



ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Themenspezifische Standards / Social“



1. Social topics defined in CSRD, Article 19 b

“ (b) specify the information that undertakings are to disclose about social factors, including information about:

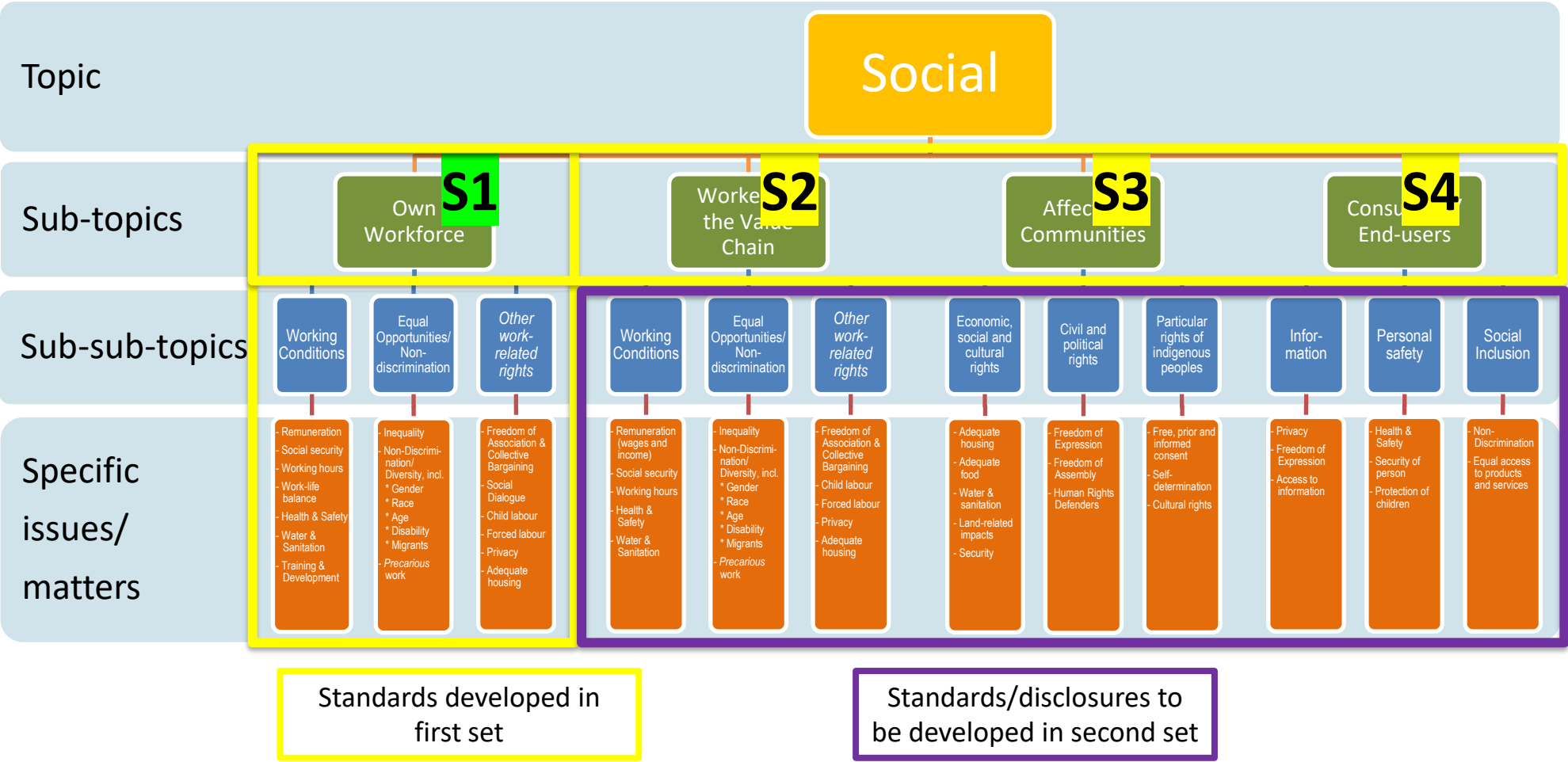
(i) Equal opportunities for all, including gender equality and equal pay for equal work, training and skills development, and employment and inclusion of people with disabilities;

(ii) Working conditions including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance, and a healthy, safe and well-adapted work environment;

(iii) Respect for the human rights fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.”

