Staff paper

Agenda reference: 4B

ISSB meeting

Date	**November 2026**
Project	**Workforce-related Disclosures**
Topic	**Working descriptions of key terms**
Contacts	Nhlanhla Mungwe (nmungwe@ifrs.org) Charlotte Lush (charlotte.lush@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS® Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose and structure

1. This paper:

   (a) identifies the terms that are essential to understanding the scope of the Workforce-related Disclosures research project and for which a common working understanding would support the ISSB and staff in conducting the remainder of the research project; and

   (b) sets out working descriptions of those terms, together with the staff's analysis and rationale.

2. The descriptions in this paper are intended solely to facilitate consistent discussion and analysis during the research project and do not prejudge terminology or definitions that the International Sustainability Standards Board (ISSB) might consider in any future standard-setting. Any definitions for use beyond the research phase are still to be determined and would be subject to ISSB discussion and decision-making. The staff uses the term 'working description' rather than 'definition' because the staff is mindful that labelling these terms 'definitions' at this stage could suggest a degree of formality that is not warranted and could prematurely raise expectations about the scope of any possible future standard-setting.

3. This paper reflects the scope of the Workforce-related Disclosures research project. As such, it considers terms and working descriptions in the context of information on workforce-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. ‘Workforce-related risks and opportunities’ refers to risks and opportunities associated with both an entity’s own workforce and workers in other parts of its value chain. Although some of the sources used have a broader focus, we have only considered them to the extent that they are relevant to the ISSB’s remit of meeting investors’ information needs.

4. The ISSB is not being asked to make any decisions at this meeting. The staff seeks the ISSB's views and feedback on the working descriptions and the approach used to develop them.

5. The paper is structured as follows:

   (a) staff analysis (paragraphs 6–40);

   (a) matters for consideration in standard-setting (paragraphs 41–46);

   (b) questions for the ISSB; and

   (b) appendix—Suggested working descriptions of terms relating to the scope of the research project.

Staff analysis

Identification of foundational scoping terms

6. The staff suggests working descriptions for the following six terms because, together, they describe the population covered by the Workforce-related Disclosures research project:

   (a) worker—the total population with which the project is concerned.

   (b) own workforce—the sub-population directly connected to the reporting entity.

   (c) employee—the employee sub-population within an entity’s own workforce.

(d) non-employee—the non-employee sub-population within an entity's own workforce.

(e) worker in other parts of the value chain—the sub-population beyond the entity's own workforce.

7. Identifying a population is not the same as concluding that information about that population would be disclosed. The working descriptions establish who the project is concerned with; they do not determine which, if any, information about those people would be proposed to be disclosed. If the ISSB decides to move the project to standard-setting, the population relevant to a particular disclosure requirement would be determined by the information needs that requirement is designed to meet, and an entity would apply the requirement only to the extent the resulting information is material. Some requirements might relate to own workforce, others to workers in the value chain, and others to a different group.

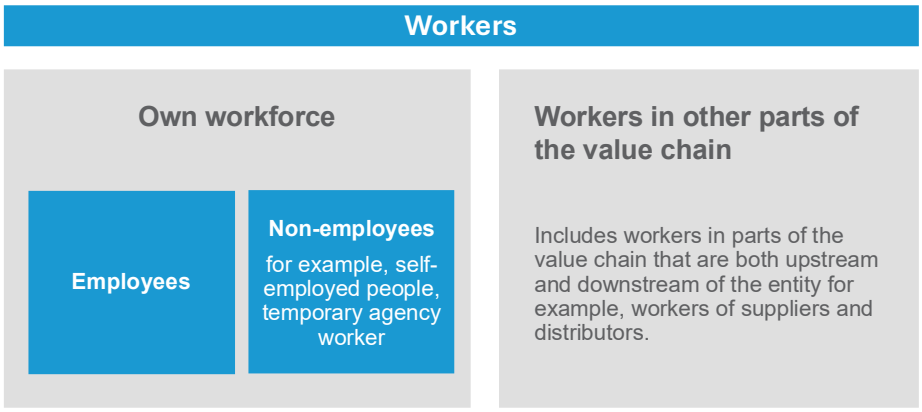
8. The term 'workforce' encompasses an entity's own workforce and workers in other parts of its value chain. The staff therefore does not consider a separate working description of 'workforce' necessary. Working descriptions of 'own workforce' and 'worker in other parts of the value chain' are provided in paragraphs 17 and 37, respectively.

