| Disclosure Requirement 6 | **Channels** for [value chain workers/affected communities/consumers and end-users] to **raise concerns**<br>*Description of channels the company has in place for [value chain workers/local communities/consumers and end-users] to raise their concerns or needs directly with the undertaking, and/or through which the undertaking supports the availability of mechanisms by its business relationships and monitors issues raised and addressed.* |
| Disclosure Requirement 7 | **Targets** related to managing material impacts on [value chain workers/affected communities/consumers and end-users]<br>*Description of any outcome-oriented targets related to reducing negative impacts on [value chain workers/local communities/consumers and end-users]  and/or advancing positive impacts, and/or managing material risks and opportunities.* |

# EU Sustainability Reporting Standards_'Other' Social Matters

| | |
|---|---|
| Disclosure Requirement 8 | **Taking action on material impacts** on [value chain workers/affected communities/consumers and end-users] and effectiveness of those actions<br>*Explanation of approaches to taking action on material impacts on [value chain workers/local communities/consumers and end-users] and how the company assesses the effectiveness of the actions.* |
| Disclosure Requirement 9 | **Initiatives aimed at positive outcomes** for [value chain workers/affected communities/consumers and end-users]<br>*Explanation of whether the company has programmes or processes/social investments or other development programmes in place whose purpose is to positively contribute to improved outcomes for [value chain workers and consumers and end-users / local communities] and whether these also play a role in mitigating related material negative impacts.* |
| Disclosure Requirement 10 | **Approaches to mitigating** material **risks** and **pursuing** material **opportunities** related to [value chain workers/affected communities/consumers and end-users]<br>*Explanation of the company's approaches to mitigating material risks and pursuing material opportunities arising from impacts on [value chain workers/local communities/consumers and end-users].* |

# EU Sustainability Reporting Standards

| | |
|---|---|
| **1. Analysis of CSRD 19b references** | **Assessing Article 19b and EU legislation resulting in**<br>•Setting up the structure of topics<br>•Detailed analysis of EU requirements<br>•Evaluation of best process aligned with due diligence process (including ESRS1)<br>•Initial meetings with DGs |
| **2. Structure of the standards** | **Identifying best approach to C5 standards**<br>1.Workers in the value chain; 2.Affected Communities; 3.Consumers and End-users |
| **3. Framework, Standards and Regulations** | **Analysing respective frameworks, databases and regulations**<br>•GRI, UNGP, SASB<br>•OECD Guidelines, CDSB R.F. (new), Other frameworks<br>•NFRD n.b. Guidelines, EU Taxonomy, SFDR |
| **4. Standards Development** | **Drafting Standards**<br>•Interaction with C4, Shift, GRI<br>•Development of disclosures<br>•Side-by-side review |

# EU Sustainability Reporting Standards

- General considerations
  - Adoption CSRD June 2022
  - Double materiality
  - Alignment with existing pieces of legislation and policy objectives
    - Alignment UNGPs, etc.
    - HREDD
    - As well as: transition plans, RTS from SFDR, etc.

- Work of CSOs in PTF
  - C4-C5 coordination to ensure alignment and complementarity of social standards
  - Ongoing work with other clusters (connection with envi issues) and cross-cutting standards

- Future opportunities to further influence the standards
  - **Upcoming consultation on draft sector-agnostic standards (May 2022)**
  - For full picture of effectiveness – important upcoming development of sector-specific and entity-specific
    - EFRAG Sustainability Reporting Pillar: SR Board and TEG; low CSO representation. Important engagement at level of working groups.