2. Structure of the social ESRs

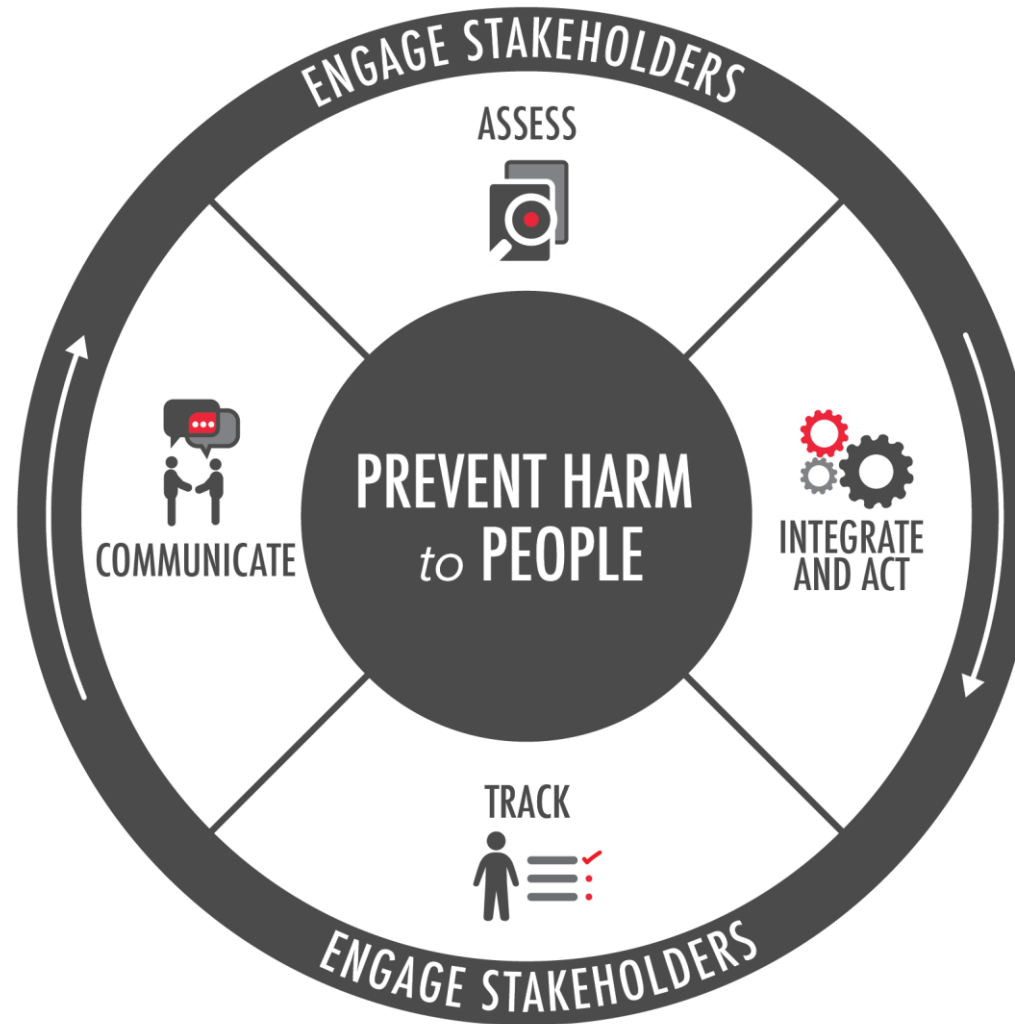
Structure of the social pillar



3. Human Rights Due Diligence for the four stakeholder groups of S1 – S4

ESRS S1 – S4, DR's 2 and 3: **engage stakeholders**

The standards in their entirety contribute to the reporting obligation required by the draft CSRD: **communicate**



