



Using Standards to Support ESG Reporting

Guidance for Standards Users



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Introduction

An increasing number of sustainability-related reporting requirements worldwide, both mandatory and voluntary, are providing an opportunity for organizations to disclose and drive positive change through their Environment, Social, and Governance (ESG) initiatives. International standards are indispensable tools that can help organizations navigate this complex reporting environment, and can be a helpful aspect of an organization's compliance strategy. For many decades, these standards have played a pivotal role in enhancing organizations' quality and performance, enabling them to reduce, anticipate, and prepare for a diverse range of risks while promoting sustainability. This guidance document will help organizations understand how to use standards in their regulatory responses via six case studies spread across ESG-specific disclosure requirements.

Each case examines an example requirement from an existing ESG regulation and demonstrates how a selected standard can be used to meet these requirements.

Table 1 shows how each case study is structured. Note that the division of the regulation into different parts (A, B, C, etc.) was done by the authors of this guidance for illustrative purposes only. The actual regulations are not divided in the same manner. References to relevant sections of the selected standards are also arranged by relevance to each part of the regulation, rather than chronologically.

Following each case study, a narrative provides an overview of each part of the regulation, detailing how the relevant sections of the standard can assist organizations in compliance. Each labeled section of the regulation (A, B, C) is then discussed in depth. Sections of the standard may be repeatedly mentioned if they are relevant to different parts of the regulation.

Table 1

Case Study Topic

Name of regulation

Name of standard

A	Specific verbiage taken from the regulation	Section(s) of standard relevant to part A
B	Specific verbiage taken from the regulation	Section(s) of standard relevant to part B
C	Specific verbiage taken from the regulation	Section(s) of standard relevant to part C

ESG Reporting and Standards Tool

This guidance can be reviewed alongside the [ESG Reporting and Standards Tool](#). The tool exists to point organizations in the right direction in understanding which standards can be used to support reporting requirements under different regulations, organized by relevant ESG topics.

By using the tool, organizations can carefully tailor their sustainability reporting to align with the most relevant and influential best practice standards. This resource-rich tool aims to empower businesses to navigate the complexities of ESG data requests and

requirements with precision. It aims to foster an in-depth comprehension of their impact across business operations.

Aligning with globally vetted standards is a way to demonstrate organizations' commitment to ethical and socially responsible practices, embracing a journey toward continuous improvement. International standards can provide an invaluable roadmap for businesses keen on elevating their social responsibility initiatives and fostering an ethical, sustainable, and responsible business landscape.





Case studies

Environment

The following case studies focus on environmental reporting requirements around Greenhouse Gas emissions and factors that impact water quality.

Case Study 1: Gross Scopes 1, 2, 3, and Total GHG Emissions

Regulation: EU CSRD, ESRS E1, Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3, and Total GHG Emissions

Standard: BS EN ISO 14064-1:2019: Greenhouse gases – Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals

A The objective of the Disclosure Requirement in paragraph 41 in respect of:

(a) gross Scope 1 GHG emissions as required by paragraph 41(a) is to provide an understanding of the direct impacts of the undertaking on climate change and the proportion of its total GHG emissions that are regulated under emission trading schemes.

(b) gross Scope 2 GHG emissions as required by paragraph (b) is to provide an understanding of the indirect impacts on climate change caused by the undertaking's consumed energy whether externally purchased or acquired.

(c) gross Scope 3 GHG emissions as required by paragraph 41(c) is to provide an understanding of the GHG emissions that occur in the undertaking's value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of the GHG inventory and are an important driver of the undertaking's transition risks.

(d) total GHG emissions as required by paragraph 41(d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the value chain. This disclosure is a prerequisite for measuring progress towards reducing GHG emissions in accordance with the undertaking's climate-related targets and EU policy goals.

6. Quantification of GHG emissions and removals

6.1 Identification of GHG sources and sinks

6.2 Selection of quantification approach

6.3 Calculation of GHG emissions and removals

6.4 Base year GHG inventory

**Regulation: EU CSRD, ESRS E1,
Disclosure Requirement E1-6
– Gross Scopes 1, 2, 3, and Total
GHG Emissions**

**Standard: BS EN ISO 14064-1:2019:
Greenhouse gases – Specification
with guidance at the organization
level for quantification and reporting
of greenhouse gas emissions
and removals**

B If the undertaking has operational control of associates, joint ventures (accounted for under either the equity method or proportionally consolidated in the undertaking's group financial statements), and unconsolidated subsidiaries (investment entities) (i.e., if it has the ability to control the operational activities and relationships of these entities);

If the undertaking has operational control of contractual arrangements in joint arrangements that are not structured through an entity (i.e., jointly controlled operations and assets) (for instance, through its holding of an environmental license or permit from the local authorities), it shall include their full (Scope 1 and 2) GHG emissions in its reported GHG emissions.

Conversely, in its reported Scope 1 and 2 GHG emissions, the undertaking shall not include any (Scope 1 and 2) GHG emissions from the entities (i.e., associates, joint ventures and, unconsolidated subsidiaries) and contractual arrangements in jointly controlled operations where it does not have operational control. However, when these entities and contractual arrangements are part of the undertaking's value chain, their Scope 1, 2 and 3 GHG emissions shall be accounted for as part of the undertaking's Scope 3 GHG emissions.