9. We suggested descriptions only for terms that are not already defined in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*. Where a relevant IFRS S1 definition exists, we used it as is—for example, the IFRS S1 definition of 'value chain'.

10. The appendix lists the suggested working descriptions of the terms listed in paragraph 6, the original definitions used and sources used.

11. Diagram 1 illustrates the relationships between the terms listed in paragraphs 6(a)– 6(e).

Diagram 1: Relationship between terms



General approach to describing a term

12. In weighing how to describe each term for the purposes of this research project, the staff identified a number of considerations to inform its analysis. These considerations included:

    (a) whether the description is aligned with the perspective of the primary users of general-purpose financial reports;

    (b) whether the description is policy-neutral and jurisdiction-neutral;

    (c) whether the description is aligned with the terminology used in IFRS Sustainability Disclosure Standards; and

    (d) whether the description conflicts with the terminology used in IFRS Accounting Standards.

13. The staff then reviewed the definition of each essential term in the GRI Standards glossary and the 2026 revised ESRS glossary in light of these considerations and made changes where necessary to better address them. [1]

[1] The 'GRI Standards Glossary' with the publication date of 26 June 2025 downloaded from GRI website in September 2026.

Suggested descriptions of essential terms

Worker

14. The staff's suggested working description is:

> 'A person who performs work directly or indirectly for the entity. For example, employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons performing work within the entity's value chain but for entities other than the reporting entity, such as suppliers.'

15. The staff suggests using the definition of 'worker' in the GRI Standards as the starting point because:

    (a) it captures both an entity's own workforce and workers in the other parts of an entity's value chain. This reflects the substance of what the project is concerned with—the sustainability-related risks and opportunities that arise from an entity's dependence on, and impact on, people who perform work for it, wherever in the value chain that work is performed.

    (b) its draws on wording that is already familiar to some stakeholders. As 'worker' is not defined in ESRS, only the GRI Standards need to be considered.

16. The staff suggests:

    (a) saying 'persons performing work within the entity's value chain but for entities other than the reporting entity' instead of 'persons working for organisations other than the reporting organisation'. We are making this change because the GRI wording, read in isolation, could be interpreted as capturing any person working for any entity, whereas the proposed wording makes clear that the description captures only persons whose work is connected to the reporting entity through its own operations or its value chain;

    (b) adding 'directly or indirectly' because the examples extend to persons performing work for other entities within the reporting entity's value chain. The addition aligns the description with its own examples; and

    (c) replacing 'the organisation' with 'the entity' to align with terminology used in ISSB Standards

Own workforce

17. The staff's suggested working description is:

> 'Employees who are in an employment relationship with the entity ('employees') and non-employees who are either individual contractors supplying labour to the entity (self-employed people) or people provided by entities primarily engaged in employment activities (for example, temporary agency workers).'

18. The staff thinks that the working description captures the substance of the part of the project concerned with an entity's own operations. An entity generally has the most direct influence over risks and opportunities arising from its own workforce and holds the most reliable information about these. Separating them from value chain workforce matters allows the ISSB to consider the two distinct populations and the different information challenges each presents. Separating these populations also does not prevent the ISSB from proposing disclosures for both an entity's own workforce and workers in other parts of its value chain, where relevant.

19. We suggest retaining the core of the definition of 'own workforce' used in ESRS S1 *Own workforce*. Because 'own workforce' is not defined in GRI Standards, only ESRS are considered for this term.

20. The staff suggests the following editorial changes from the ESRS definition:

    (a) replacing 'undertaking' with 'entity'.

    (b) removing the reference to NACE Code N78. NACE is a statistical classification maintained for use in the European Union. Removing this reference would mean the term could apply globally and the definition would not refer to the jurisdictional classification method. The staff suggest using 'entities primarily engaged in employment activities', with temporary agency workers given as an example.