ESRS 2 (cross cutting) and AG's 3 – 12/13: **assess** impacts, risks and opportunities

ESRS S2 – S4, DR's 1, 2, 5 and 6: **integrate and act** by developing policies, setting targets and taking action

ESRS 1 on targets, progress and tracking effectiveness and ESRS S2 – S4, DR 4: **track** performance

4. Performance measures in S1 “Own workforce”

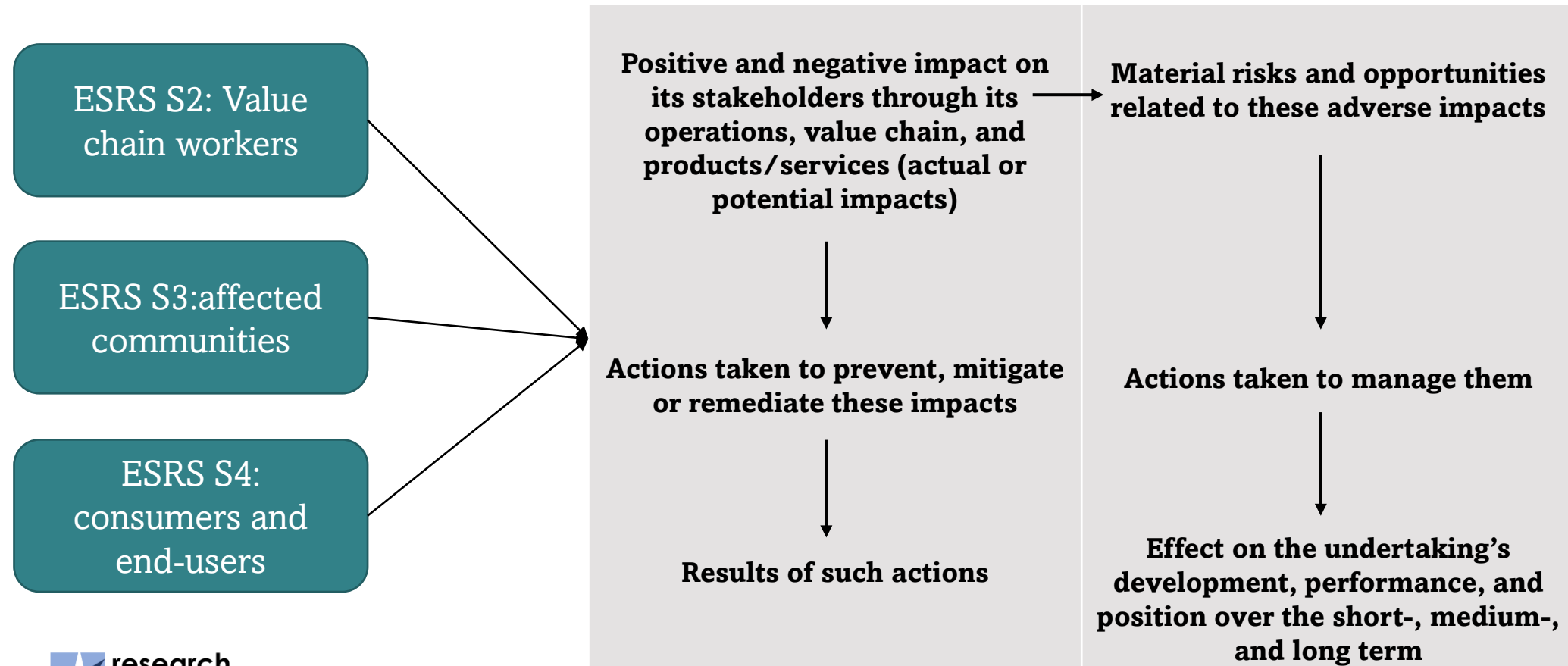
PERFORMANCE MEASURES			
<u>General</u>			
DR S1-7: Characteristics of the Undertaking’s Employees		GRI	
DR S1-8: Characteristics of non-employee workers in the undertaking’s own workforce		GRI	
<u>Working Conditions</u>			
DR S1-9: Training and Skills Development indicators		GRI	
DR S1-10: Coverage of the health and safety management system	ILO	OECD	GRI
DR S1-11: Performance of the health and safety management system	SFDR	ILO	GRI
DR S1-12: Working Hours	ILO	EPSR	
DR S1-13: Work-Life Balance indicators	ILO	EPSR	
DR S1-14: Fair remuneration	EPSR	GRI	
DR S1-15: Social security eligibility coverage	EPSR		
<u>Equal Opportunities</u>			
DR S1-16: Pay gap between women and men	EPSR	GRI	SFDR
DR S1-17: Annual total compensation ratio	EPSR	GRI	SFDR
DR S1-18: Discrimination incidents related to equal opportunities	EPSR	GRI	SFDR
DR S1-19: Employment of persons with disabilities	EPSR	GRI	
DR S1-20: Differences in the provision of benefits to employees with different employment contract types	EPSR	GRI	
<u>Other Work-related Rights</u>			
DR S1-21: Grievances and other work-related rights		GRI	
DR S1-22: Collective bargaining coverage	SASB	GRI	ILO
DR S1-23: Work stoppages	SASB	ILO	
DR S1-24: Social dialogue			
DR S1-25: Identified cases of severe human rights issues and incidents	SFDR	GRI	ILO
DR S1-26: Privacy at work		ILO	