5. GHG Inventory Boundaries

5.1 – Organizational Boundaries

5.2 – Reporting Boundaries

The CSRD ESRS E1-6 disclosure delineates the specific information that companies that are obligated to report under the CSRD are required to disclose regarding their greenhouse gas emissions. This disclosure is organized into two distinct sections that align with the respective sections of BS EN ISO 14064-1:2019 Greenhouse gases – Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removal (ISO 14064). The standard provides comprehensive guidance on how organizations should quantify and report their greenhouse gas emissions, encompassing Scopes 1, 2, and 3, in a way that ensures transparency and adherence to standardized reporting practices.

A: Key Details on the Company's Climate Impact: Overview of Greenhouse Gas Emissions

In Part A, the CSRD asks companies to share vital details about their greenhouse gas emissions, covering direct (Scope 1), indirect (Scope 2), and value chain-related (Scope 3) emissions. The disclosure requirements underscore the importance of transparency when it comes to a company's disclosure of their total greenhouse gas footprint.

BS EN ISO 14064-1:2019 provides detailed guidance for quantifying and reporting greenhouse gas emissions, breaking down the process into key sections that detail how organizations can measure and report on emissions in a way that aligns with their climate goals. While all sections of the standard offer relevant instructions, the selected subsections highlight the most essential aspects for effective greenhouse gas emission disclosure that most closely match the CSRD requirements.

- **Section 6.1** serves as a guide for users to pinpoint the sources and sinks of greenhouse gas emissions within the organization. This helps to establish a clear understanding of the context, including the nature and extent of GHG interactions, enabling effective decision-making and identification of regulatory obligations.
- **Section 6.2** provides insights into the elements of a best practice management system, outlining how users can choose the most suitable approach for quantifying GHG emissions and ensuring alignment with industry best practices.
- **Section 6.3** contextualizes the calculated data and outlines action items to address identified issues, requirements, and risks found in Section 4. This step is crucial in developing a comprehensive understanding of the organization's carbon footprint.
- **Section 6.4** outlines the steps to be taken in case of gaps in the organization's existing systems, providing a roadmap for addressing deficiencies and dealing with instances of GHG emissions, and offering a proactive approach to improving overall environmental performance.



B: Defining GHG Reporting Boundaries: Navigating Emission Disclosures and Operational Control

Part B of the CSRD further necessitates organizations to scrutinize their operational control over associates, joint ventures, and undisclosed subsidiaries, ensuring accuracy in GHG reporting. If an organization possesses the ability to control the operational activities and relationships of these entities, the full scope 1 and scope 2 emissions must be included in its reported GHG emissions. Conversely, when operational control is lacking, the reported Scope 1 and 2 emissions should exclude any emissions generated from entities that the organization does not have operational control over. However, if these entities are integral to the organization's value chain, the entities' Scope 1, 2, and 3 GHG emissions must be incorporated into the organization's Scope 3 GHG emissions. This requirement ensures a comprehensive and precise portrayal of the organization's greenhouse gas impact, aligning with the principles of transparent reporting.

The following subsections from BS EN ISO 14064-1:2019 highlight the most essential aspects for effective greenhouse gas emission disclosure.

- **Section 5.1** details the criteria and considerations for delineating the organizational boundaries concerning greenhouse gas reporting. It guides organizations in defining the scope and parameters to encapsulate their operational activities and relationships.
- **Section 5.2** outlines the specific reporting boundaries for greenhouse gas emissions. The subsection outlines the methodologies and factors organizations should consider when determining the extent of their reporting, ensuring a comprehensive and accurate portrayal of their environmental impact.

BS EN ISO 14064-1:2019 is not the only standard that organizations can access when considering greenhouse gas reporting. In fact, there is an entire suite of standards under the BS EN ISO 14064 series covering a range of topics and applications for greenhouse gas quantification, requirements, and even verification.

These include the following:

1. BS EN ISO 14064-1:2019: Greenhouse gases - Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
2. BS EN ISO 14064-2:2019: Greenhouse gases - Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements
3. BS EN ISO 14064-3:2019: Greenhouse gases - Specification with guidance for the verification and validation of greenhouse gas statements

BS EN ISO 14064-1:2019 goes beyond describing how organizations should quantify their scopes 1, 2, and 3 emissions and define their inventory boundaries. Though not included in the case study above, the standard includes further sections that are more relevant to other regulations and other disclosure requirements of the CSRD, including sections on mitigation and reduction activities, preparing GHG reports, and managing inventory quality.

BS EN ISO 14064-1:2019 is closely aligned with the GHG Protocol, which many regulations requiring reporting specifically call out, making the standard and the Protocol complementary tools for calculating greenhouse gas emissions.



Case Study 2: Water Consumption

Regulation: EU CSRD, ESRS E3, Disclosure Requirement E3-4 – Water consumption

Standard: BS EN ISO 14046:2016: Environmental management. Water footprint. Principles, requirements and guidelines

A The undertaking shall disclose information on its water consumption performance related to its material impacts, risks and opportunities.

The objective of this Disclosure Requirement is to provide an understanding of the undertaking's water cycle at its level and any progress by the undertaking in relation to its targets.

4: Principles

- 4.2 Life cycle perspective
- 4.3 Environmental focus
- 4.4 Relative approach and functional unity
- 4.5 Iterative approach
- 4.11 Priority of scientific approach
- 4.12 Geographical relevance
- 4.13 Comprehensiveness

B The disclosure required by paragraph 25 relates to own operations and shall include:

- (a) total water consumption in m³;
- (b) total water consumption in m³ in areas at material water risk, including areas of high-water stress;
- (c) any contextual information necessary regarding the local basins' water quality and quantity, how the data have been compiled, such as any standards, methodologies, and assumptions used, including whether the information is calculated, estimated, modelled, or sourced from direct measurements, and the approach taken for this, such as the use of any sector-specific factors.

