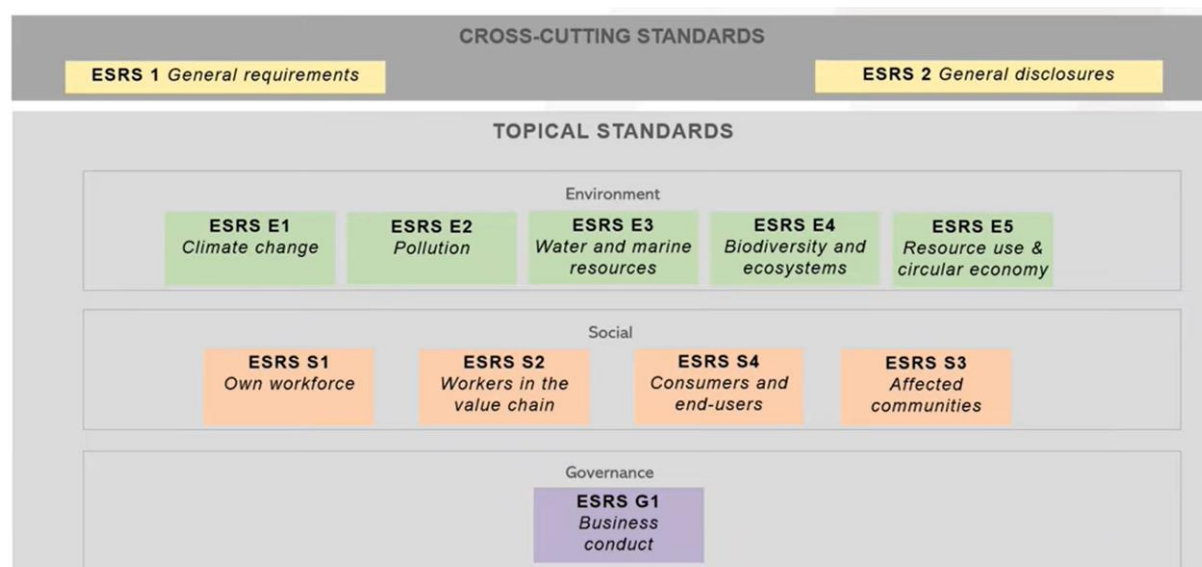


Framework



Cross-cutting standards

ESRS 1 General requirements

ESRS 2 General disclosures



Topical standards

Environment



ESRS E1 Climate change

ESRS E2 Pollution

ESRS E3 Water and marine resources

ESRS E4 Biodiversity and ecosystems

ESRS E5 Resource use and circular economy

Social



ESRS S1 Own work force

ESRS S2 Workers in the value chain

ESRS S3 Affected communities

ESRS S4 Consumers and end users

Governance



ESRS G1 Business conduct

Standard disclosures and related taxonomy role

Basis for preparation

General disclosures	Environment	Social	Governance
[200510] ESRS2.BP-1 General basis for preparation of sustainability statement			
[200520] ESRS2.BP-2 Disclosures in relation to specific circumstances			
[601010] Other material and (or) entity-specific information - general			

Minimum disclosure requirements on policies and actions

General disclosures	Environment	Social	Governance
[201110] ESRS2 Policies and (or) actions not adopted - general			
[201210] ESRS2.MDR-P.1 Minimum Disclosure Requirement - Policies MDR-P - general			
[201310] ESRS2.MDR-A.1 Minimum Disclosure Requirement - Actions MDR-A - general			
[201320] ESRS2.MDR-A.2 Minimum Disclosure Requirement – Resources MDR-A - general			

Strategy

This chapter sets disclosure requirements that enable an understanding of:

- the elements of the undertaking's strategy that relate to or affect sustainability matters, its business model and its value chain;
- how the interests and views of the undertaking's **stakeholders** are taken into account by the undertaking's strategy and business model; and
- the outcome of the undertaking's assessment of material **impacts, risks** and **opportunities**, including how they inform its strategy and business model.

General disclosures	Environment	Social	Governance
[200710] ESRS2.SBM-1 Strategy, business model and value chain			
[200720] ESRS2.SBM-2 Interests and views of stakeholders - general			
[201110] ESRS2 Policies and (or) actions not adopted - general			
[200730] ESRS2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model - general	[301002] E1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	[401002] S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
		[402002] S2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
		[403002] S3.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
	[304002] E4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	[404002] S4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
	[301010] E1-1 Transition plan for climate change mitigation		
	[304010] E4-1 Transition plan and consideration of biodiversity and ecosystems in strategy and business model		
	[304020] E4-2 Policies related to biodiversity and ecosystems		
	[304030] E4-3 Actions and resources related to biodiversity and ecosystems		

Governance

The objective of this chapter is to set disclosure requirements that enable an understanding of the governance processes, controls and procedures put in place to monitor, manage and oversee **sustainability matters**.

General disclosures	Environment	Social	Governance
[200610] ESRS2.GOV-1 Role of administrative, management and supervisory bodies			[501001] G1.GOV-1 Role of administrative, management and supervisory bodies (G1)
[200620] ESRS2.GOV-2 Information provided to and sustainability matters addressed by administrative, management and supervisory bodies			
[200630] ESRS2.GOV-3 Integration of sustainability-related performance in incentive schemes	[301001] E1.GOV-3 Integration of sustainability-related performance in incentive schemes (E1)		
[200640] ESRS2.GOV-4 Statement on due diligence			
[200650] ESRS2.GOV-5 Risk management and internal controls over sustainability reporting			

Impact, risk and opportunity management

This section sets out **minimum disclosure requirements** to be included when the undertaking discloses information on its **policies** and **actions** to prevent, mitigate and remediate actual and potential material **impacts**, to address material **risks** and/or to pursue material **opportunities** (collectively, to “manage material **sustainability matters**”). They shall be applied together with the Disclosure Requirements, including Application Requirements, provided in the relevant topical and sector-specific ESRS. They shall also be applied when the undertaking prepares entity-specific disclosures

General disclosures	Environment	Social	Governance
[200810] ESRS2.IRO-1 Description of process to identify and assess material impacts, risks and opportunities	[301006] E1.IRO-1 Description of processes to identify and assess		[501006] G1.IRO-1 Description of processes to identify and assess

	material climate-related impacts, risks and opportunities (E1)		material impacts, risks and opportunities (G1)
	[302006] E2.IRO-1 Description of processes to identify and assess material pollution-related impacts, risks and opportunities (E2)		
	[303006] E3.IRO-1 Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities (E3)		
	[304006] E4.IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities (E4)		
	[305006] E5.IRO-1 Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (E5)		
[200820] ESRS2.IRO-2 Disclosure Requirements in ESRS covered by sustainability statement			
	[301010] E1-1 Transition plan for climate change mitigation	[401010] S1-1 Policies related to own workforce	[501010] G1-1 Business conduct policies and corporate culture
	[301020] E1-2 Policies related to climate change mitigation and adaptation	[401020] S1-2 Processes for engaging with own workforce and workers' representatives about impacts	[501020] G1-2 Management of relationships with suppliers
	[301030] E1-3 Actions and resources in relation to climate change policies	[401030] S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns	[501030] G1-3 Prevention and detection of corruption and bribery
		[401040] S1-4 Taking action on material impacts on own workforce, and approaches to managing material	

		risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	
	[302010] E2-1 Policies related to pollution	[402010] S2-1 Policies related to value chain workers	
	[302020] E2-2 Actions and resources related to pollution	[402020] S2-2 Processes for engaging with value chain workers about impacts	
		[402030] S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	
		[402040] S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	
	[303010] E3-1 Policies related to water and marine resources	[403010] S3-1 Policies related to affected communities	
	[303020] E3-2 Actions and resources related to water and marine resources	[403020] S3-2 Processes for engaging with affected communities about impacts	
		[403030] S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	
		[403040] S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	

		[404010] S4-1 Policies related to consumers and end-users	
		[404020] S4-2 Processes for engaging with consumers and end-users about impacts	
		[404030] S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	
		[404040] S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	
	[305010] E5-1 Policies related to resource use and circular economy		
	[305020] E5-2 Actions and resources related to resource use and circular economy		

Metrics and targets

This chapter sets out **Minimum Disclosure Requirements** that shall be included when the undertaking discloses information on its **metrics** and **targets** related to each material sustainability matter. They shall be applied together with the Disclosure Requirements, including Application Requirements, provided in the relevant topical ESRS. They shall also be applied when the undertaking prepares entity-specific disclosures

General disclosures	Environment	Social	Governance
[201512] ESRS2.MDR-M.1 Minimum disclosure requirement - Metrics			

[201510] ESRS2.MDR-M.1 Minimum disclosure requirement - Metrics MDR-M - list of ESRS metrics - general			
[201410] ESRS2.MDR-T.1 Minimum Disclosure Requirement - Targets MDR-T - general			
[201420] ESRS2.MDR-T.2 Minimum Disclosure Requirement - Targets			
	[301040] E1-4 Targets related to climate change mitigation and adaptation - general	[401050] S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	[501040] G1-4 Incidents of corruption or bribery - general
	[301041] E1-4.1 Targets related to climate change mitigation and adaptation - Minimum Disclosure Requirement	[401060] S1-6 Characteristics of undertaking's employees	[501050] G1-5 Political influence and lobbying activities - general
	[301050] E1-5 Energy consumption and mix - general	[401070] S1-7 Characteristics of non-employees in undertaking's own workforce	[501060] G1-6 Payment practices
	[301060] E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions - general	[401080] S1-8 Collective bargaining coverage and social dialogue	
	[301061] E1-6.1 Gross Scopes 1, 2, 3 and Total GHG emissions - other numerical disclosures - general	[401090] S1-9 Diversity metrics	
	[301070] E1-7 GHG removals and GHG mitigation projects financed through carbon credits - general	[401100] S1-10 Adequate wages	
	[301080] E1-8 Internal carbon pricing	[401110] S1-11 Social protection	
	[301090] E1-9 Anticipated financial effects from material physical risks - general	[401120] S1-12 Persons with disabilities	
	[301091] E1-9.1 Anticipated financial effects from material transition risks	[401130] S1-13 Training and skills development metrics	

	and potential climate-related opportunities - general		
	[301092] E1-9.2 Anticipated financial effects from material physical and transition risks	[401140] S1-14 Health and safety metrics - general	
	[301093] E1-9.3 Anticipated financial effects from material physical and transition risks - percentage of net revenue - general	[401150] S1-15 Work-life balance metrics	
	[301094] E1-9.4 Anticipated financial effects from material transition risks - real estate assets - general	[401160] S1-16 Remuneration metrics (pay gap and total remuneration) - general	
	[302030] E2-3 Targets related to pollution	[401170] S1-17 Incidents, complaints and severe human rights impacts - general	
	[302040] E2-4 Pollution of air, water and soil - general	[402050] S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
	[302050] E2-5 Substances of concern and substances of very high concern	[403050] S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
	[302060] E2-6 Anticipated financial effects from material pollution-related risks and opportunities -general	[404050] S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end-users)	
	[302061] E2-6.1 Anticipated financial effects from material pollution-related risks and opportunities - time horizons - general		

	[303030] E3-3 Targets related to water and marine resources		
	[303040] E3-4 Water consumption		
	[303050] E3-5 Anticipated financial effects from material water and marine resources-related risks and opportunities		
	[304040] E4-4 Targets related to biodiversity and ecosystems		
	[304050] E4-5 Impact metrics related to biodiversity and ecosystems change		
	[304060] E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities	[
	[305030] E5-3 Targets related to resource use and circular economy		
	[305040] E5-4 Resource inflows		
	[305050] E5-5 Resource outflows - general		
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ESRS -2 General Disclosures

Basis of preparation

Disclosure Requirement BP-1 – General basis for preparation of the sustainability statements

The objective of this Disclosure Requirement is to provide an understanding of how the undertaking prepares its sustainability statements, including the scope of consolidation, the value chain information and, where relevant, the disclosure exemption per the Corporate Sustainability Reporting Directive (CSRD).

Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances

The objective of this Disclosure Requirement is to provide an understanding of the effect of these specific circumstances on the preparation of the sustainability statement.

Governance

Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies

The undertaking shall disclose the composition of the administrative, management and supervisory bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters.

Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

The objective of this Disclosure Requirement is to provide an understanding of how **administrative, management and supervisory bodies** are informed about **sustainability matters**, as well as what information and matters they addressed during the reporting period. This in turn allows an understanding of whether the members of these bodies were adequately informed and whether they were able to fulfil their roles.

Disclosure Requirement GOV-3 - Integration of sustainability-related performance in incentive schemes

The objective of this Disclosure Requirement is to provide an understanding of whether incentive schemes are offered to members of the *administrative, management and supervisory bodies* that are linked to *sustainability matters*.

Disclosure Requirement GOV-4 - Statement on due diligence

Disclosure Requirement GOV-5 - Risk management and internal controls over sustainability reporting

The objective of this Disclosure Requirement is to provide an understanding of the undertaking’s risk management and internal control processes in relation to sustainability reporting.

Disclosure Requirement SBM-1 – Strategy, business model(s) and value chain

The objective of this Disclosure Requirement is to describe the key elements of the undertaking's general strategy that relate to or affect **sustainability matters**, and the key elements of the undertaking's **business model** and **value chain**, in order to provide an understanding of its exposure to **impacts, risks** and **opportunities** and where they originate.

Disclosure Requirement SBM-2 – Interests and views of stakeholders

The objective of this Disclosure Requirement is to provide an understanding of how *stakeholders'* interests and views inform the undertaking's strategy and *business model*.

Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)

The objective of this Disclosure Requirement is to provide an understanding of the material **impacts, risks** and **opportunities** as they result from the undertaking's materiality assessment and how they originate from and trigger adaptation of the undertaking's strategy and **business model** including its resources allocation. The information to be disclosed about the management of the undertaking's material impacts, risks and opportunities is prescribed in topical ESRS and in sector-specific standards, which shall be applied in conjunction with the **Minimum Disclosure Requirements** on **policies, actions** and **targets** established in this Standard.

Impact, risk and opportunity management

Disclosures on the materiality assessment process

This chapter sets disclosure requirements that enable an understanding of:

- a. the process to identify material **impacts, risks** and **opportunities**; and
- b. the information that, as a result of its **materiality** assessment, the undertaking has included in its **sustainability statement**.

Disclosure Requirement IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

The objective of this Disclosure Requirement is to provide an understanding of the process through which the undertaking identifies **impacts, risks** and **opportunities** and assesses their **materiality**, as the basis for determining the disclosures in its **sustainability statement** (see ESRS 1 chapter 3 and its related Application Requirements, which set out requirements and principles regarding the process to identify and assess material impacts, risks and opportunities based on the principle of double materiality).

Disclosure Requirement IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

The objective of this Disclosure Requirement is to provide an understanding of the Disclosure Requirements included in the undertaking's sustainability statement and of the topics that have been omitted as not material, as a result of the materiality assessment.

Minimum disclosure requirements on policies and actions

This section sets out **minimum disclosure requirements** to be included when the undertaking discloses information on its **policies** and **actions** to prevent, mitigate and remediate actual and potential material **impacts**, to address material **risks** and/or to pursue material **opportunities** (collectively, to "manage material **sustainability matters**"). They shall be applied together with the

Disclosure Requirements, including Application Requirements, provided in the relevant topical and sector-specific ESRS. They shall also be applied when the undertaking prepares entity-specific disclosures

Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters

The objective of this Disclosure Content is to provide an understanding of the policies that the undertaking has in place to address the identification, assessment, management and/or remediation of material sustainability matters.

Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters

The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the key **actions** taken and/or planned to prevent, mitigate and **remediate** actual and potential **impacts**, and to address **risks** and **opportunities**, and where applicable achieve the objectives and **targets** of related **policies**

Metrics and targets

Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters

The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the **metrics** the undertaking uses to track the effectiveness of its **actions** to manage material **sustainability matters**

Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets

The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses information about the targets it has set with regard to each material sustainability matter

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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Objective

1. This ESRS sets out the disclosure requirements that apply to all undertakings regardless of their sector of activity (i.e., sector agnostic) and apply across sustainability topics (i.e., crosscutting). This ESRS covers the reporting areas defined in ESRS 1 *General requirements* section 1.2 *Cross-Cutting Standards and reporting areas*.
2. In the preparation of disclosures under this Standard, the undertaking shall apply the Disclosure Requirements (including their datapoints) set in topical ESRS, as listed in Appendix C of this Standard *Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures*. The undertaking shall apply the requirements listed in Appendix C:
 - a. in all instances for the requirements in topical standards related to Disclosure Requirement IRO-1 *Description of the processes to identify and assess material **impacts, risks and opportunities***; and
 - b. for all other requirements listed in appendix C, only if the sustainability topic is material based on the undertaking's **materiality** assessment (see ESRS 1 chapter 3 *Double materiality as the basis for sustainability disclosures*).

Basis for preparation

Disclosure Requirement BP-1 – General basis for preparation of the sustainability statements

AR 1. When describing to what extent the sustainability statements cover the undertaking's upstream and downstream value chain (see [draft] ESRS 1 section 5.1 *Reporting undertaking and value chain*), the undertaking may distinguish between:

- (a) the extent to which its materiality assessment of impacts, risks and opportunities extends to its value chain;
- (b) the extent to which its policies, actions and targets extend to its value chain; and
- (c) the extent to which it includes value chain data in disclosing on metrics.

[200510] ESRS2.BP-1 General basis for preparation of sustainability statements

DisclosureOfGeneralBasisForPreparationOfSustainabilityStatementExplanatory

BasisForPreparationOfSustainabilityStatement

3. The undertaking shall disclose the general basis for preparation of its sustainability statements.
4. The objective of this Disclosure Requirement is to provide an understanding of how the undertaking prepares its sustainability statements, including the scope of consolidation, the value chain information and, where relevant, the disclosure exemption per the Corporate Sustainability Reporting Directive (CSRD).
5. The undertaking shall disclose the following information:

ScopeOfConsolidationOfConsolidatedSustainabilityStatementIsSameAsForFinancialStatements

DisclosureOfReasonsWhyScopeOfConsolidationIsNotSameAsForFinancialStatementsExplanatory

- a. whether the sustainability statements have been prepared on a consolidated or individual basis;

UndertakingIsNotRequiredToDrawupFinancialStatements

ConsolidatedSustainabilityReportingIsPreparedPursuantToArticle48IOFDirective2013NO34NOEu

DisclosureOfSubsidiaryUndertakingsIncludedInConsolidationThatAreExemptedFromIndividualOrConsolidatedSustainabilityReportingExplanatory

- b. for consolidated sustainability statements, a confirmation that the scope of consolidation is the same as for the financial statements and, where applicable, an indication of which subsidiary undertakings included in the consolidation are exempted from annual or consolidated sustainability reporting;

DisclosureOfExtentToWhichSustainabilityStatementsCoverUpstreamAndDownstreamValueChainExplanatory

- c. to what extent the sustainability statements cover the undertaking's upstream and downstream value chain (see [draft] ESRS 1 section 5.1 *Reporting undertaking and value chain*);

OptionToOmitSpecificPieceOfInformationCorrespondingToIntellectualPropertyKnowhowOrResultsOfInnovationHasBeenUsed

- d. whether the undertaking has used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation (see [draft] ESRS 1 section 7.7 *Information on intellectual property, know-how or results of innovation*); and

UndertakingIsBasedInEuMemberStateThatAllowsForExemptionFromDisclosureOfImpendingDevelopmentsOrMattersInCourseOfNegotiation

- e. for undertakings based in an EU member state that allows for the exemption from disclosure of impending developments or matters in course of negotiation, as provided for in articles 19a

StatementOfUseOfExemptionFromDisclosureOfImpendingDevelopmentsOrMattersInCourseOfNegotiationExplanatory

- f. (3) and 29a (3) of the CSRD, a statement on its use of the option.

ReportingPeriodStartDate

ReportingPeriodEndDate

Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances

[200520] ESRS2.BP-2 Specific circumstances

DisclosuresInRelationToSpecificCircumstancesExplanatory

6. The undertaking shall provide disclosures in relation to specific circumstances.
7. The objective of this Disclosure Requirement is to provide an understanding of the effect of these specific circumstances on the preparation of the sustainability statement.
8. The undertaking may report this information alongside the disclosures to which they refer.

Time horizons

OtherMediumOrLongtermTimeHorizonsThanDefinedInESRS1Abstract

OtherMediumtermTimeHorizonInYearsCountedFromReportingPeriod

OtherLongtermTimeHorizonInYearsCountedFromReportingPeriod

DisclosureOfReasonsForApplyingDifferentDefinitionsOfTimeHorizonsExplanatory

9. When the undertaking has deviated from the medium- or long-term time horizons defined by ESRS 1 section 6.4 *Definition of short-, medium- and long-term for reporting purposes*, it shall describe:
- its definitions of medium- or long-term time horizons; and
 - the reasons for applying those definitions.