CSRD – social disclosures – ESRS S2, S3 and S4



Objectives of the ESRS S2 – S4

The disclosure requirements of these standards aim to enable the report users to understand the dependencies of the undertaking with the following stakeholders:



Overview and Content of ESRS S2 – S4

STRATEGY (complemented by ESRS 2)

AG on ESRS 2-SBM2: Interaction between **material impacts, risks and opportunities** and the strategy and business model

AG on ESRS 2-SBM3: Workforce matters on people and the **adaptation** of its **strategy** and **business model(s)** to such material sustainability impacts

AG on ESRS 2-SBM4: Workforce matters that originate from or are connected to the undertaking's strategy and business model(s) and of the adaptation of its strategy and business model(s) to such **material risks and opportunities**

AG on ESRS 2-IRO2: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with **sector-agnostic** and **sector-specific** level ESRS

AG on ESRS 2-IRO3: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an **ESRS (entity-specific level)**

SFDR

IMPLEMENTATION

DR S2-1: **Policies**, targets, action plans and resources

GRI

OECD

UNGP

SFDR

DR S2-2: **Processes** for engaging with own workers and workers' representatives about impacts

GRI

OECD

UNGP

DR S2-3: Channels for own workers and workers' representatives to raise concerns

SFDR

UNGP

DR S2-4: Targets related to **managing** material negative impacts, **advancing** positive impacts, and managing material risks and opportunities

GRI

UNGP

DR S2-5: Taking action on **material impacts** on own workforce and effectiveness of those actions

GRI

OECD

UNGP

DR S2-6: **Approaches** to mitigating material risks and pursuing material opportunities related to own workforce

OECD

UNGP

→ Same disclosure requirements for each stakeholder (S2, S3 and S4)

PERFORMANCE MEASURES

First set:

Focus on developing the disclosures that can be expected of **all entities** under the scope of the CSRD. These standards provide **high-level disclosures** regarding an undertaking's impacts on value chain workers / affected communities / consumers and users and related risks and opportunities, when viewed in general across an undertaking's operations and upstream and downstream value chain.

Subsequent standards:

Subsequent standards are expected expand on these standards by providing more detailed disclosures in relation to the sub-topics and specific issues that would be identified as material through the **sector-specific** or **entity-specific** materiality determination, which will include actions to address specific impacts and risks, along with related targets and performance measures to cater for the diversity in value chains.