5 Methodological framework

- 5.1 General requirements
- 5.2 Goal and scope definition
- 5.2.4 Data and quality requirements
- 5.3 Water footprint inventory analysis
- 5.4 Water footprint impact assessment
- 5.5 Interpretation of the results
- 5.6 Limitations of water footprint

6 Reporting

- 6.1 General
- 6.2 Additional requirements and guidance for third-party reports
- 6.3 Comparative assertion and comparative studies

**Regulation: EU CSRD, ESRS E3,
Disclosure Requirement E3-4
– Water consumption**

**Standard: BS EN ISO 14046:2016:
Environmental management. Water
footprint. Principles, requirements
and guidelines**

-
- C** The undertaking shall also include:
- (a) total water recycled and reused in m3;
 - (b) total water stored and changes in storage in m3; and
 - (c) contextual information related to points (a) and (b).

- 5 Methodological framework**
- 5.2.4 Data and quality requirements
 - 5.3.3.3 Allocation procedures for reuse and recycling

-
- D** The undertaking shall provide information on its water intensity: total water consumption.
- in m3 per net revenue on own operations.

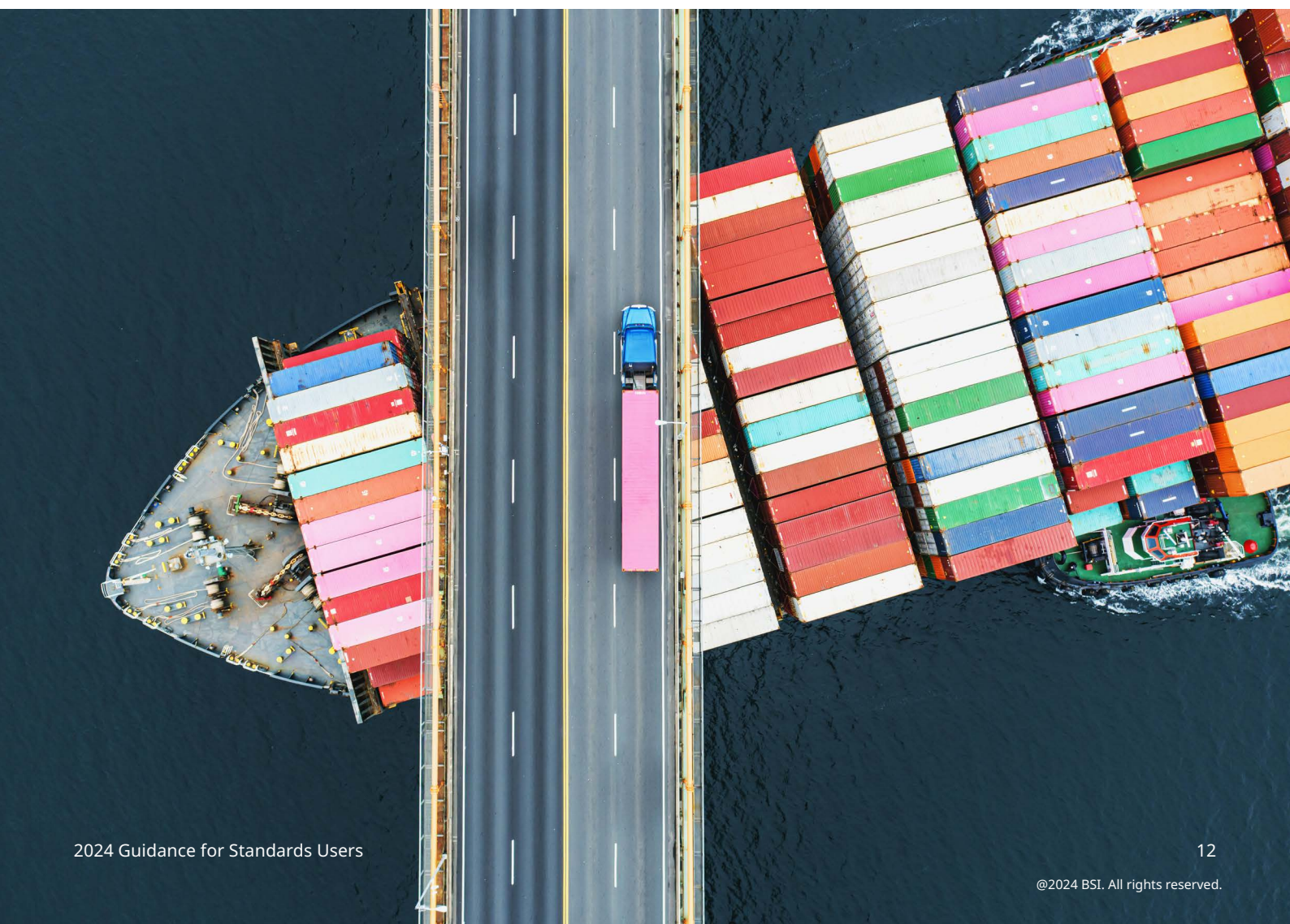
- 5 Methodological Framework**
- 6 Reporting
 - 6.1 General
 - 6.2 Additional requirements and guidance for third-party reports
 - 6.3 Comparative assertion and comparative studies

The ESRS E3-4 disclosure under the EU CSRD mandates companies to quantify and communicate their water consumption performance and the impacts, risks, and opportunities arising from their water consumption. The requirement aligns with the structured approach of BS EN ISO 14046:2016, and both facilitate a thorough understanding of an undertaking's water usage practices.