Value chain estimation

MetricsValueChainDataEstimatedUsingIndirectSourcesAbstract

ESRSMetricsForWhichUpstreamAndOrDownstreamValueChainEstimationHasBeenUsed

DescriptionOfBasisForPreparationOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

DescriptionOfResultingLevelOfAccuracyOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

DescriptionOfPlannedActionsToImproveAccuracyInFutureOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

ValueChainEstimationAbstract

ValueChainEstimationTable

NameOfMetricsTypedAxis

ValueChainEstimationLineItems

DescriptionOfBasisForPreparationOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

DescriptionOfResultingLevelOfAccuracyOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

DescriptionOfPlannedActionsToImproveAccuracyInFutureOfMetricsThatIncludeUpstreamAndOrDownstreamValueChainDataEstimatedUsingIndirectSourcesExplanatory

10. When **metrics** include upstream and/or downstream **value chain** data estimated using indirect sources, such as sector-average data or other proxies, the undertaking shall:
- identify the metrics;
 - describe the basis for preparation;
 - describe the resulting level of accuracy; and
 - where applicable, describe the planned **actions** to improve the accuracy in the future (see ESRS 1 chapter 5 *Value chain*).

Sources of estimation and outcome uncertainty

SignificantEstimationAndOrOutcomeUncertaintyAbstract

ESRSMetricsDisclosedThatAreSubjectToHighLevelOfMeasurementUncertainty

DisclosureOfSourcesOfMeasurementUncertaintyExplanatory

DisclosureOfAssumptionsApproximationsAndJudgementsMadeInMetricMeasurementExplanatory

SourcesOfEstimationAndOutcomeUncertaintyAbstract

SourcesOfEstimationAndOutcomeUncertaintyTable

NameOfMetricsTypedAxis

SourcesOfEstimationAndOutcomeUncertaintyLineItems

DisclosureOfSourcesOfMeasurementUncertaintyExplanatory

DisclosureOfAssumptionsApproximationsAndJudgementsMadeInMetricMeasurementExplanatory

11. In accordance with ESRS 1 section 7.2 *Sources of estimation and outcome uncertainty*, the undertaking shall:
- a. identify the quantitative **metrics** and monetary amounts it has disclosed that are subject to a high level of measurement uncertainty;
 - b. in relation to each quantitative metric and monetary amount identified:
 - i. disclose information about the sources of measurement uncertainty (for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's upstream and/or downstream value chain); and
 - ii. disclose the assumptions, approximations and judgements the entity has made in measuring it.
12. When disclosing forward-looking information, the undertaking may indicate that it considers such information to be uncertain.

Changes in preparation or presentation of sustainability information

ChangesInPreparationAndPresentationOfSustainabilityInformationComparedToPreviousReportingPeriodAbstract

ExplanationOfChangesInPreparationAndPresentationOfSustainabilityInformationAndReasonsForThemExplanatory

AdjustmentOfComparativeInformationForOneOrMorePriorPeriodsIsImpracticable

13. When changes in the preparation and presentation of sustainability information occur compared to the previous reporting period(s), (see ESRS 1 section 7.4 *Changes in preparation or presentation in sustainability information*), the undertaking shall:
- a. explain the changes and the reasons for them, including why the replaced metric provides more useful information;
 - b. disclose revised comparative figures, unless it is impracticable to do so. When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose that fact; and
 - c. disclose the difference between the figure disclosed in the preceding period and the revised comparative figure.

Reporting errors in prior periods

MaterialErrorsInPriorPeriodAbstract

DisclosureOfNatureOfPriorPeriodMaterialErrorsExplanatory

DisclosureOfWhyCorrectionOfPriorPeriodErrorsIsNotPracticableExplanatory

14. When the undertaking identifies material prior period errors (see ESRS 1 section 7.5 *Reporting errors in prior periods*), it shall disclose:
- the nature of the prior period material error;
 - to the extent practicable, the correction for each prior period included in the sustainability statement; and
 - if correction of the error is not practicable, the circumstances that led to the existence of that condition.

Disclosures stemming from local legislations or generally accepted sustainability reporting pronouncements

InformationStemmingFromOtherLegislationOrFromGenerallyAcceptedSustainabilityReportingStandardsAnd FrameworksIncludedInSustainabilityStatementAbstract

DisclosureOfOtherLegislationOrGenerallyAcceptedSustainabilityReportingStandardsAndFrameworksBase dOnWhichInformationHasBeenIncludedInSustainabilityStatementExplanatory

EuropeanStandardsApprovedByEuropeanStandardisationSystemIsoNOIecOrCenNOCenelecStandardsHav eBeenReliedOn

DisclosureOfExtentToWhichDataAndProcessesThatAreUsedForSustainabilityReportingPurposesHaveBeen VerifiedByExternalAssuranceProviderAndFoundToConformToCorrespondingIsoNOIecOrCenNOCenelecStandar dExplanatory

15. When the undertaking includes in its **sustainability statement** information stemming from other legislation which requires the undertaking to disclose sustainability information or from generally accepted sustainability reporting standards and frameworks (see ESRS 1 section 8.2 *Content and structure of the sustainability statement*), in addition to the information prescribed by ESRS, it shall disclose this fact. In case of partial application of other reporting standards or frameworks, the undertaking shall provide a precise reference to the paragraphs of the standard or framework applied.

Incorporation by reference

16. When the undertaking incorporates information by reference (see ESRS 1 section 9.1 *Incorporation by reference*), it shall disclose a list of the disclosure requirements of ESRS, or the specific datapoints mandated by a Disclosure Requirement, that have been incorporated by reference.

Use of phase-In provisions in accordance with Appendix C of ESRS 1

OptionToOmitInformationRequiredByESRSE4ESRSS1ESRSS2ESRSS3OrESRSS4InAccordanceWithAppendixCO RS1Abstract

UseOfPhaseinProvisionsAbstract

UseOfPhaseinProvisionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember
 ESRSE4BiodiversityAndEcosystemsMember
 ESRSS1OwnWorkforceMember
 ESRSS2WorkersInValueChainMember
 ESRSS3AffectedCommunitiesMember
 ESRSS4ConsumersAndEndusersMember

UseOfPhaseinProvisionsLineItems

TopicHasBeenAssessedToBeMaterialPhasein

ListOfSustainabilityMattersAssessedToBeMaterialPhasein

DisclosureOfHowBusinessModelAndStrategyTakeAccountOfImpactsRelatedToSustainabilityMattersAssessedToBeMaterialPhaseinExplanatory

DescriptionOfAnyTimeboundTargetsSetRelatedToSustainabilityMattersAssessedToBeMaterialPhaseinAndProgressMadeTowardsAchievingThoseTargetsExplanatory

TargetsRelatedToBiodiversityAndEcosystemsAreBasedOnConclusiveScientificEvidence

DescriptionOfPoliciesRelatedToSustainabilityMattersAssessedToBeMaterialPhaseinExplanatory

DescriptionOfActionsTakenToIdentifyMonitorPreventMitigateRemediateOrBringEndToActualOrPotentialAdverseImpactsRelatedToSustainabilityMattersAssessedToBeMaterialPhaseinAndResultOfSuchActionsExplanatory

DisclosureOfMetricsRelatedToSustainabilityMattersAssessedToBeMaterialPhaseinExplanatory

17. If an undertaking or group not exceeding on its balance sheet date the average number of 750 employees during the financial year decides to omit the information required by ESRS E4, ESRS S1, ESRS S2, ESRS S3 or ESRS S4 in accordance with Appendix C of ESRS 1, it shall nevertheless disclose whether the sustainability topics covered respectively by ESRS E4, ESRS S1, ESRS S2, ESRS S3 and ESRS S4 have been assessed to be material as a result of the undertaking’s materiality assessment. In addition, if one or more of these topics has been assessed to be material, the undertaking shall, for each material topic:
- a. disclose the list of matters (i.e. topic, sub-topic or sub-sub-topic) in AR 16 ESRS 1 Appendix A that are assessed to be material and briefly describe how the undertaking’s **business model** and strategy take account of the impacts of the undertaking related to those matters. The undertaking may identify the matter at the level of topic, sub-topic or sub-sub-topic;
 - b. briefly describe any time-bound **targets** it has set related to the matters in question, the progress it has made towards achieving those targets, and whether its targets related to **biodiversity** and **ecosystems** are based on conclusive scientific evidence;
 - c. briefly describe its **policies** in relation to the matters in question;
 - d. briefly describe **actions** it has taken to identify, monitor, prevent, mitigate, remediate or bring an end to actual or potential adverse impacts related to the matters in question, and the result of such actions; and
 - e. disclose **metrics** relevant to the matters in question.

Governance

Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies

- AR 3. In describing the role and responsibilities of the administrative, management and supervisory bodies with regard to sustainability matters, the undertaking may specify:
- (a) the aspects of sustainability over which oversight is exercised with regard to the environmental, social and governance matters the undertaking may be facing, including:
 - i. any assessment of and changes to sustainability-related aspects of the undertaking's strategy and business model;
 - ii. the identification and assessment of material risks, opportunities and impacts;
 - iii. related policies and targets, action plans and dedicated resources; and iv. sustainability reporting;
 - (b) the form such oversight takes for each of the above aspects: i.e., information, consultation or decision-making; and
 - (c) the way such oversight is organised and formalised, i.e., processes by which the administrative, management and supervisory bodies engage with these aspects of sustainability.

AR 4. In describing the undertaking's organisation of governance regarding sustainability matters, a description of complex governance structure may be complemented by their presentation in the form of a diagram.

AR 5. The description of the level of expertise or access to expertise of the administrative, management and supervisory bodies may be substantiated by illustrating the composition of the bodies, including members on whom these bodies rely for expertise to oversee sustainability matters, and how they leverage that expertise as a body. In the description, the undertaking shall consider how the expertise and skills are relevant to the undertaking's material impacts, risks and opportunities and whether the bodies and/or its members have access to other sources of expertise, such as specific experts and training and other educational initiatives to update and develop sustainability-related expertise within these bodies.

