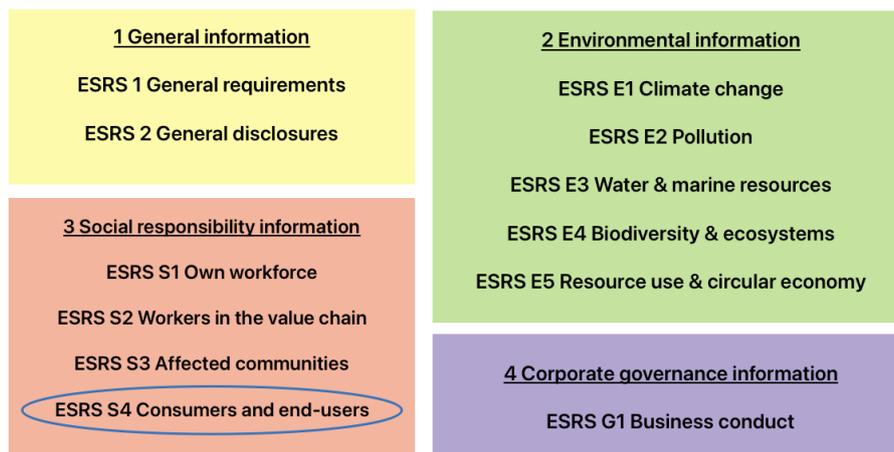




Consumers and end-users

This text is part of the series of brief articles that Hållbar Tillväxt AB has created to explain, simplify and explore the various steps that are currently most relevant in the area of sustainability; **CSRD** and **ESRS**. The **ESRS** consists of a total of 12 separate documents, 2 of which relate to general and comprehensive information (ESRS 1 and 2). The remaining 10, so-called topical standards, deal with various sustainability issues divided into **environment**, **social responsibility** and **corporate governance** – in English Environment, Social and Governance, abbreviated **ESG**. Fulfilment of the new requirements in **CSRD** and reporting according to **ESRS** is based on the involvement of all functions in a business, including the board and management. The board is ultimately responsible for sustainability reporting just as it is for financial reporting. Like the financial report, the sustainability report must now also be reviewed by an external auditor.



The topical standard **ESRS S4 – Consumers and end-users** focuses on the company's responsibility towards those who use the company's goods and services. According to this standard, companies must report how their operations and activities along the company's value chain affect these groups, with a particular focus on aspects such as privacy, security and access to products and services. In connection, companies must disclose which policies, measures and targets are in place or which are planned to be introduced to manage the impacts, risks and opportunities they create for their consumers and end-users. The purpose of **ESRS S4** is thus to ensure that companies take into account and actively manage the social and ethical consequences of their activities across the entire value chain for those using the company's products. The topical standard is divided into sub-topics: *information-related impacts, personal safety and social inclusion for consumers and/or end-users.*

Reporting according to **ESRS S4**

[All companies covered by CSRD](#) (Corporate Sustainability Reporting Directive) must report on **ESRS S4** when it is deemed material. However, companies with **fewer than 750 employees have the option to omit information on all data points during the first two years. Consumers** are all who acquire and use the company's products for personal use and therefore not with the purpose of reselling or using the goods or services for commercial purposes. **End-users** are the people who use, or those who intend to be users, of a product or service, but who may not purchase the service or product themselves.



Under **ESRS S4**, companies must report how their products and services impact consumers and end-users, both through their own operations and across the value chain. This means what actual or potential, negative or positive impacts, risks and opportunities the company creates or can create for these groups. An important first step is to identify which types of consumers and end-users are affected or at risk of being affected by the company's operations. In some cases, for example, young people or minority groups may be extra



exposed to negative impacts or risks. Companies must also describe what is done to detect and manage these impacts. Some of the impacts that should be investigated are:

- **Health and safety:** How products or services contribute to or harm consumers' physical and mental well-being. This also includes product quality, safety standards and preventive measures to minimise risks and negative effects, such as carrying out safety checks and product recalls when necessary.
- **Data protection and privacy:** Companies must report on how they handle consumer data, what security measures have been implemented to protect this information and how they ensure that consumers' right to privacy is respected. This includes transparency about data collection, storage and sharing, as well as measures to prevent data breaches.
- **Access and availability:** The availability of products and services is also central to the reporting. Companies must explain how they ensure that all consumer groups, including those with special needs or those at risk of discrimination, have equitable access to their products and services. This may involve customisation of products, development of inclusive services and initiatives to reach underserved markets. Consumers and end-users must also have access to (quality) information about the products.
- **Responsible marketing:** Responsible marketing and advertising is another area covered by ESRS S4. Companies must report on how they ensure that marketing and advertising is fair, truthful and not misleading. This includes avoiding exaggerated claims about product benefits and respecting consumer rights and interests in marketing strategies.

Companies must also report which processes are available for engagement with consumers and end-users. This can be done through various channels, for example grievance mechanisms, hotlines, dialogue processes or other means that consumers and end-users or their legitimately appointed representatives can use to draw attention to problems regarding concerns or explain needs they want the company to investigate. The company itself can be affected by impacts, risks and opportunities regarding consumers and end-users. Companies must also explain how they are financially, reputationally, or otherwise affected by these impacts. Under ESRS S4, reporting is not required for the illegal use or misuse of the company's products and services by consumers and end users, as this falls outside the scope of this standard. For the various parts of S4, it is valuable to investigate and report the following:

- **Policies and commitments:** Description of company policies for each relevant sub-topic.
- **Risk management:** Identification of risks for consumers and end-users, and measures to manage these risks.
- **Targets and metrics:** Specific targets related to consumer and end-user security, privacy and access to products and services, and metrics to monitor progress towards these targets.
- **Actions and results:** Concrete actions taken to promote consumer and end-user rights and safety, and the results of those measures.

Advice for companies: Preparation for reporting under ESRS S4

1. **Mapping the value chain:** What does the value chain look like? Who may be affected? Identify consumers and end-users, especially those who may be significantly affected by the company's operations, its products and services.
2. **Development of policies:** Develop and integrate clear governing documents to manage relevant sustainability areas, and ensure they are regularly updated.
3. **Internal training:** Develop and implement training programs for all employees on ESRS S4. Ensure that all stakeholders understand why this reporting requirement exists, how the legislature seeks to protect end-users and consumers.
4. **Stakeholder dialogues:** Engage consumers and end-users through regular dialogues and feedback sessions. This can also be done through proxies.
5. **Monitoring and reporting:** Implement systems for continuous monitoring and transparent reporting of impact on consumers and end-users.