A: Elements of a Water Footprint Assessment

The primary goal of Disclosure Requirement E3-4 is to facilitate a comprehensive understanding of the reporting organization's water footprint, which includes water consumption. This provides insight into the company's water usage practices and its progress towards predefined targets.

- **Section 4** provides guidance on understanding the different items and methods for consideration when conducting a water footprint assessment to ensure that the assessment is comprehensive and relevant to the local water basin in question. This section also notes that the standard is focused on the potential environmental impacts related to water associated with a product, process or organization, rather than economic or social impacts, and is most helpful in quantifying water consumption performance.



B: Detailed Water Consumption Disclosure

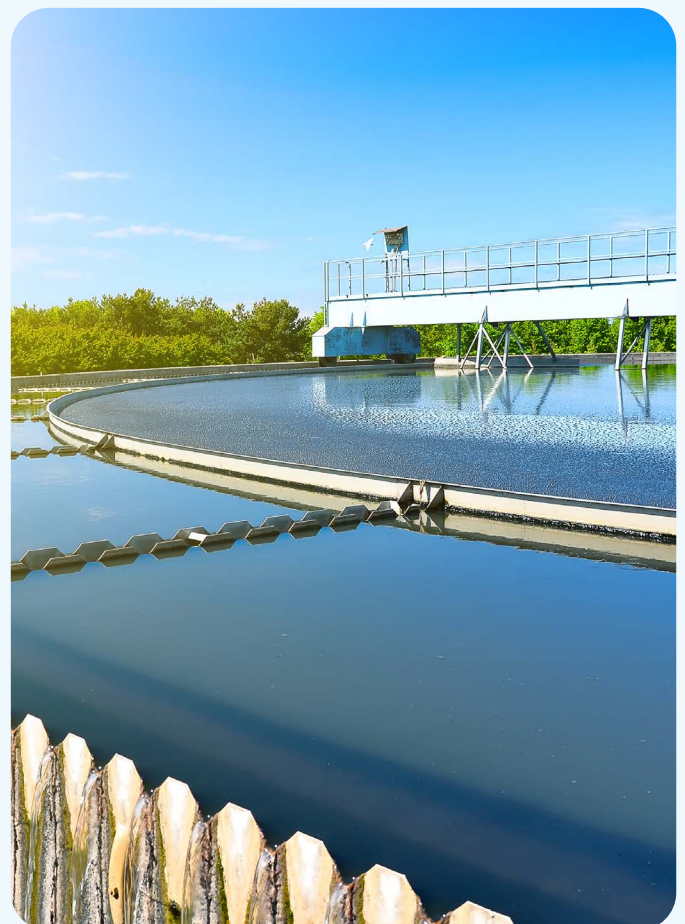
Part B mandates disclosure elements related to total water consumption in m³, particularly in areas at material water risk. Contextual information, including details on data compilation, standards, methodologies, and assumptions is also required.

- **Section 5** provides a structured methodological framework that aligns with ESRS E3-4's requirements. It provides an overview of different options an organization may decide on when conducting a water footprint assessment, for example, as a stand-alone study or as part of a life cycle assessment.
- **Section 5.2.4** goes into depth about the types of data that need to be collected (water withdrawal and release quantities, types of water resources, data describing water quality, seasonal changes in water flows, etc.), ensuring data quality and addressing missing data.
- **Section 5.3** is highly aligned with BS EN ISO 14044 on Life Cycle Assessments and Life Cycle Inventories, providing guidance on the types of information needed for elementary water flows and allocation procedures.
- **Section 5.4** provides guidance on the selection of impact categories, category indicators, and characterization models based on the results of a water footprint assessment, with consideration for different types of water resources and for impacts from both water availability and water degradation.
- **Sections 5.5 and 5.6** include guidance on the types of conclusions that can be drawn from conducting a water footprint assessment, and the limitations of these results. Note that this section states that the impacts are strictly environmental and not socioeconomic.
- **Section 6** refers back to BS EN ISO 14044 on specific rules to follow on reporting water footprint assessments and provides guidance and considerations on how to structure an assessment report for third-party review, including contextual considerations.

C: Additional Reporting Requirements

Part C introduces additional reporting elements, necessitating disclosure of total water recycled and reused in m³, total water stored, and changes in storage. Contextual information related to these data points is also required.

- **Section 5.2.4** goes into depth about the types of data that need to be collected and how to ensure the quality of this data. This data includes changes in water quality, drainage, stream, flow, groundwater flow, and evaporation resulting from land use changes, seasonal variations in water flow, and other factors affecting water storage.
- **Section 5.3.3.3** expands on an earlier section of allocation principles and procedures to specifically apply to reuse and recycling situations in water footprint assessments.



D: Water Intensity Reporting – Comparative Studies

Part D calls for the inclusion of water intensity information, specifically total water consumption in m³ per net revenue on own operations. Guidance on types of data to include in water footprint assessments is provided in Section 5. Note that BS EN ISO 14046:2016 does not provide instructions on calculating an organization's revenue, and the final water intensity calculation required by ESRS E3-4 is beyond the scope of BS EN ISO 14046:2016.

- **Section 5** provides guidance on types of data to include in water footprint assessments, including data that should be considered for water intensity
- **Sections 6.1, 6.2, and 6.3** provide guidelines for reporting, additional requirements for third-party reports, and comparative assessment and studies.

The alignment between ESRS E3-4 and BS EN ISO 14046:2016 is clear, as ESRS E3-4 incorporates the principles and guidelines of BS EN ISO 14046:2016 to structure its disclosure requirements. The standard's methodological framework and reporting elements ensure a thorough and systematic approach to reporting water consumption, promoting transparency and comparability across undertakings.