[200610] ERS2.GOV-1 Role of the administrative, management and supervisory bodies

DescriptionOfCompositionOfAdministrativeManagementAndSupervisoryBodiesTheirRolesAndResponsibilitiesAndAccessToExpertiseAndSkillsWithRegardToSustainabilityMattersExplanatory

- 18. The objective of this chapter is to set disclosure requirements that enable an understanding of the governance processes, controls and procedures put in place to monitor, manage and oversee **sustainability matters**.
- 19. The undertaking shall disclose the composition of the administrative, management and supervisory bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters.
- 20. The objective of this Disclosure Requirement is to provide an understanding of:
 - a. the composition and diversity of the administrative, management and supervisory bodies;
 - b. the roles and responsibilities of the administrative, management and supervisory bodies in exercising oversight of the process to manage material impacts, risks and opportunities, including management's role in these processes; and
 - c. the expertise and skills of its administrative, management and supervisory bodies on sustainability matters or access to such expertise and skills.

InformationAboutCompositionAndDiversityOfMembersOfAdministrativeManagementAndSupervisoryBodiesExplanatory

NumberOfExecutiveMembers

NumberOfNonexecutiveMembers

InformationAboutRepresentationOfEmployeesAndOtherWorkersExplanatory

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByGenderAbstract

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByGenderTable

GenderAxis

GenderMember

FemaleMember

MaleMember

OtherThanFemaleAndMaleMember

GenderNotReportedMember

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByGenderLineItems

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodies

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByOtherAspectsOfDiversityAbstract

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByOtherAspectsOfDiversityTable

NameOfOtherThanGenderAspectOfDiversityTypedAxis

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByOtherAspectsOfDiversityLineItems

PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodies

BoardsGenderDiversityRatio

PercentageOfIndependentBoardMembers

	Fem ale	Ma le	OtherThanFemaleA ndMale	GenderNotDis closed	Tot al
PercentageOfMembersOfAdministrativeManagementAndSupervisoryBodiesByGender	%	%	%	%	10 0

21. The undertaking shall disclose the following information about the composition and diversity of the members of the undertaking’s administrative, management and supervisory bodies:
- a. the number of executive and non-executive members;
 - b. representation of **employees** and other workers;
 - c. experience relevant to the sectors, products and geographic locations of the undertaking;
 - d. percentage by gender and other aspects of diversity that the undertaking considers. The board's gender diversity¹ shall be calculated as an average ratio of female to male board members; and

¹This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #13 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to disclosures rules on sustainable investments (“Board gender diversity”) and benchmark administrators to disclose ESG factors subject to Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as set out by indicator “Weighted average ratio of female to male board members” in section 1 and 2 of Annex II

- e. the percentage of **independent board members**². For undertakings with a unitary board, this corresponds to the percentage of independent non-executive board members. For undertakings with a dual board, it corresponds to the percentage of independent members of the supervisory body.

² This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average percentage of board members who are independent” in section I of Annex II.

InformationAboutRolesAndResponsibilitiesOfAdministrativeManagementAndSupervisoryBodiesExplanatory

InformationAboutIdentityOfAdministrativeManagementAndSupervisoryBodiesOrIndividualsWithinBodyResponsibleForOversightOfImpactsRisksAndOpportunitiesExplanatory

RolesAndResponsibilitiesOfAdministrativeManagementAndSupervisoryBodiesDetailedAbstract

RolesAndResponsibilitiesOfAdministrativeManagementAndSupervisoryBodiesDetailedTable

AdministrativeManagementAndSupervisoryBodiesAxis

AdministrativeManagementAndSupervisoryBodiesMember

AdministrativeBodyMember

ManagementBodyMember

SupervisoryBodyMember

RolesAndResponsibilitiesOfAdministrativeManagementAndSupervisoryBodiesDetailedLineItems

DisclosureOfHowBodysOrIndividualsWithinBodyResponsibilitiesForImpactsRisksAndOpportunitiesAreReflectedInUndertakingsTermsOfReferenceBoardMandatesAndOtherRelatedPoliciesExplanatory

DescriptionOfManagementSRoleInGovernanceProcessesControlsAndProceduresUsedToMonitorManageAndOverseeImpactsRisksAndOpportunitiesExplanatory

ManagementsRoleInGovernanceProcessesControlsAndProceduresUsedToMonitorManageAndOverseeImpactsRisksAndOpportunitiesIsDelegatedToSpecificManagementlevelPositionOrCommittee

DescriptionOfHowOversightIsExercisedOverManagementlevelPositionOrCommitteeToWhichManagementsRoleInGovernanceProcessesControlsAndProceduresUsedToMonitorManageAndOverseeImpactsRisksAndOpportunitiesIsDelegatedToExplanatory

InformationAboutReportingLinesToAdministrativeManagementAndSupervisoryBodiesInGovernanceProcessesControlsAndProceduresUsedToMonitorManageAndOverseeImpactsRisksAndOpportunitiesExplanatory

DedicatedControlsAndProceduresAreAppliedToManagementOfImpactsRisksAndOpportunities

DisclosureOfHowDedicatedControlsAndProceduresAppliedToManagementOfImpactsRisksAndOpportunitiesAreIntegratedWithOtherInternalFunctionsExplanatory

DisclosureOfHowAdministrativeManagementAndSupervisoryBodiesAndSeniorExecutiveManagementOverseeSettingOfTargetsRelatedToMaterialImpactsRisksAndOpportunitiesAndHowProgressTowardsThemIsMonitoredExplanatory

22. The undertaking shall disclose the following information about the roles and responsibilities of the **administrative, management and supervisory bodies**:
- a. the identity of the **administrative, management and supervisory bodies** (such as a board committee or similar) or individual(s) within a body responsible for oversight of **impacts, risks** and **opportunities**;
 - b. how each body's or individual's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related **policies**;
 - c. a description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities, including:
 - i. whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee;
 - ii. information about the reporting lines to the administrative, management and supervisory bodies;
 - iii. whether dedicated controls and procedures are applied to the management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions; and
 - d. how the administrative, management and supervisory bodies and senior executive management oversee the setting of **targets** related to material impacts, risks and opportunities, and how they monitor progress towards them.

DisclosureOfHowAdministrativeManagementAndSupervisoryBodiesDetermineWhetherAppropriateSkillsAndExpertiseAreAvailableOrWillBeDevelopedToOverseeSustainabilityMattersExplanatory

InformationAboutSustainabilityrelatedExpertiseThatBodiesEitherDirectlyPossessOrCanLeverageExplanatory

DisclosureOfHowSustainabilityrelatedSkillsAndExpertiseRelateToMaterialImpactsRisksAndOpportunitiesExplanatory

23. The disclosure shall include a description of how the **administrative, management and supervisory bodies** determine whether appropriate skills and expertise are available or will be developed to oversee **sustainability matters**, including:
- a. the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and
 - b. how those skills and expertise relate to the undertaking's material impacts, risks and opportunities.

Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

AR 6. Depending on the undertaking's structure, the **administrative, management and supervisory bodies** may focus on overarching **targets**, while management focuses on the more detailed targets. In this case, the undertaking may disclose how the governance bodies ensure that an appropriate mechanism for performance monitoring is in place.

[200620] ERS2.GOV-2 Information provided to and sustainability matters addressed by administrative, management and supervisory bodies

DisclosureOfHowAdministrativeManagementAndSupervisoryBodiesAreInformedAboutSustainabilityMattersAndHowTheseMattersWereAddressedExplanatory

24. The undertaking shall disclose how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period.
25. The objective of this Disclosure Requirement is to provide an understanding of how **administrative, management and supervisory bodies** are informed about **sustainability matters**, as well as what information and matters they addressed during the reporting period. This in turn allows an understanding of whether the members of these bodies were adequately informed and whether they were able to fulfil their roles..
26. The undertaking shall disclose the following information:

AdministrativeManagementAndSupervisoryBodiesAreInformedAboutMaterialImpactsRisksAndOpportunitiesImplementationOfDueDiligenceAndResultsAndEffectivenessOfPoliciesActionsMetricsAndTargetsAdoptedToAddressThem

DisclosureOfByWhomAndHowFrequentlyAdministrativeManagementAndSupervisoryBodiesAreInformedAboutMaterialImpactsRisksAndOpportunitiesImplementationOfDueDiligenceAndResultsAndEffectivenessOfPoliciesActionsMetricsAndTargetsAdoptedToAddressThemExplanatory

- a. whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks

and opportunities (see Disclosure Requirement IRO-1 - Description of the processes to identify and assess material ; impacts, risks and opportunities of this Standard), the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;

DisclosureOfHowAdministrativeManagementAndSupervisoryBodiesConsiderImpactsRisksAndOpportunitiesV
erseeingStrategyDecisionsOnMajorTransactionsAndRiskManagementProcessExplanatory

- b. how the **administrative, management and supervisory bodies** consider impacts, risks and opportunities when overseeing the undertaking’s strategy, its decisions on major transactions, and its risk management process, including whether they have considered trade-offs associated with those impacts, risks and opportunities; and

TradeoffsAssociatedWithImpactsRisksAndOpportunitiesHaveBeenConsideredByAdministrativeManagemer
SupervisoryBodies

DisclosureOfListOfMaterialImpactsRisksAndOpportunitiesAddressedByAdministrativeManagementAndSuper
BodiesOrTheirRelevantCommitteesDuringReportingPeriodExplanatory

DisclosureOfHowGovernanceBodiesEnsureThatAppropriateMechanismForPerformanceMonitoringIsInPlaceEx
tory

- c. a list of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period..

Disclosure Requirement GOV-3 - Integration of sustainability-related performance in incentive schemes

AR 7. For listed undertakings, this Disclosure Requirement should be consistent with the remuneration report prescribed in articles 9a and 9b of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Subject to the provisions of ESRS 1, paragraphs 119, 120 and 122, a listed undertaking may make a reference to its remuneration report.

AR 8. The mapping required by paragraph 30 may be presented in the form of a table, crossreferencing the core elements of due diligence, for impacts on people and the environment, to the relevant disclosures in the undertaking’s **sustainability statement**, as set out below.

AR 9. The undertaking may include additional columns to the table below to clearly identify those disclosures that relate to impacts on people and/or the environment given that, in some cases, more than one disclosure may provide information about the same due diligence step.

AR 10. The main references in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises to the core elements of the due diligence process are listed in ESRS 1 chapter 4.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	

b) Engaging with affected stakeholders in all key steps of the due diligence	
c) Identifying and assessing adverse impacts	
d) Taking actions to address those adverse impacts	
e) Tracking the effectiveness of these efforts and communicating	

[200630] ERS2.GOV-3 Integration of sustainability-related performance in incentive schemes

DisclosureOfInformationAboutIntegrationOfSustainabilityrelatedPerformanceInIncentiveSchemesExplanatory

27. The undertaking shall disclose information about the integration of its sustainabilityrelated performance in incentive schemes.
28. The objective of this Disclosure Requirement is to provide an understanding of whether incentive schemes are offered to members of the *administrative, management and supervisory bodies* that are linked to *sustainability matters*.