21. We think the term ‘workforce’ is used in IFRS Accounting Standards, specifically in IFRS 3 *Business Combinations*, in a way that does not contradict the suggested description.[2]

Employee

22. The staff's suggested working description is:

> ‘A person who is in an employment relationship with the entity according to relevant jurisdictional law, regulation or practice.’

23. This term is common between ESRS and GRI Standards. The staff suggests retaining the core of the definition that is used in both.

24. The staff suggests replacing 'according to national law or practice' with 'according to relevant jurisdictional law, regulation or practice'. The formulation in the GRI Standards and ESRS refers to national law, but employment relationships are not determined at the national level in every jurisdiction—in some, employment status is determined sub-nationally, for example at state or provincial level. That formulation also refers only to law and practice, whereas in some jurisdictions the employment relationship is determined wholly or partly by regulation. The suggested formulation accommodates these differences and is therefore more likely to be capable of being applied in every jurisdiction.

25. The staff suggests two drafting changes: replacing ‘organisation’ or ‘undertaking’ with ‘entity’ to align with terminology used in ISSB Standards, and replacing ‘an individual’ with ‘a person’ to be consistent with terminology used in the suggested working description of ‘worker’.

---

[2] Paragraph B37 of IFRS 3 which contains the requirements related to assembled workforce states that ‘the acquirer subsumes into goodwill the value of an acquired intangible asset that is not identifiable as of the acquisition date. For example, an acquirer may attribute value to the existence of an assembled workforce, which is an existing collection of employees that permits the acquirer to continue to operate an acquired business from the acquisition date. An assembled workforce does not represent the intellectual capital of the skilled workforce—the (often specialised) knowledge and experience that employees of an acquiree bring to their jobs. Because the assembled workforce is not an identifiable asset to be recognised separately from goodwill, any value attributed to it is subsumed into goodwill’.

26. The ISSB may want to consider the concept of dependence on jurisdictional law, regulation or practice in more detail if the ISSB decides to move the project from research to standard-setting. At that stage the staff would consider the potential challenges between comparability and global applicability in relation to this framing and the implications of any departure for interoperability with the GRI Standards and ESRS.

27. The staff has compared the suggested working description with the terminology used in IFRS Accounting Standards. IFRS 2 *Share-based Payment* defines 'employees and others providing similar services' more broadly than the suggested working description of ‘employee’. That definition goes beyond legal status and captures the economic substance of the relationship, covering three categories:

    (a) those regarded as employees for legal or tax purposes;

    (b) those who work under the entity's direction in the same way as individuals who are regarded as employees for legal or tax purposes; and

    (c) those rendering services that are similar to the services rendered by employees.[3]

28. The staff notes that the IFRS 2 definition is a definition of a combined population (‘employees and others providing similar services’), not of ‘employees’ alone and is broader than the suggested working description of 'employee’. The definition in IFRS 2 specifically aims to identify the service providers to which particular share-based payment requirements apply, rather than to serve as a general definition of 'employee'. This limit the conclusions that can be drawn from comparing the definition in IFRS 2 with the staff’s suggested working description of employee.

29. The staff suggests that, if the ISSB decides to move the project to standard-setting, the connection between ‘employee’ as used in this project and the terminology in IFRS Accounting Standards be considered at a future meeting, if necessary for the disclosures the ISSB decides to develop.

---

[3] See Appendix A of IFRS 2 *Share-based Payment*.

30. ‘Employee’ is also used in the SASB Standards, which describe employees as individuals on the entity's payroll, whether full-time, short-service, part-time, executive, labour, salary, seasonal, migrant or hourly employees. The SASB description excludes contract workers.[4]

31. The staff thinks the suggested working description is preferable for the project than the description in the SASB Standards because the suggested description describes the employment relationship itself. We recognise, however, that the SASB Standards form part of ISSB literature and that the ISSB has committed to maintaining and enhancing them. The staff therefore suggests that consistency between the working description and the SASB description be considered at a future meeting, if the ISSB decides to move the project to standard-setting.

Non-employee

32. The staff’s suggested working description is:

> ‘Persons in an entity's own workforce that are not employees including both individual contractors supplying labour to the entity (‘self-employed people’) and people provided by entities primarily engaged in employment activities (for example, a temporary agency worker).’