Case studies:

Social

The following case studies focus on social reporting requirements around modern slavery statements and diversity and inclusion reporting.

Case Study 3: Modern Slavery Statement

Regulation: Australian Modern Slavery Act (AMSA)

Standard: BS 25700:2022: Organizational responses to modern slavery. Guidance

A This Act requires entities based, or operating, in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and actions to address those risks. Other entities based, or operating, in Australia may report voluntarily.

9: Modern slavery risk management

9.3 Modern slavery risk assessment

9.4 Responding to modern slavery

9.5 Performance and evaluation

4: Context of the Organization

4.1 Understanding the organization and its context

4.2 Understanding the needs and expectations of stakeholders

4.2.2 Compliance, legal and regulatory requirements

B (1) A modern slavery statement must, in relation to each reporting entity covered by the statement:

- (a) identify the reporting entity; and
- (b) describe the structure, operations and supply chains of the reporting entity; and

4: Context of the Organization

4.1 Understanding the organization and its context

4.2 Understanding the needs and expectations of stakeholders

4.2.2 Compliance, legal and regulatory requirements

5: Leadership and Commitment

5.3 Modern slavery policy

5.4 Roles, responsibilities, and authorities

Regulation: Australian Modern Slavery Act (AMSA)

Standard: BS 25700:2022: Organizational responses to modern slavery. Guidance

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- C** (c) describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls; and
- (d) describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes; and
- (e) describe how the reporting entity assesses the effectiveness of such actions; and

8: Procurement and supply chain management

8.2 Responsible procurement: control of externally provided process, products and services

8.3 Procurement activity

8.4 Supplier engagement

9: Modern slavery risk management

9.3 Modern slavery risk assessment

9.4 Responding to modern slavery

9.5 Performance and evaluation

-
- D** (f) describe the process of consultation with:
- (i) any entities that the reporting entity owns or controls; and
- (ii) in the case of a reporting entity covered by a statement under section 14—the entity giving the statement; and
- (g) include any other information that the reporting entity, or the entity giving the statement, considers relevant.

6: Support

6.1 Resources

6.2 Competence

6.3 Awareness

6.4 Communication

6.5 Training

6.6 Recording and Reporting

6.6.2 Transparency and disclosure

7: Recruitment and employment relations

7.2 Recruitment: internal and external control

7.3 Worker empowerment

7.4 Terms and conditions of work

7.5 Occupational health and safety

8: Procurement and supply chain management

8.2 Responsible procurement: control of externally provided process, products and services

8.3 Procurement activity

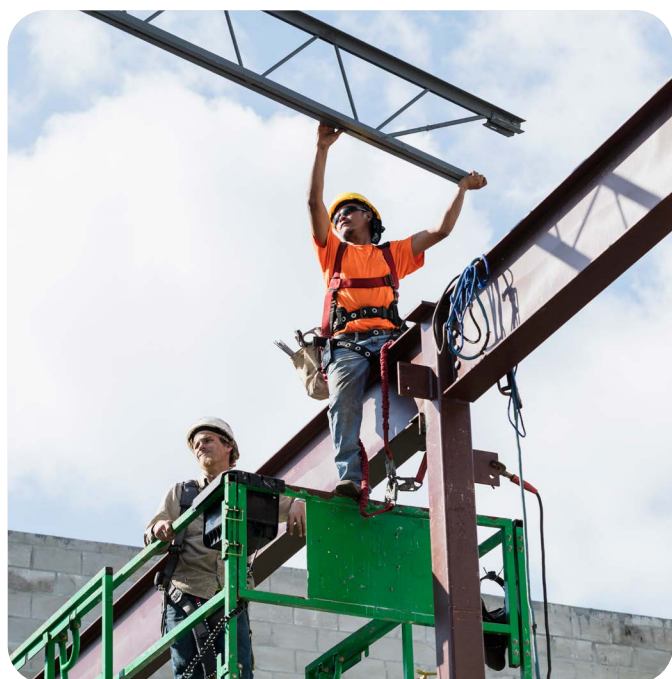
8.4 Supplier engagement

The Australian Modern Slavery Act, which was based on the UK Modern Slavery Act, requires Australian based companies that meet a minimum threshold to publish a public facing statement that details their due diligence activities regarding the evaluation of their modern slavery risks. In recognizing that at the core of modern slavery risk is the need for organizations to understand the vulnerabilities associated with modern slavery and the importance of ensuring that decision-making is focused on people, BSI developed and provides for free Organizational responses to modern slavery – Guidance (BS 25700:2022). While, as a guidance, this is not yet certifiable, organizations should regard it as a best practice framework that they can incorporate throughout their own operations.

A: Overview

Part A in the Australian Modern Slavery Act describes the entities to which the Act applies and provides an overview of expected disclosures.

- **Section 9** provides guidance for organizations on developing a modern slavery risk management system, including how to conduct an assessment, different ways to respond to modern slavery findings, and how to evaluate the effectiveness of an organization's risk management practices.
- Developing a modern slavery risk management system addresses a significant portion of the AMSA's requirements and expectations, because a comprehensive system will be the bedrock of an organization's response to modern slavery risks.



B: Organizational Context

Part B requires that the reporting organization provide its operational context and the structure of its activities with as much detail as it can, identifying which areas of its operations are at highest risk of modern slavery.

- **Section 4** provides guidance on what organizations can include in describing both their external and internal contexts.
 - External context considerations include geography, socioeconomic and political factors, stakeholders, and local market conditions.
 - Internal context considerations include strategy, organizational structure and culture, stakeholder management, and roles and responsibilities.
- **Section 5** provides detailed guidance on how an organization's leaders can demonstrate a strong public commitment to addressing modern slavery risks, and includes actions leaders can include in a modern slavery policy.