IncentiveSchemesAndRemunerationPoliciesLinkedToSustainabilityMattersForMembersOfAdministrativeManagementAndSupervisoryBodiesExist

DescriptionOfKeyCharacteristicsOfIncentiveSchemesExplanatory

PerformanceAgainstSpecificSustainabilityrelatedTargetsAndOrImpactsIsBeingAssessedInIncentiveSchemesForMembersOfAdministrativeManagementAndSupervisoryBodies

DescriptionOfSpecificSustainabilityrelatedTargetsAndOrImpactsUsedToAssessPerformanceOfMembersOfAdministrativeManagementAndSupervisoryBodiesExplanatory

SustainabilityrelatedPerformanceMetricsAreConsideredAsPerformanceBenchmarksOrIncludedInRemunerationPolicies

DisclosureOfHowSustainabilityrelatedPerformanceMetricsAreConsideredAsPerformanceBenchmarksOrIncludedInRemunerationPoliciesExplanatory

PercentageOfVariableRemunerationDependentOnSustainabilityrelatedTargetsAndOrImpacts

DescriptionOfLevelInUndertakingAtWhichTermsOfIncentiveSchemesAreApprovedAndUpdatedExplanatory

29. The undertaking shall disclose the following information about the incentive schemes and remuneration *policies* linked to *sustainability matters* for members of the undertaking's *administrative, management and supervisory bodies*, where they exist:
- a. a description of the key characteristics of the incentive schemes;
 - b. whether performance is being assessed against specific sustainability-related **targets** and/or impacts, and if so, which ones;
 - c. whether and how sustainability-related performance **metrics** are considered as performance benchmarks or included in remuneration policies;
 - d. the proportion of variable remuneration dependent on sustainability-related targets and/or impacts; and
 - e. the level in the undertaking at which the terms of incentive schemes are approved and updated.

Disclosure Requirement GOV-4 - Statement on due diligence

AR 8. The mapping required by paragraph 30 may be presented in the form of a table, crossreferencing the core elements of due diligence, for impacts on people and the environment, to the relevant disclosures in the undertaking's **sustainability statement**, as set out below.

AR 9. The undertaking may include additional columns to the table below to clearly identify those disclosures that relate to impacts on people and/or the environment given that, in some cases, more than one disclosure may provide information about the same due diligence step.

AR 10. The main references in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises to the core elements of the due diligence process are listed in ESRS 1 chapter 4.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	
b) Engaging with affected stakeholders in all key steps of the due diligence	
c) Identifying and assessing adverse impacts	
d) Taking actions to address those adverse impacts	
e) Tracking the effectiveness of these efforts and communicating	

[200640] ESRS2.GOV-4 Statement on due diligence

DisclosureOfMappingOfInformationProvidedInSustainabilityStatementAboutDueDiligenceProcessAbstract

DisclosureOfInformationAboutDueDiligenceProcessOrCrossreferenceExplanatory

30. The undertaking shall disclose a mapping of the information provided in its sustainability statement about the due diligence process.
31. The objective of this Disclosure Requirement is to facilitate an understanding of the undertaking's due diligence process with regard to **sustainability matters**.
32. The main aspects and steps of due diligence referred to under ESRS 1 chapter 4 *Due diligence* are related to a number of cross-cutting and topical Disclosure Requirements under the ESRS. The undertaking shall provide a mapping that explains how and where its application of the main aspects and steps of the due diligence process are reflected in its sustainability statement, to allow a depiction of the actual practices of the undertaking with regard to due diligence³.
33. This disclosure requirement does not mandate any specific behavioural requirements with regard to due diligence **actions** and does not extend or modify the role of **administrative, management and supervisory bodies** as mandated by other legislation or regulation.

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #10 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of due diligence”).

Disclosure Requirement GOV-5 - Risk management and internal controls over sustainability reporting

AR 11. This Disclosure Requirement focuses solely on the internal control processes over the sustainability reporting process. The undertaking may consider risks such as the completeness and integrity of the data, the accuracy of estimation results, the availability of upstream and/or downstream **value chain** data, and the timing of the availability of the information.

[200650] ERS2.GOV-5 Risk management and internal controls over sustainability reporting

DisclosureOfRiskManagementAndInternalControlsOverSustainabilityReportingExplanatory

DescriptionOfScopeMainFeaturesAndComponentsOfRiskManagementAndInternalControlProcessesAndSystemsInRelationToSustainabilityReportingExplanatory

DescriptionOfRiskAssessmentApproachFollowedInRelationToSustainabilityReportingProcessExplanatory

DescriptionOfMainRisksIdentifiedAndTheirMitigationStrategiesInRelationToSustainabilityReportingProcessExplanatory

DescriptionOfHowFindingsOfRiskAssessmentAndInternalControlsAsRegardsSustainabilityReportingProcessHaveBeenIntegratedIntoRelevantInternalFunctionsAndProcessesExplanatory

DescriptionOfPeriodicReportingOfFindingsOfRiskAssessmentAndInternalControlsToAdministrativeManagementAndSupervisoryBodiesInRelationToSustainabilityReportingProcessExplanatory

34. The undertaking shall disclose the main features of its risk management and internal control system in relation to the sustainability reporting process.
35. The objective of this Disclosure Requirement is to provide an understanding of the undertaking’s risk management and internal control processes in relation to sustainability reporting.
36. The undertaking shall disclose the following information:
 - a. the scope, main features and components of the risk management and internal control processes and systems in relation to sustainability reporting;
 - b. the risk assessment approach followed, including the risk prioritisation methodology;
 - c. the main risks identified and their mitigation strategies including related controls;
 - d. a description of how the undertaking integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes; and
 - e. a description of the periodic reporting of the findings referred to in point (d) to the **administrative, management and supervisory bodies**.

Strategy

37. This chapter sets disclosure requirements that enable an understanding of:

- a. the elements of the undertaking’s strategy that relate to or affect sustainability matters, its business model and its value chain;
- b. how the interests and views of the undertaking’s **stakeholders** are taken into account by the undertaking’s strategy and business model; and
- c. the outcome of the undertaking’s assessment of material **impacts, risks** and **opportunities**, including how they inform its strategy and business model.

Disclosure Requirement SBM-1 – Strategy, business model(s) and value chain

AR 12. To provide the information on sectors required by paragraph 40, the undertaking shall map its significant activities in accordance with ESRS sectors. If a code for a sub-sector does not exist, the caption “others” shall be used.

AR 13. For the purposes of the disclosures required in paragraph 40, a group of products and/or services offered, a group of markets and/or customer groups served, or an ESRS sector, is significant for the undertaking if it meets one or both of the following criteria:

- (a) it accounts for more than 10 per cent of the undertaking’s revenue;
- (b) it is connected with material actual impacts or material potential negative impacts of the undertaking.

AR 14. In preparing disclosures relating to its **business model** and **value chain**, the undertaking shall consider:

- (a) its key activities, resources, distribution channels and customer segments;
- (b) its key **business relationships** and their key characteristics, including relationships with customers and **suppliers**;
- (c) the cost structure and revenue of its business segments, in line with IORS 8 disclosure requirements in the financial statement, where applicable;
- (d) the potential **impacts, risks** and **opportunities** in its significant sector(s) and their possible relationship to its own **business model** or **value chain**.

AR 15. Contextual information may be particularly relevant for users of the undertaking’s sustainability statement, to understand to what extent the disclosures include upstream and/or downstream **value chain** information. The description of the main features of the upstream and/or downstream value chain and where applicable the identification of key value chains should support an understanding of how the undertaking applies the requirements of ESRS 1 chapter 5 and the **materiality** assessment performed by the undertaking in line with ESRS 1 chapter 3. The description may provide a high-level overview of the key features of upstream and/or downstream value chain entities indicating their relative contribution to the undertaking’s performance and position and explaining how they contribute to the value creation of the undertaking.

[200710] ESRS2.SBM-1 Strategy, business model(s) and value chain

DisclosureOfElementsOfStrategyThatRelateToOrImpactSustainabilityMattersBusinessModelAndValueChainExplanatory
DisclosureOfInformationAboutKeyElementsOfGeneralStrategyThatRelateToOrAffectSustainabilityMattersExplanatory

38. The undertaking shall disclose the elements of its strategy that relate to or impact sustainability matters, its business model and its value chain.
39. The objective of this Disclosure Requirement is to describe the key elements of the undertaking’s general strategy that relate to or affect **sustainability matters**, and the key elements of the undertaking’s **business model** and **value chain**, in order to provide an understanding of its exposure to **impacts, risks** and **opportunities** and where they originate.
40. The undertaking shall disclose the following information about the key elements of its general strategy that relate to or affect **sustainability matters**:

DescriptionOfSignificantGroupsOfProductsAndOrServicesOfferedIncludingChangesInReportingPeriodNewRemovedProductsAndOrServicesExplanatory

DescriptionOfSignificantMarketsAndOrCustomerGroupsServedIncludingChangesInReportingPeriodNewRemovedMarketsAndOrCustomerGroupsExplanatory

- a. a description of:
- i. significant groups of products and/or services offered, including changes in the reporting period (new/removed products and/or services);
 - ii. significant markets and/or customer groups served, including changes in the reporting period (new/removed markets and/or customer groups);

NumberOfEmployeesHeadcountAtEndOfPeriod

NumberOfEmployeesHeadCountDuringPeriod

NumberOfEmployeesHeadcountAbstract

NumberOfEmployeesHeadcountTable

GeographicalAreaTypedAxis

NumberOfEmployeesHeadcountLineItems

NumberOfEmployeesHeadcountAtEndOfPeriod

NumberOfEmployeesHeadCountDuringPeriod

- iii. headcount of **employees** by geographical areas; and

DescriptionOfProductsAndServicesThatAreBannedInCertainMarketsExplanatory

- iv. where applicable and material, products and services that are banned in certain markets;

Revenue

BreakdownOfRevenueAbstract

BreakdownOfRevenueTable

OperatingSegmentTypedAxis

SectorsAndEconomicActivitiesAxis

SectorsAndEconomicActivitiesMember

BreakdownOfRevenueLineItems

Revenue

- b. a breakdown of total revenue, as included in its financial statements, by significant ESRS sectors. When the undertaking provides segment reporting as required by IORS 8 Operating segments in its financial statements, this sector revenue information shall be, as far as possible, reconciled with IORS 8 information;