33. The staff suggests retaining the core of the ESRS definition because it identifies the population that investors have said they need information about. Retaining this definition also preserves coherence within the project, because the working description of ‘own workforce’ (paragraph 17) is made up of employees and non-employees and takes the ESRS definition as its starting point. So, taking a different starting point for ‘non -employees’ would risk creating a gap between 'own workforce' and its two sub-populations.

34. The staff suggests the following changes to the definition:

    (a) replacing 'non-employees in an undertaking's own workforce include' with 'persons in an entity's own workforce that are not employees, including', because the suggested wording describes the population directly and confirms

[4] See, for example, paragraph 1.3 of SASB Airlines (version 2023-12).

that employees and non-employees together make up an entity's own workforce, without overlapping;

(b) replacing ‘undertaking’ with ‘entity’; and

(c) omitting the reference to NACE Code N78. The staff suggests using ‘entities primarily engaged in employment activities’, with temporary agency workers given as the example. This is the same change suggested in relation to ‘own workforce’ (paragraph 20(b)) and so preserves alignment between the terms.

35. The staff highlights that 'non-employee' has been one of the more difficult terms to describe. The ESRS definition, from which the suggested working description is built, identifies the population by listing the categories of people it includes—individual contractors and people provided by entities primarily engaged in employment activities—rather than by describing the relationship those individuals have with the entity. An alternative would be to describe non-employees by reference to the substance of that relationship: individuals who render personal services to the entity and work under its direction in the same way as individuals regarded as employees for legal or tax purposes, but who are not in an employment relationship with the entity according to applicable jurisdictional law or regulation. That approach would describe the population directly and would not depend on the categories listed remaining complete over time. The staff has nonetheless suggested building from the ESRS definition, both because it is already applied in practice and because the working description of 'own workforce' takes the ESRS definition as its starting point, so a different basis for 'non-employee' would risk a gap between 'own workforce' and its two sub-populations. The staff considers the suggested working description sufficient for the research phase, but would welcome input from ISSB members on whether a relationship-based description would be preferable if the ISSB decides to move the project to standard-setting

36. The staff understands that the team working on the project to enhance the SASB Standards is considering whether to include a definition or a description of ‘non-employee’ in those Standards. The staff will work with that team so that the approaches taken in the two projects remain consistent.

Worker in other parts of the value chain

37. The staff's suggested working description is:

> 'A person performing work in the entity's value chain who is not part of the entity's own workforce, regardless of the existence or nature of any contractual relationship with the entity.'

38. This working description applies the definition of 'value chain' in IFRS S1.

39. The staff suggests retaining the core of the ESRS definition because:

    (a) it identifies the population beyond the entity's own workforce that investors need information about;

    (b) having taken the ESRS definition of 'own workforce' as the starting point, taking a different starting point for the complementary term would risk creating gaps or overlaps between the two populations; and

    (c) it has the additional benefit of being familiar to some stakeholders.

40. The staff suggests three changes from the ESRS definition:

    (a) Omitting the qualifier 'materially impacted by the undertaking'. That qualifier narrows the population by reference to the significance of the entity's impacts on workers, whereas ISSB Standards apply materiality to the information disclosed rather than to the population described.

    (b) Omitting the reproduction of the 'own workforce' definition. The ESRS definition restates the own workforce definition in full within the definition of 'worker in the value chain'. The staff suggests instead a simple cross-reference ('and who is not part of the entity's own workforce'), that achieves the same meaning more concisely.

    (c) Replacing 'undertaking' with 'entity' and replacing 'an individual' with 'a person'.

Matters for consideration in standard-setting

41. The staff thinks that the working descriptions set out in this paper are sufficient to enable the ISSB, the staff and stakeholders to communicate consistently about the

scope of the research project. These working descriptions are intended to support the research phase only. As noted in paragraph 2, they do not represent proposed ISSB definitions, and there is no assumption that they will necessarily be carried forward into any potential standard-setting activity.

42. If the ISSB decides to progress the project from research to standard-setting, the staff will present a detailed analysis of the terms and definitions to be used in any resulting materials. That analysis would, among other matters, consider the deferred matters identified in paragraphs 26, 29 and 31 as necessary.