C: Risk Management

Part C requires that companies exhibit a deep understanding of where there modern slavery risks are, describe what internal controls it has to show that they assessed and addressed these risks, and how an organization assesses effectiveness of these actions.

- **Section 8** focuses specifically on controls an organization can incorporate on responsible procurement and supplier management. This section includes steps that an organization can take to manage externally provided processes (as with contractors), developing a risk management plan prior to starting new procurement activities, and best practices in engaging suppliers and sub suppliers.
- **Section 9**, as mentioned in Part A, provides guidance on developing a modern slavery risk management system, with specific subsections that discuss evaluating effectiveness and outcomes of implemented activities.



D: Stakeholder Management

Part D requires that companies accurately capture relevant stakeholders that may be affected by their publishing of a modern slavery statement, or if other entities that the organization controls would likewise be covered by the same statement. The AMSA does not provide additional details about its statement that says: “any other information that is relevant” – organizations can use the modern slavery guidance Guidance in this case to determine what more they can disclose that would add to their statement.

- **Section 6** provides guidance on how an organization can manage its internal processes to align employees and leadership with the objectives of addressing modern slavery risks. This section describes how organizational leadership can communicate its objectives to both internal and external stakeholders, and the actions it should take to be transparent in its reporting.
- **Section 7** expands on the guidance on stakeholder management, specifically focusing on how organizations handle recruitment and

employment relations, which are significant areas of risk in global supply chains. This section outlines potential risks organizations face when working with third-party recruitment agencies, what to include in worker contracts to minimize modern slavery risks, and how to assess occupational health and safety concerns.

- Similar to Part C, Section 8 underscores the importance of supplier management policies, and how to engage suppliers as partners in the risk assessment process.

Organizational responses to modern slavery is thorough guidance that goes beyond what the AMSA requires. The depth provided in each section will help organizations that implement it exceed the basic requirements of the AMSA, providing them with a comprehensive foundation from which to build future risk assessment activities. Doing so will help organizations be proactive in establishing strong risk controls, which will, in turn, prepare organizations for more stringent due diligence reporting requirements in subsequent regulations.

Case Study 4: Diversity and Inclusion

Regulation: EU CSRD, ESRS S1, Disclosure Requirement S1-16 – Pay Gap Between Women and Men

Standard: BS ISO 30415:2021: Human resource management. Diversity and inclusion

A The undertaking shall disclose the percentage gap in pay between women and men. The principle to be followed under this Disclosure Requirement is to provide an understanding of the extent of any gap in the pay between women and men amongst the undertaking’s employees.

8 Human Resource Management Life Cycle

8.3 Remuneration

B The undertaking shall disclose the following information:

(a) the male-female pay gap, defined as the difference between average gross hourly earnings of male paid employees and of female paid employees expressed as a percentage of average gross hourly earnings of male paid employees

(b) actions taken by the undertaking to reduce the pay gap. The undertaking may state this information by cross-referring to the section of policies, targets, action plans and resources disclosures of this [draft] Standard; and

(c) any contextual information necessary to understand the data and how the data has been compiled

8.3.2 Actions

8.3.3 Measures (examples)

8.3.4 Outcomes

The goal of ESRS S1: Own Workforce is to make sure that sustainability statements help readers understand how a company's activities impact its employees. The disclosure asks companies to share both the positive and negative impacts on their workforce, what the company is doing to address any problems, and the outcomes of those efforts. Additionally, ESRS S1 requires companies to identify the risks and opportunities connected to their workforce and how they handle them. It highlights how these factors can influence the company's growth and success in the short, medium, and long term, affecting their ability to create value. For instance, ESRS S1-16 focuses on disclosing the gender pay gap and the steps a company is taking to reduce it.

The human resource management guidance (BS ISO 30415:2021) covers diversity and inclusion considerations beyond the gender pay gap, and subsection 8.3 specifically covers remuneration considerations.

A: Overview

Part A mandates that organizations disclose percentage pay gap between women and men.

- **Section 8** provides in depth guidance on incorporating diversity and inclusion into the different elements of a human resource management life cycle. These elements include workforce planning, recruitment, onboarding, learning and development, performance management, succession planning, workforce mobility and cessation of employment
- **Section 8.3** in particular focuses on remuneration considerations, including wages, salaries, and benefits. This section not only addresses gender pay gaps but also other remuneration elements that contribute to creating a more equitable and supportive work environment

Part B: Specific Disclosures

Part B outlines the information required to disclose the gender pay gap, with bullet (a) being prescriptive in how to report salary information.

- **Sections 8.3.2, 8.3.3 and 8.3.4** address bullets (b) and (c), and offer a roadmap for organizations to incorporate inclusive policies, processes, and practices with regards to employee remuneration and benefits. These actions, such as aggregating and segmenting data to identify anomalies and differentials in pay and benefits, and considering the number and type of pay-related complaints and disputes, empower organizations to collect essential data on remuneration, pay satisfaction, and policy impacts.

By adhering to the principles outlined in ISO 30415:2021, organizations can strategically implement measures and practices to foster diversity and inclusion within their workforce, including requirements on reporting gender pay gaps. The guidelines provided in the human resource management guidance, particularly in Section 8.3.2 Actions, offer a roadmap for organizations to incorporate inclusive policies, processes, and practices not only in their remuneration procedures, but also throughout the human resources cycle. By doing so, organizations not only enhance their commitment to diversity and inclusion but also establish frameworks that seamlessly align with the requirements outlined in ESRS S1, ensuring transparency, fairness, and equality in their approach to human resource management.