ListOfESRSSectorsOtherThanThoseReflectedUnderParagraph38BInWhichSignificantActivitiesAreDevelopedOrInWhichUndertakingIsOrMayBeConnectedToMaterialImpacts

- c. a list of the additional significant ESRS sectors beyond the ones reflected under paragraph 40(b), such as activities that give rise to intercompany revenues, in which the undertaking develops significant activities, or in which it is or may be connected to material impacts. The identification of these additional ESRS sectors shall be consistent with the way they have been considered by the undertaking when performing its **materiality** assessment and with the way it discloses material sector-specific information;

ListOfAdditionalSignificantESRSectorsInWhichSignificantActivitiesAreDevelopedOrInWhichUndertakingIsOrMayBeConnectedToMaterialImpactsOtherThanDisclosedUnderBreakdownOfRevenue

UndertakingIsActiveInFossilFuelCoalOilAndGasSector

RevenueFromFossilFuelCoalOilAndGasSector

RevenueFromCoal

RevenueFromOil

RevenueFromGas

RevenueFromTaxonomyalignedEconomicActivitiesRelatedToFossilGas

UndertakingIsActiveInChemicalsProduction

RevenueFromChemicalsProduction

UndertakingIsActiveInControversialWeapons

RevenueFromControversialWeapons

UndertakingIsActiveInCultivationAndProductionOfTobacco

RevenueFromCultivationAndProductionOfTobacco

- d. where applicable, a statement indicating, together with the related revenues, that the undertaking is active in:
- i. the **fossil fuel** (coal, oil and gas) sector⁴, (i.e., it derives revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council⁵), including a disaggregation of revenues derived from coal, from oil and from gas, as well as the revenues derived from Taxonomy-aligned economic activities related to fossil gas as required under Article 8(7)(a) of Commission Delegated Regulation 2021/2178¹⁸; ii. chemicals production⁶, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006; iii. controversial weapons⁷ (anti-personnel mines, cluster munitions, chemical weapons and biological weapons); and/or
 - ii. the cultivation and production of tobacco²¹;

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts set out by indicator #4 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments (respectively "Exposure to companies active in the fossil fuel sector").

⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts set out by indicator #9 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments (respectively "Investments in companies producing chemicals").

⁷ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts set out by indicator #14 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments (respectively "Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)").

⁸ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1818 as set out by paragraph b) of article 12.1.

DescriptionOfSustainabilityrelatedGoalsInTermsOfSignificantGroupsOfProductsAndServicesCustomerCategoriesGeographicalAreasAndRelationshipsWithStakeholdersExplanatory

- e. its sustainability-related goals in terms of significant groups of products and services, customer categories, geographical areas and relationships with **stakeholders**;

DisclosureOfAssessmentOfCurrentMarketPositionsInRelationToGoalsExplanatory

- f. an assessment of its current significant products and/or services, and significant markets and customer groups, in relation to its sustainability-related goals; and

DisclosureOfElementsOfStrategyThatRelateToOrImpactSustainabilityMattersExplanatory

- g. the elements of the undertaking's strategy that relate to or impact sustainability matters, including the main challenges ahead, critical solutions or projects to be put in place, when relevant for sustainability reporting.

ListOfESRSSectorsThatAreSignificantForUndertakingWhenOmittingBreakdownOfRevenueBySignificantESRSSector

41. If the undertaking is based in an EU Member State that allows for an exemption from the disclosure of the information referred to in Article 18, paragraph 1, sub-point (a) of Directive 2013/34/EU⁸, and if the undertaking has made use of that exemption, it may omit the breakdown of revenue by significant ESRS sector required by paragraph 40(b). In this case the undertaking shall nevertheless disclose the list of ESRS sectors that are significant for the undertaking.

⁸ Article 18, paragraph 1, sub-point (a) of Directive 2013/34/EU: "the net turnover broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised."

DescriptionOfBusinessModelAndValueChainExplanatory

DescriptionOfInputsAndApproachToGatheringDevelopingAndSecuringInputsExplanatory

DescriptionOfOutputsAndOutcomesInTermsOfCurrentAndExpectedBenefitsForCustomersInvestorsAndOtherStakeholdersExplanatory

DescriptionOfMainFeaturesOfUpstreamAndDownstreamValueChainAndUndertakingsPositionInValueChainExplanatory

42. The undertaking shall disclose a description of its **business model** and **value chain**, including:
- a. its inputs and its approach to gathering, developing and securing those inputs;
 - b. its outputs and outcomes in terms of current and expected benefits for customers, investors and other **stakeholders**; and
 - c. the main features of its upstream and downstream value chain and the undertaking's position in its value chain, including a description of the main business actors (such as key suppliers, customers, distribution channels and end-users) and their relationship to the undertaking. When the undertaking has multiple value chains, the disclosure shall cover the key value chains.

Disclosure Requirement SBM-2 – Interests and views of stakeholders

AR 16. The views and interests of **stakeholders** that are expressed as part of the undertaking's engagement with stakeholders through its due diligence process may be relevant to one or more aspects of its strategy or business model. As such, they may affect the undertaking's decisions regarding the future direction of the strategy or business model.

[200720] ESR2.SBM-2 Interests and views of stakeholders

InterestsAndViewsOfStakeholdersGeneralAbstract
DisclosureOfHowInterestsAndViewsOfStakeholdersAreTakenIntoAccountByStrategyAndBusinessModelExplanatory
InterestsAndViewsOfStakeholdersAbstract
InterestsAndViewsOfStakeholdersTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
InterestsAndViewsOfStakeholdersLineItems
DescriptionOfStakeholderEngagementExplanatory
DescriptionOfKeyStakeholdersExplanatory
EngagementWithStakeholdersOccurs
DescriptionOfCategoriesOfStakeholdersForWhichEngagementOccursExplanatory
DescriptionOfHowStakeholderEngagementIsOrganisedExplanatory
DescriptionOfPurposeOfStakeholderEngagementExplanatory
DescriptionOfHowOutcomeOfStakeholderEngagementIsTakenIntoAccountExplanatory

InterestsAndViewsOfStakeholders	ESRSS1 Own Workforce	ESRSS2 Workers In Value Chain	ESRSS3 Affected Communities	ESRSS4 Consumers And End Users
DescriptionOfStakeholderEngagementExplanatory	Textblock	Textblock	Textblock	Textblock
DescriptionOfKeyStakeholdersExplanatory	Textblock	Textblock	Textblock	Textblock
EngagementWithStakeholdersOccurs	Boolean	Boolean	Boolean	Boolean
DescriptionOfCategoriesOfStakeholdersForWhichEngagementOccursHowItIsOrganisedItsPurposeAndHowItsOutcomeIsTakenIntoAccountExplanatory	Textblock	Textblock	Textblock	Textblock
DescriptionOfHowStrategyAndOrBusinessModelsHasBeenAmendedOrIsExpectedToBeAmendedToAddressInterestsAndViewsOfStakeholdersExplanatory	Textblock	Textblock	Textblock	Textblock
DescriptionOfPurposeOfStakeholderEngagementExplanatory	Boolean	Boolean	Boolean	Boolean
DescriptionOfHowOutcomeOfStakeholderEngagementIsTakenIntoAccountExplanatory	Textblock	Textblock	Textblock	Textblock

- 43. The undertaking shall disclose how the interests and views of its stakeholders are taken into account by the undertaking’s strategy and business model.
- 44. The objective of this Disclosure Requirement is to provide an understanding of how *stakeholders’* interests and views inform the undertaking’s strategy and *business model*.
- 45. The undertaking shall disclose a summarised description of:

InterestsAndViewsOfStakeholdersTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
InterestsAndViewsOfStakeholdersLineItems
DescriptionOfUnderstandingOfInterestsAndViewsOfKeyStakeholdersAsTheyRelateToUndertakingsStrategyAndBusinessModelExplanatory
DescriptionOfAmendmentsToStrategyAndOrBusinessModelExplanatory

DescriptionOfHowStrategyAndOrBusinessModelHaveBeenAmendedOrAreExpectedToBeAmendedToAddressInterestsAndViewsOfStakeholdersExplanatory

DescriptionOfAnyFurtherStepsThatAreBeingPlannedAndInWhatTimelineExplanatory

- a. its stakeholder engagement, including:
 - i. the undertaking's key **stakeholders**;
 - ii. whether engagement with them occurs and for which categories of stakeholders;
 - iii. how it is organised;
 - iv. its purpose; and
 - v. how its outcome is taken into account by the undertaking;
- b. the undertaking's understanding of the interests and views of its key stakeholders as they relate to the undertaking's strategy and business model, to the extent that these were analysed during the undertaking's due diligence process and/or materiality assessment process (see Disclosure Requirement IRO-1 of this Standard);

InterestsAndViewsOfStakeholdersTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

InterestsAndViewsOfStakeholdersLineItems

AmendmentsToStrategyAndOrBusinessModelAreLikelyToModifyRelationshipWithAndViewsOfStakeholders

- c. where applicable, amendments to its strategy and/or business model, including:
 - i. how the undertaking has amended or expects to amend its strategy and/or business model to address the interests and views of its stakeholders;
 - ii. any further steps that are being planned and in what timeline; and
 - iii. whether these steps are likely to modify the relationship with and views of stakeholders; and

InterestsAndViewsOfStakeholdersTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

InterestsAndViewsOfStakeholdersLineItems

AdministrativeManagementAndSupervisoryBodiesAreInformedAboutViewsAndInterestsOfAffectedStakeholdersWithRegardToSustainabilityrelatedImpacts

DescriptionOfHowAdministrativeManagementAndSupervisoryBodiesAreInformedAboutViewsAndInterestsOfAffectedStakeholdersWithRegardToSustainabilityrelatedImpactsExplanatory

- d. whether and how the **administrative, management and supervisory bodies** are informed about the views and interests of affected **stakeholders** with regard to the undertaking's sustainability- related impacts.

Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model(s)

AR 17. When describing where in its upstream and/or downstream **value chain** material **impacts, risks** and **opportunities** are concentrated, the undertaking shall consider: geographical areas, facilities or types of assets, inputs, outputs and distribution channels.

AR 18. This disclosure may be expressed in terms of a single **impact, risk** or **opportunity** or by aggregating groups of material impacts, risks and opportunities, when this provides more relevant information and does not obscure material information.