43. One such matter is the extent to which jurisdictional factors affect how particular terms can be described. As explained in paragraph 26, the working description of 'employee' relies on the employment relationship as determined by relevant jurisdictional law, regulation or practice. This supports global applicability, because entities can identify the population by reference to a concept already embedded in their legal and payroll systems.

44. The implications for comparability depend on the purpose of the disclosure. Where the relevant risk or opportunity arises from an entity's legal or regulatory obligations to its workforce, a description based on the employment relationship is likely to produce more comparable—and more relevant—information, because the population reported corresponds to the population to which those obligations attach. Where the relevant risk or opportunity arises instead from an entity's dependence on the people who perform its work, the same description could produce different populations for entities with identical working arrangements, because whether a given arrangement amounts to an employment relationship varies between jurisdictions.

45. The staff will examine these effects further as part of the research on the jurisdictional context for workforce-related risks, opportunities and disclosures, which was proposed to the ISSB in September 2026. That workstream examines how social, cultural, regulatory and other jurisdictional factors shape the way preparers experience, manage and disclose workforce-related risks and opportunities, and evaluates the implications of those factors for developing a global baseline. The staff will report the findings of that research to the ISSB in a future paper.

46. The staff acknowledges, however, that for some terms it may not be possible to develop a description that is both globally consistent and capable of faithful application in every jurisdiction. Where that is the case, the staff would expect to consider whether requiring an entity to disclose the basis on which it has classified a population would adequately address the resulting loss of comparability

Questions for the ISSB

Questions for the ISSB
1. Do ISSB members have comments on the working descriptions and whether they provide a sufficiently clear basis for conducting the remainder of the research? 2. Are there aspects of the terminology or relationships between the terms that members think require further research or clarification? 3. Are there matters members think staff should consider if terminology or definitions are developed as part of future standard-setting?

Appendix—Suggested working descriptions of terms relating to the scope of the research project

A1. This table shows the suggested working descriptions, the original definitions used and the source used.

Term	Source used	Original definition	Suggested working description
Worker	GRI	Person that performs work for the organization Examples: employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons working for organizations other than the reporting organization, such as for suppliers Note: In the GRI Standards, in some cases, it is specified whether a particular subset of workers is required to be used.	A person who performs work directly or indirectly for the entity. For example, employees, agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors, volunteers, and persons performing work within the entity's value chain but for entities other than the reporting entity, such as suppliers.'
Own workforce	ESRS	Employees who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by	Employees who are in an employment relationship with the entity ('employees') and non-employees who are either individual contractors supplying labour to the entity (self-employed people) or people provided by entities primarily

Term	Source used	Original definition	Suggested working description
		undertakings primarily engaged in ‘employment activities’ (NACE Code 078).	engaged in employment activities (for example, temporary agency workers).
Employee	ESRS and GRI	An individual who is in an employment relationship with the undertaking according to national law or practice.	A person who is in an employment relationship with the entity according to relevant jurisdictional law, regulation or practice.
Non-employee	ESRS	Non-employees in an undertaking’s own workforce include both individual contractors supplying labour to the undertaking (‘self-employed people’) and people provided by undertakings primarily engaged in ‘employment activities’ (NACE Code 078).	Persons in an entity's own workforce that are not employees including both individual contractors supplying labour to the entity (‘self-employed people’) and people provided by entities primarily engaged in employment activities (for example, a temporary agency worker).
Worker in other parts of the value chain	ESRS	An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking. In ESRS, the scope of workers in the value chain includes all workers in the undertaking’s upstream and downstream value chain who are or can be materially impacted by the undertaking. This includes impacts that are connected to the undertaking’s own operations, and value chain, including through its products or services, as well as through its	A person performing work in other parts of the entity’s value chain who is not part of the entity's own workforce, regardless of the existence or nature of any contractual relationship with the entity.

Term	Source used	Original definition	Suggested working description
		business relationships. This includes all workers who are not in the scope of 'own workforce' ('own workforce' includes people who are in an employment relationship with the undertaking ('employees') and non-employees who are either individual contractors supplying labour to the undertaking ('self-employed people') or people provided by undertakings primarily engaged in employment activities (NACE Code O78).	