Case studies:

Governance

The following case studies focus on anti-bribery and whistle-blowing systems.

Case Study 5: Anti-Bribery Systems

Regulation: EU CSRD, ESRS G1, Disclosure Requirement G1-3 – Prevention and detection of corruption or bribery

A The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery including the related training.

The disclosure required under paragraph 15 shall include the following information with respect to prevention and detection:

(a) an overview of the procedures in place to prevent, detect, and address allegations or incidents of corruption/bribery;

B (b) whether the investigators or investigating committee are separate from the chain of management involved in the matter; and

(c) the process to report outcomes to the administrative, management and supervisory bodies.

Where the undertaking has no such procedures in place, it shall disclose this fact and, where applicable, its plans to adopt them.

The disclosures required by paragraph 15 shall include information about how the undertaking communicate its policies to those for whom they are relevant to ensure that the policy is accessible and that they understand its implications.

Standard: BS ISO 37001:2016+A1:2024: Anti-bribery management systems. Requirements with guidance for use

4. Context of the Organization

4.3 Determining the scope of the anti-bribery management system

4.4 Anti-bribery management system

4.5 Bribery risk assessment

6. Planning

6.1 Actions to address risks and opportunities

6.2 Anti-bribery objectives and planning to achieve them

8. Operation

8.8 Managing inadequacy of anti-bribery controls

8.9 Raising concerns

8.10 Investigating and dealing with bribery

5. Leadership

5.1 Leadership and commitment

5.3 Organizational roles, responsibilities, and authorities

7. Support

7.5 Documented Information

7.5.2 Creating and updating

7.5.3 Control of documented information

8. Operation

8.1 Operational planning and control

8.2 Due Diligence

8.3 Financial controls

8.4 Non-financial controls

8.5 Implementation of anti-bribery controls by controlled organizations and by business associates

10. Improvement

10.1 Nonconformity and corrective action

10.2 Continual improvement

Regulation: EU CSRD, ESRS G1, Disclosure Requirement G1-3 – Prevention and detection of corruption or bribery

Standard: BS ISO 37001:2016+A1:2024: Anti-bribery management systems. Requirements with guidance for use

C The disclosure required by paragraph 15 shall include information about the following with respect to training:

(a) the nature, scope and depth of anti-corruption anti-bribery training programmes offered or required by the under-taking;

(b) the percentage of functions-at-risk covered by training programmes; and

(c) where applicable, the information relating to members of the administrative, supervisory and management bodies.

7. Support

7.2 Awareness and Training

7.4 Communication

9. Performance evaluation

9.1 Monitoring, measurement, analysis, and evaluation

9.3 Management review



The CSRD ESRS G1-3 disclosure outlines what companies that need to report under the CSRD need to disclose regarding their anti-bribery and corruption systems.

A: High level information about the company's anti-bribery systems and procedures

Systems and procedures can encompass various aspects of what a company has in place. While the regulation is clear that it specifically asks for procedures that “prevent, detect, and address allegations or incidents of corruption/ bribery,” the range of these procedures can be extensive. The associated sections on the anti-bribery management system (BS ISO 37001:2016+A1:2024) provides users with more information on what these specific procedures are. Although all 10 sections of the standard include relevant instructions, the selected sections were determined to be the most salient for each section.

- **Section 4** will help users determine:
 - The organization’s context, including its decision-making authority, nature and extent of interaction with public officials, and applicable regulatory obligations
 - The elements of a best practice management system
 - What is included in a best practice bribery risk assessment
- **Section 6** contextualizes and outlines action items to address the issues, requirements, and risks identified in Section 4.
- **Section 8** outlines the steps to be taking should there be gaps in an organization’s existing systems, and what to do should instances of bribery be found.





B: Leadership structure, accountability, and reporting

The regulation requires organizations to describe how it manages the separation between investigators looking into anti-bribery and corruption allegations and its leadership, and how findings are reported. Organizations must also state if they do not have anything in place, and if so, how they plan to create policies around the mentioned separation. For the latter, organizations can use the anti-bribery management system (BS ISO 37001:2016+A1:2024) to develop missing procedures, as the standard outlines best practices for a mature anti-bribery system.

- **Section 5** describes the responsibilities of the organization's management with regards to understanding, communicating, and implementing an anti-bribery management system.
- Section 7 describes the kinds of documentation that the organization needs to develop and maintain to support the objectives outlined in the previous sections.
- **Section 8** outlines the actions needed to plan, implement, and control processes to meet the requirements of an anti-bribery management system, including necessary controls.
- **Section 10** provides information on the steps an organization can take to address any found noncompliances, and to ensure continuous improvement.

C: Anti-bribery training

In addition to describing its current anti-bribery policies, the regulation asks organizations to describe the anti-bribery training they provide to employees and management.

- **Section 7** includes the material that should be included in anti-bribery and corruption trainings, including how organizations can tailor trainings to different groups of employees.
- **Section 9** describes how to measure the effectiveness of anti-bribery systems, including trainings, and which internal and external stakeholders organizations should include in assessing effectiveness.

The anti-bribery disclosure requirements outlined in ESRS G1 align closely with the processes outlined in the anti-bribery management system, showcasing how the standard is a comprehensive and detailed source for developing and implementing anti-bribery management systems.