[200730] ESRS2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2GeneralAbstract

DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory

46. The undertaking shall disclose its material impacts, risks and opportunities and how they interact with its strategy and business model.
47. The objective of this Disclosure Requirement is to provide an understanding of the material **impacts, risks** and **opportunities** as they result from the undertaking's materiality assessment and how they originate from and trigger adaptation of the undertaking's strategy and **business model** including its resources allocation. The information to be disclosed about the management of the undertaking's material impacts, risks and opportunities is prescribed in topical ESRS and in sector-specific standards, which shall be applied in conjunction with the **Minimum Disclosure Requirements** on **policies, actions** and **targets** established in this Standard.
48. The undertaking shall disclose:
 - a. a brief description of its material **impacts, risks** and **opportunities** resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this standard), including a description of where in its **business model**, its own operations and its upstream and downstream **value chain** these material impacts, risks and opportunities are concentrated;

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Table

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Lines

DisclosureOfCurrentAndAnticipatedEffectsOfMaterialImpactsRisksAndOpportunitiesOnBusinessModelValueChainStrategyAndDecisionmakingAndHowUndertakingHasRespondedOrPlansToRespondToTheseEffectsExplanatory

- b. the current and anticipated effects of its material impacts, risks and opportunities on its business model, value chain, strategy and decision-making, and how it has responded or plans to respond to these effects, including any changes it has made or plans to make to its strategy or business model as part of its actions to address particular material impacts

or risks, or to pursue particular material opportunities; (c) with reference to the undertaking's material **impacts**:

- i. how the undertaking's material negative and positive impacts affect (or, in the case of potential impacts, are likely to affect) people or the environment;
- ii. whether and how the impacts originate from or are connected to the undertaking's strategy and business model;
- iii. the reasonably expected time horizons of the impacts; and
- iv. whether the undertaking is involved with the material impacts through its activities or because of its **business relationships**, describing the nature of the activities or business relationships concerned;

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Tab

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Line
ems

DisclosureOfHowMaterialNegativeAndPositiveImpactsAffectOrAreLikelyToAffectPeopleOrEnvironmentE
anatory

ImpactsOriginateFromOrAreConnectedToStrategyAndBusinessModel

DisclosureOfHowImpactsOriginateFromOrAreConnectedToStrategyAndBusinessModelExplanatory

ReasonablyExpectedTimeHorizonsOfMaterialImpacts

UndertakingIsInvolvedWithMaterialImpactsThroughItsActivities

UndertakingIsInvolvedWithMaterialImpactsBecauseOfItsBusinessRelationships

DescriptionOfNatureOfActivitiesOrBusinessRelationshipsThroughWhichUndertakingIsInvolvedWithMate
IImpactsExplanatory

- c. the current financial effects of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows and the material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2
Table

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2
LineItems

DisclosureOfAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesOnFinancialPositionFinanci
alPerformanceAndCashFlowsOverShortMediumAndLongtermExplanatory

- e. the anticipated financial effects of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows over the short-, medium- and long-term, including the reasonably expected time horizons for those effects. This shall include how the undertaking expects its financial position, financial performance and cash flows to change over the short, medium- and long-term, given its strategy to manage risks and opportunities, taking into consideration:
 - i. its investment and disposal plans (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements), including plans the undertaking is not contractually committed to; and
 - ii. its planned sources of funding to implement its strategy.

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2 Table

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2 LineItems

InformationAboutResilienceOfStrategyAndBusinessModelRegardingCapacityToAddressMaterialImpactsAndRisksAndToTakeAdvantageOfMaterialOpportunitiesExplanatory

- f. information about the resilience of the undertaking's strategy and business model regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities. The undertaking shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience, including how the analysis was conducted and the time horizons that were applied as defined in ESRS 1 (see ESRS 1 chapter 6 Time horizons). When providing quantitative information, the undertaking may disclose single amounts or ranges;

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Table

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2LineItems

DisclosureOfChangesToMaterialImpactsRisksAndOpportunitiesComparedToPreviousReportingPeriodExplanatory

- g. changes to the material impacts, risks and opportunities compared to the previous reporting period; and

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2Table

IdentifierOfImpactRiskAndOpportunityTypedAxis

ListOfMaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelESRS2LineItems

ESRS Disclosure Requirements Covering Impacts, Risks and Opportunities

Impacts, Risks and Opportunities Are Covered By Entity-specific Disclosures

- h. a specification of those impacts, risks and opportunities that are covered by ESRS Disclosure Requirements as opposed to those covered by the undertaking using additional entity-specific disclosures.

49. The undertaking may disclose the descriptive information required in paragraph 46 alongside the disclosures provided under the corresponding topical ESRS, in which case it shall still present a statement of its material **impacts**, **risks** and **opportunities** alongside its disclosures prepared under this chapter of ESRS 2.

Impact, risk and opportunity management

Disclosures on the materiality assessment process

50. This chapter sets disclosure requirements that enable an understanding of:
- the process to identify material **impacts, risks** and **opportunities**; and
 - the information that, as a result of its **materiality** assessment, the undertaking has included in its **sustainability statement**.

Disclosure Requirement IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities

[200810] ESRS2.IRO-1 Description of processes to identify and assess material impacts, risks and opportunities

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory

51. The undertaking shall disclose its process to identify its impacts, risks and opportunities and to assess which ones are material.
52. The objective of this Disclosure Requirement is to provide an understanding of the process through which the undertaking identifies **impacts, risks** and **opportunities** and assesses their **materiality**, as the basis for determining the disclosures in its **sustainability statement** (see ESRS 1 chapter 3 and its related Application Requirements, which set out requirements and principles regarding the process to identify and assess material impacts, risks and opportunities based on the principle of double materiality).
53. The undertaking shall disclose the following information:

DescriptionOfMethodologiesAndAssumptionsAppliedInProcessToIdentifyImpactsRisksAndOpportunitiesExplanatory

- a description of the methodologies and assumptions applied in the described process;

DescriptionOfProcessToIdentifyAssessPrioritiseAndMonitorPotentialAndActualImpactsOnPeopleAndEnvironmentInformedByDueDiligenceProcessExplanatory

ProcessFocusesOnSpecificActivitiesBusinessRelationshipsGeographiesOrOtherFactorsThatGiveRiseToHeightenedRiskOfAdverseImpacts

DescriptionOfHowProcessFocusesOnSpecificActivitiesBusinessRelationshipsGeographiesOrOtherFactorsThatGiveRiseToHeightenedRiskOfAdverseImpactsExplanatory

ProcessConsidersImpactsWithWhichUndertakingIsInvolvedThroughOwnOperationsOrAsResultOfBusinessRelationships

DescriptionOfHowImpactsWithWhichUndertakingIsInvolvedThroughOwnOperationsOrAsResultOfBusinessRelationshipsAreConsideredExplanatory

ProcessIncludesConsultationWithAffectedStakeholdersToUnderstandHowTheyMayBeImpactedAndWithExternalExperts

DescriptionOfHowProcessIncludesConsultationWithAffectedStakeholdersToUnderstandHowTheyMayBeImpactedAndWithExternalExpertsExplanatory

ProcessPrioritisesNegativeImpactsBasedOnTheirRelativeSeverityAndLikelihoodAndPositiveImpactsBasedOnTheirRelativeScaleScopeAndLikelihoodAndDeterminesWhichSustainabilityMattersAreMaterialForReportingPurposes

DescriptionOfHowProcessPrioritisesNegativeImpactsBasedOnTheirRelativeSeverityAndLikelihoodAndPositiveImpactsBasedOnTheirRelativeScaleScopeAndLikelihoodAndDeterminesWhichSustainabilityMattersAreMaterialForReportingPurposesExplanatory

- b. an overview of the process to identify, assess, prioritise and monitor the undertaking's potential and actual **impacts** on people and the environment, informed by the undertaking's due diligence process, including an explanation of whether and how the process:
 - i. focusses on specific activities, business relationships, geographies or other factors that give rise to heightened risk of adverse impacts;
 - ii. considers the impacts with which the undertaking is involved through its own operations or as a result of its business relationships;
 - iii. includes consultation with affected **stakeholders** to understand how they may be impacted and with external experts;
 - iv. prioritises negative impacts based on their relative severity and likelihood, (see ESRS 1 section 3.4 *Impact materiality*) and, if applicable, positive impacts on their relative scale, scope and likelihood, and determines which sustainability matters are material for reporting purposes, including the qualitative or quantitative thresholds and other criteria used as prescribed by ESRS 1 section 3.4 *Impact materiality*;

DescriptionOfProcessUsedToIdentifyAssessPrioritiseAndMonitorRisksAndOpportunitiesThatHaveOrMayHaveFinancialEffectsExplanatory

DescriptionOfHowConnectionsOfImpactsAndDependenciesWithRisksAndOpportunitiesThatMayAriseFromThoseImpactsAndDependenciesHaveBeenConsideredExplanatory

DescriptionOfHowLikelihoodMagnitudeAndNatureOfEffectsOfIdentifiedRisksAndOpportunitiesHaveBeenAssessedExplanatory

DescriptionOfHowSustainabilityrelatedRisksRelativeToOtherTypesOfRisksHaveBeenPrioritisedExplanatory

- c. an overview of the process used to identify, assess, prioritise and monitor **risks** and **opportunities** that have or may have **financial effects**. The disclosure shall include:
 - i. how the undertaking has considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies;
 - ii. how the undertaking assesses the likelihood, magnitude, and nature of effects of the identified risk and opportunities (such as the qualitative or quantitative thresholds and other criteria used as prescribed by ESRS 1 section 3.3 Financial materiality);
 - iii. how the undertaking prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools;

DescriptionOfDecisionmakingProcessAndRelatedInternalControlProceduresExplanatory

- d. a description of the decision-making process and the related internal control procedures;

DescriptionOfExtentToWhichAndHowProcessToIdentifyAssessAndManageImpactsAndRisksIsIntegratedIntoOverallRiskManagementProcessAndUsedToEvaluateOverallRiskProfileAndRiskManagementProcessesExplanatory

- e. the extent to which and how the process to identify, assess and manage impacts and risks is integrated into the undertaking's overall risk management process and used to evaluate the undertaking's overall risk profile and risk management processes;

DescriptionOfExtentToWhichAndHowProcessToIdentifyAssessAndManageOpportunitiesIsIntegratedIntoOverallManagementProcessExplanatory

- f. the extent to which and how the process to identify, assess and manage opportunities is integrated into the undertaking's overall management process where applicable;

DescriptionOfInputParametersUsedInProcessToIdentifyAssessAndManageMaterialImpactsRisksAndOpportunitiesExplanatory

- g. the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and

ProcessToIdentifyAssessAndManageImpactsRisksAndOpportunitiesHasChangedComparedToPriorReportingPeriod

DescriptionOfHowProcessToIdentifyAssessAndManageImpactsRisksAndOpportunitiesHasChangedComparedToPriorReportingPeriodExplanatory

DateOfLastProcessModification

DatesOfFutureRevisionOfMaterialityAssessment

- h. whether and how the process has changed compared to the prior reporting period, when the process was modified for the last time and future revision dates of the **materiality** assessment.