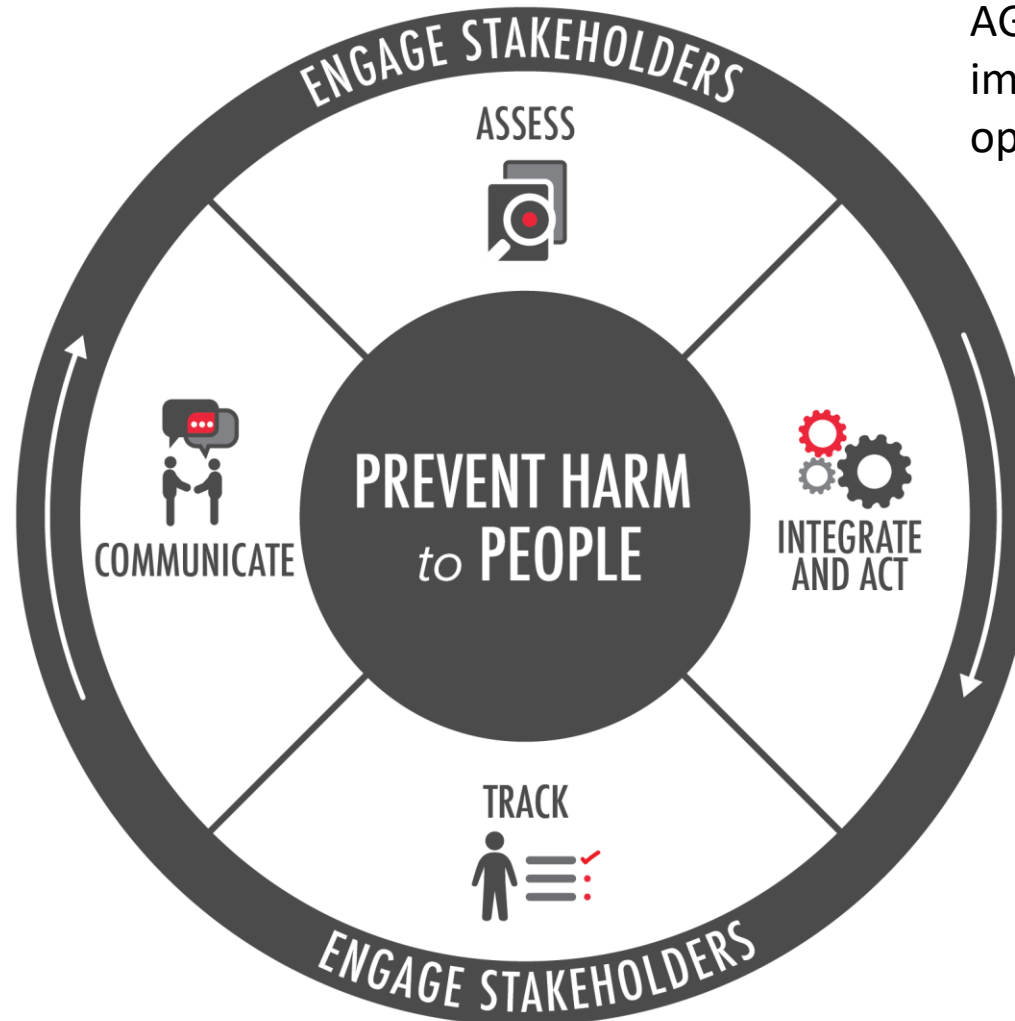
SFDR/CSDDD structural alignment

Initiatives from the Platform for Sustainable Finance (incl. announced guidance on the Minimum Safeguards), as well as the proposal for an EU Corporate Sustainability Due Diligence Directive, were taken into consideration to ensure that the structure of the reporting would be compatible with upcoming developments in this area.

Human Rights Due Diligence for the three stakeholder groups of S2 – S4

ESRS S2 – S4, DR's 2 and 3: **engage stakeholders**

The standards in their entirety contribute to the reporting obligation required by the draft CSRD: **communicate**



ESRS 2 (cross cutting) and AG's 3 – 12/13: **assess** impacts, risks and opportunities

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Focus on “implementation” – disclosure requirements