Case Study 6: Whistleblowing Management Systems

Regulation: EU CSRD, ESRS G1, Business Conduct G1-1 – Corporate culture and business conduct policies

Standard: BS ISO 37002:2021: Whistleblowing management systems. Guidelines

A The undertaking shall disclose its initiatives to establish, develop and promote a corporate culture as well as its policies with respect to business conduct matters.

4. Context of the Organization

- 4.2 Understanding the needs and expectations of interested parties
- 4.3 Determining the scope of the whistleblowing management system
- 4.4 Whistleblowing management system

5. Leadership

- 5.1 Leadership and commitment
- 5.2 Whistleblowing policy
- 5.3 Roles, responsibilities and authorities
 - 5.3.1 Top management and governing body
 - 5.3.2 Whistleblowing management function
 - 5.3.3 Delegated decision-making

B The disclosures in paragraph 7 shall cover the following aspects related to the undertaking's policies on business conduct matters:

- (a) Mechanisms for identifying, reporting, and investigating concerns about unlawful behavior or behavior contrary to the code of conduct, accommodating reports from internal and/or external stakeholders.

6. Planning

- 6.1 Actions to address risks and opportunities
- 6.2 Whistleblowing management system objectives and planning to achieve them

8. Operation

- 8.1 Operational planning and control
- 8.2 Receiving reports of wrongdoing
- 8.3 Assessing reports of wrongdoing
- 8.4 Addressing reports of wrongdoing
- 8.5 Concluding whistleblowing cases

**Regulation: EU CSRD, ESRS G1,
Business Conduct G1-1 – Corporate
culture and business conduct
policies**

**Standard: BS ISO 37002:2021:
Whistleblowing management
systems. Guidelines**

C (c) Safeguards for reporting irregularities, including whistleblowing protection, non-retaliation against workers who re-fuse to act unethically, and protection for workers with whistleblower status according to applicable law.

(d) Disclosure of policies on the protection of whistleblowers. If absent, the undertaking must state this and indicate plans for implementation along with a timetable.

Where the undertaking has no such procedures in place, it shall disclose this fact and, where applicable, its plans to adopt them

4. Context of the Organization

4.4 Whistleblowing management system

5. Leadership

5.2 Whistleblowing policy

7. Support

7.3.2 Personnel training and awareness measures

7.5.4 Data protection

8. Operation

8.4.2 Protecting and supporting the whistleblower

8.4. Protecting the subject(s) of a report

8.4.5 Protecting relevant interested parties

D (e) Strategy for training within the organization on business conduct, including target audience, frequency, depth of coverage, and identification or definition of functions most at risk regarding corruption/bribery.

7. Support

7.3.2 Personnel training and awareness measures

7.3.3 Training for leaders and other specific roles

7.4 Communication

7.5.5 Confidentiality

CSRD the ESRS G1-1 requires comprehensive disclosures, including mechanisms for identifying, reporting, and investigating concerns; safeguards for reporting irregularities; policies on the protection of whistleblowers; and a strategy for training on business conduct. These requirements align with several key elements outlined in the whistleblowing management system (BS ISO 37002:2021), structured around a comprehensive whistleblowing management system, provides a detailed framework that includes understanding the context of the organization, leadership commitment, planning, support, and operational aspects.

A: Overview

Part A requires the disclosure of a company's initiatives to promote ethical practices, including whistleblowing management systems.

- **Section 4** provides guidance on the organizational context that a company can provide when describing its whistleblowing management system, including the locations and sectors that the organization operates, exposure to public interest obligations or issues, and applicable statutory, regulatory, and contractual obligations and duties
- **Section 4.4** describes all the steps of a whistleblowing process that a whistleblowing management system should have
- **Section 5** outlines leadership's roles, responsibilities, and authorities, including the development of a whistleblowing policy and what this policy should include its essential components.



B: Identifying and reporting unlawful behaviour

Part B requires the disclosure of mechanisms for identifying, reporting, and investigating concerns about unlawful behavior, taking into account the perspectives and experiences of both internal and external stakeholders.

- **Section 6** discusses planning for a whistleblowing management system, and is aimed at organizations that either do not have such a system yet or have elements of the system scattered across different policies and procedures.
- **Section 8** outlines the operational aspects of implementing a whistleblower policy.

C: Whistleblower Protection

Part C focuses on establishing safeguards for the protection of whistleblowers and procedures that should be put in place to ensure non-retaliation.

D: Training

- **Operational Aspects:** The whistleblowing management system (ISO 37002) addresses operational aspects such as receiving, assessing, addressing, and concluding whistleblowing cases (Sections 8.2 to 8.5). This aligns with the disclosure requirements of CSRD ESRS G1-1, which mandate transparency on these operational procedures.
- **Training and Awareness:** The standard emphasizes the importance of personnel training and awareness measures, aligning with CSRD's requirement for a strategy for training on business conduct. Specific training for leaders and other roles is also highlighted.
- **Communication and Confidentiality:** Both standards recognize the importance of communication and confidentiality. The standard addresses communication (Section 7.4) and emphasizes confidentiality (Section 7.5.5).




When comparing CSRD ESRS G1-1 and the whistleblowing management system, it is evident that both frameworks share common goals related to promoting ethical behavior and responsible business conduct. However, they approach these objectives from different perspectives, with ESRS G1-1 providing a broader overview of business conduct matters, and the standard offering detailed guidance on whistleblowing management systems.

In essence, while CSRD ESRS G1-1 provides a broader overview of business conduct matters and ethical practices, the standard offers a detailed framework specifically tailored to the establishment and enhancement of whistleblowing management systems. Effectively integrating both frameworks can strengthen an organization's overall commitment to ethical conduct, corporate responsibility, and transparency.





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