DR 1: Policies	DR2: engagement processes	DR3: channels to raise concerns	DR4: Targets	DR5: actions	DR6: approaches to risks & opportunities
<p>Description of:</p> <ul style="list-style-type: none"> ▪ Policies addressing identification, assessment, management and/or remediation of material impacts on the concerned stakeholders ▪ Policies covering material risks and opportunities related to the concerned stakeholder <p>Statement of the human rights policy commitments that are relevant to the concerned stakeholders</p>	<p>How perspectives of stakeholders are taken into account in the decision-making process:</p> <ul style="list-style-type: none"> ▪ Type of engagement: participation, consultation, information,...) ▪ Frequency: quarterly, yearly,... ▪ The stage at which engagement occurs 	<p>Description of:</p> <ul style="list-style-type: none"> ▪ The channels in place to raise stakeholders’ concerns ▪ The processes through which the undertaking supports the availability of such channels ▪ The monitoring process of issues raised 	<p>Explanations about the outcome-oriented targets related to:</p> <ul style="list-style-type: none"> ▪ Reducing negative impacts on stakeholders ▪ Advancing positive impacts on stakeholders ▪ Managing material risks and opportunities related to stakeholders <p>Description of the process for setting the targets, including whether and how the undertaking engage with stakeholder for setting targets</p>	<p>Description of</p> <ul style="list-style-type: none"> ▪ Actions taken to mitigate negative impacts ▪ Actions taken to deliver positive impact ▪ Process for assessing the effectiveness of these actions, programs, and processes <p>Description of:</p> <ul style="list-style-type: none"> - Approaches to identify action - Approaches for tracking the effectiveness of actions 	<p>Description of:</p> <ul style="list-style-type: none"> ▪ Actions taken to mitigate material risks ▪ Actions taken to pursue opportunities

Sub-sub topics

ESRS S2 – value chain workers

- ❖ **Working conditions:** wages, health and safety, social security, working hours, water and sanitation, ...
- ❖ **Access to equal opportunities:** discrimination, including the rights of workers with disabilities or on women workers, issues of equality in pay and work-life balance, precarious work, ...
- ❖ **Other human rights:** trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing

ESRS S3 – affected communities

- ❖ **Economic, social and cultural rights:** adequate housing, adequate food, water and sanitation, land-related and security-related impact,...
- ❖ **Civil and political rights:** freedom of expression, freedom of assembly, human rights defenders, ...
- ❖ **Particular rights of indigenous communities:** free, prior and informed consent, self-determination, cultural rights,...

ESRS S2 – consumers and end-users

- ❖ **Information:** privacy, freedom of expression, access to information,...
- ❖ **Personal safety:** health and safety, security of a person, protection of children,...
- ❖ **Inclusion:** non-discrimination, access to products and services,...

Example

In the its 2021 report, Solvay meets the following disclosure requirements previously described by disclosing:

- ❖ The type of engagement with stakeholders and the channel used to raise concern.
- ❖ The material impact identified resulting from the stakeholder engagement process
- ❖ The actions taken to address impacts
- ❖ The actions taken to mitigate risks related to their impact on each stakeholder
- ❖ The actions taken to pursue opportunities related to their impact on each stakeholder

What is missing:

- ❖ Targets: Solvay should also disclose the targets they use in addressing their material impacts

Customers	Employees	Suppliers	Local Communities
How we bonded in 2021 <ul style="list-style-type: none"> → Engagement of major customers on common high materiality aspects → Direct contacts with GBU teams (management, R&I, sales, supply chain) → Rating questionnaires (CDP, EcoVadis) → Sustainable Portfolio Management (SPM) profiles → Net Promoter score (digital surveys every two years) 	How we bonded in 2021 <ul style="list-style-type: none"> → Solvay Solidarity Fund to enhance solidarity among employees → Pulse surveys every six weeks to improve our people's well-being → Communication between CEO and employees using digital tools (Q&A sessions, virtual visits on sites) → Regular dialogue between Group managers and employees through Performance and Development annual appraisal → Labor relations dialogue with employee representative bodies at four levels: site, country, Europe and Group 	How we bonded in 2021 <ul style="list-style-type: none"> → Supplier Key Account Management → Supplier commitment to Supplier Code of Business Integrity → Corporate Social Responsibility questionnaire → Third-party assessments through EcoVadis and TFS → Solvay's Supplier Days, a series of exclusive events to engage suppliers 	How we bonded in 2021 <ul style="list-style-type: none"> → Engagement at site level within STAR factory project and several dimensions of Solvay One Planet actionable at this level (biodiversity, Stop Office Waste program); developing and steering relationships with local stakeholders → Annual Citizen Day at Group level
High materiality aspects <ul style="list-style-type: none"> → Product design and lifecycle management → Customer welfare → Hazardous materials 	High materiality aspects <ul style="list-style-type: none"> → Employee health and safety → Inclusion and diversity → Employee engagement and well-being 	High materiality aspects <ul style="list-style-type: none"> → Supply chain and procurement → Materials sourcing and efficiency 	High materiality aspects <ul style="list-style-type: none"> → Air quality → Water and wastewater → Waste → Corporate Citizenship → Critical incident risk management → Hazardous materials
Stakeholders' expectations <ul style="list-style-type: none"> → Continued increase in number of customers assessing Solvay's performance via EcoVadis, CDP, or specific questionnaires confirms focus on risks and opportunities in supply chain → Increasing number of customers express need for innovative solutions in line with circular economy principles 	Stakeholders' expectations <ul style="list-style-type: none"> → Engagement on sustainability principles by employees from top management to shop floor → Covid-19 crisis management 	Stakeholders' expectations <ul style="list-style-type: none"> → More collaboration on goal setting, strategic thinking and sustainability 	Stakeholders' expectations <ul style="list-style-type: none"> → Contribution to local material aspects → Sensitivity to local environmental and social issues
Our responses <ul style="list-style-type: none"> → About 150 customers representing about 20% of our sales require Solvay's EcoVadis evaluation → Solvay in the top 1% of companies assessed by EcoVadis in the chemical industry 	Our responses <ul style="list-style-type: none"> → Solvay One Dignity to accelerate Diversity, Equity and Inclusion, with 9 objectives and action plans → Global employee share purchase plan → Solvay Solidarity Fund: €2.4M to support employees and their families since April 2020 → Extended 16 week maternity leave to all co-parents worldwide → Solvay Sales Academy: ~€2M invested over one year; 11,500 hours of training → Employee Assistance Program to provide mental health support and other assistance → 7,500+ employees moved into a hybrid working mode (35 administrative sites globally) → Global Performance Sharing Plan → 100% employees covered by collective agreement 	Our responses <ul style="list-style-type: none"> → 2040 suppliers assessed via EcoVadis TFS Audit Program → Launched Supplier Engagement Program: 250+ executives from 130+ companies participated in Solvay's first Supplier Day, 69 collaborative projects collected 	Our responses <ul style="list-style-type: none"> → 15,000 employees worldwide on 121 sites participated in Solvay's 2021 Citizen Day on Biodiversity, together with more than 5,700 participants from NGOs and local communities; 523 actions achieved. → 30 projects (€3.9 million) for communities, related to urgent needs (e.g. health care, flooding), organized through the Solvay Solidarity Fun since April 2020.
Our challenges <ul style="list-style-type: none"> → EcoVadis 360 screening identified controversies, fines or penalties relating to environmental/social issues in the last five years → Reducing Scope 3 greenhouse gas emissions linked to processing, use and end of life of sold products 	Our challenges <ul style="list-style-type: none"> → Implementation of our plan to better align the organization with G.R.O.W. strategy → Involve employees in Solvay One Planet initiatives, e.g. Stop Office Waste project 	Our challenges <ul style="list-style-type: none"> → Mitigate CSR risks in our supply chain through due diligence and traceability → Reduce Scope 3 greenhouse gas emissions linked to raw material extraction and processing 	Our challenges <ul style="list-style-type: none"> → Take action on biodiversity: monitor and reduce pressure on biodiversity beyond climate change; develop local restoration projects in partnership with associations and local stakeholders → Sensitive handling of social media, which can make a local issue global → Controversies related to effluents or emissions



ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Themenspezifische Standards / Social“

econsense



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