Disclosure Requirement IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statements

AR 19. Notwithstanding the basis for the presentation of the information about **sustainability matters** included in ESRS 1 chapter 8 *Structure of sustainability statement*, the undertaking may disclose the list of the Disclosure Requirements complied with in preparing the **sustainability statement** (see paragraph 54) in the general information part or in other parts of the sustainability statement as it deems appropriate. The undertaking may use a content index, i.e., a tabular list of the Disclosure Requirements included in the sustainability statement, with the indication of where they are located (page/paragraphs).

[200820] ESRS2.IRO-2 Disclosure Requirements in ESRS covered by sustainability statements

DisclosureOfESRSDisclosureRequirementsCompliedWithInSustainabilityStatementsExplanatory

ListOfESRSDisclosureRequirementsCompliedWithInPreparingSustainabilityStatementFollowingOutcomeOfMaterialityAssessment

DisclosureOfListOfDataPointsThatDeriveFromOtherEuLegislationAndInformationOnTheirLocationInSustainabilityStatementExplanatory

TopicsAssessedNotToBeMaterialAbstract

ListOfNotMaterialTopics

ExplanationOfNegativeMaterialityAssessmentForESRSE1ClimateChangeExplanatory

ExplanationOfNegativeMaterialityAssessmentForESRSE2PollutionExplanatory

ExplanationOfNegativeMaterialityAssessmentForESRSE3WaterAndMarineResourcesExplanatory

ExplanationOfNegativeMaterialityAssessmentForESRSE4BiodiversityAndEcosystemsExplanatory

ExplanationOfNegativeMaterialityAssessmentForESRSE5CircularEconomyExplanatory
 ExplanationOfNegativeMaterialityAssessmentForESRSS1OwnWorkforceExplanatory
 ExplanationOfNegativeMaterialityAssessmentForESRSS2WorkersInValueChainExplanatory
 ExplanationOfNegativeMaterialityAssessmentForESRSS3AffectedCommunitiesExplanatory
 ExplanationOfNegativeMaterialityAssessmentForESRSS4ConsumersAndEndusersExplanatory
 ExplanationOfNegativeMaterialityAssessmentForESRSG1BusinessConductExplanatory

54. The undertaking shall report on the Disclosure Requirements complied with in its sustainability statements.
55. The objective of this Disclosure Requirement is to provide an understanding of the Disclosure Requirements included in the undertaking's sustainability statement and of the topics that have been omitted as not material, as a result of the **materiality** assessment.
56. The undertaking shall include a list of the Disclosure Requirements complied with in preparing the **sustainability statement**, following the outcome of the **materiality** assessment (see ESRS 1 chapter 3), including the page numbers and/or paragraphs where the related disclosures are located in the sustainability statement. This may be presented as a content index. The undertaking shall also include a table of all the datapoints that derive from other EU legislation as listed in Appendix B of this standard, indicating where they can be found in the sustainability statement and including those that the undertaking has assessed as not material, in which case the undertaking shall indicate "Not material" in the table in accordance with ESRS 1 paragraph 35.
57. If the undertaking concludes that climate change is not material and therefore omits all disclosure requirements in ESRS E1 *Climate change*, it shall disclose a detailed explanation of the conclusions of its **materiality** assessment with regard to climate change (see ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement), including a forward-looking analysis of the conditions that could lead the undertaking to conclude that climate change is material in the future.
58. If the undertaking concludes that a topic other than climate change is not material and therefore omits all the Disclosure Requirements in the corresponding topical ESRS, it may provide a brief explanation of the conclusions of its **materiality** assessment for that topic.

ExplanationOfHowMaterialInformationToBeDisclosedInRelationToMaterialImpactsRisksAndOpportunitiesHasBeenDeterminedExplanatory

59. The undertaking shall provide an explanation of how it has determined the material information to be disclosed in relation to the **impacts, risks** and **opportunities** that it has assessed to be material, including the use of thresholds and/or how it has implemented the criteria in ESRS 1 section 3.2 *Material matters and materiality of information*.

Minimum disclosure requirements on policies and actions

60. This section sets out **minimum disclosure requirements** to be included when the undertaking discloses information on its **policies** and **actions** to prevent, mitigate and remediate actual and potential material **impacts**, to address material **risks** and/or to pursue material **opportunities** (collectively, to "manage material **sustainability matters**"). They shall be applied together with the Disclosure Requirements, including Application Requirements, provided in the relevant topical and sector-specific ESRS. They shall also be applied when the undertaking prepares entity-specific disclosures.
61. The corresponding disclosures shall be located alongside disclosures prescribed by the relevant ESRS. When a single **policy** or same **actions** address several interconnected **sustainability matters**, the undertaking may disclose the required information in its reporting under one topical ESRS and cross reference to it in its reporting under other topical ESRS.

Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters

AR 20. Due to the interdependency between impacts on people and the environment, **risks** and **opportunities**, a single **policy** may apply to several material **sustainability matters**, including matters addressed by more than one topical ESRS. For example, if a single policy covers both an environmental matter and a social matter, the undertaking may report on the policy in the environmental section of its **sustainability statement**. In this case, it should include in the social section a cross-reference to the environmental section where the policy is reported. Equally a policy may be reported in the social section with a cross-reference to it in the environmental section.

AR 21. The description of the scope of the **policy** may explain which activities and/or segments of the undertaking's own operations or upstream and downstream **value chain** it concerns. The description may also explain further boundaries relevant to the specific topic or the undertaking's circumstances, which may include geographies, life cycles, etc. In certain cases, such as if the policy does not cover the full value chain, the undertaking may provide clear information regarding the extent of the value chain covered by the policy.

[201110] ESRS2 Policies and (or) actions not adopted – general

PoliciesAndOrActionsNotAdoptedGeneralAbstract
PoliciesAndOrActionsHaveNotBeenAdopted
PoliciesAndOrActionsNotAdoptedAbstract
PoliciesAndOrActionsNotAdoptedTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE1ClimateChangeMember
ESRSE2PollutionMember
ESRSE3WaterAndMarineResourcesMember
ESRSE4BiodiversityAndEcosystemsMember
ESRSE5ResourceUseAndCircularEconomyMember
ESRSS1OwnWorkforceMember
ESRSS2WorkersInValueChainMember
ESRSS3AffectedCommunitiesMember
ESRSS4ConsumersAndEndusersMember
ESRSG1BusinessConductMember
PoliciesAndOrActionsNotAdoptedLineItems
DisclosureOfReasonsForNotHavingAdoptedPoliciesExplanatory
DisclosureOfTimeframeForAdoptionOfPoliciesExplanatory
DisclosureOfReasonsForNotHavingAdoptedActionsExplanatory
DisclosureOfTimeframeForAdoptionOfActionsExplanatory

62. If the undertaking cannot disclose the information on **policies** and **actions** required under relevant ESRS, because it has not adopted policies and/or actions with reference to the specific **sustainability matter** concerned, it shall disclose this to be the case, and provide reasons for not having adopted policies and/or actions. The undertaking may disclose a timeframe in which it aims to adopt them.

MinimumDisclosureRequirementPoliciesGeneralAbstract	
MinimumDisclosureRequirementPoliciesAbstract	
MinimumDisclosureRequirementPoliciesTable	
IdentifierOfPolicyTypedAxis	
MinimumDisclosureRequirementPoliciesLineItems	
DisclosureOfInformationAboutPoliciesAdoptedToManageMaterialSustainabilityMattersAbstract	
NameOrIdentifierOfPolicy	
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities	
DescriptionOfKeyContentsOfPolicyExplanatory	
DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory	
DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory	
DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory	
DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory	
PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt	
ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory	
63.	The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses the policies it has in place with regard to each sustainability matter identified as material.
64.	The objective of this Disclosure Content is to provide an understanding of the policies that the undertaking has in place to address the identification, assessment, management and/or remediation of material sustainability matters.
65.	The undertaking shall disclose a policy adopted to manage a material sustainability matter. The disclosure shall include the following information: <ol style="list-style-type: none"> a. a description of the key contents of the policy, including its general objectives and which material impacts, risks or opportunities the policy is relating to; b. a description of the scope of the policy in terms of activities, value chain, geographies and if relevant, affected stakeholder groups; c. the most senior level in the undertaking’s organisation that is accountable for the implementation of the policy; d. a reference, if relevant, to the third-party standards or initiatives the undertaking commits to respect through the implementation of the policy; e. if relevant, a description of the consideration given to the interests of key stakeholders in setting the policy; and f. if relevant, whether and how the undertaking makes the policy available to potentially affected stakeholders, and stakeholders who need to help implement it.

Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters

AR 22. Key **actions** in the context of this **Minimum Disclosure Requirement** are those actions that materially contribute to achieving the undertaking’s objectives in addressing material **impacts, risks** and **opportunities**. For reasons of understandability, key actions may be aggregated where appropriate.

AR 23. Information on resource allocation may be presented in the form of a table and broken down between capital expenditure and operating expenditure, and across the relevant time horizons, and between resources applied in the current reporting year and the planned allocation of resources over specific time horizons.

[201310] ERS2.MDR-A.1 Minimum Disclosure Requirement - Actions MDR-A - general

MinimumDisclosureRequirementActionsGeneralAbstract

MinimumDisclosureRequirementActionsAbstract

MinimumDisclosureRequirementActionsTable

IdentifierOfActionPlanTypedAxis

MinimumDisclosureRequirementActionsLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

66. The undertaking shall apply the requirements for the content of disclosures in this provision when it describes the **actions** through which it manages each material **sustainability matter** including action plans and resources allocated and/or planned.
67. The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the key **actions** taken and/or planned to prevent, mitigate and **remediate** actual and potential **impacts**, and to address **risks** and **opportunities**, and where applicable achieve the objectives and **targets** of related **policies**
68. Where the implementation of a **policy** requires **actions**, or a comprehensive action plan, to achieve its objectives, as well as when actions are implemented without a specific policy, the undertaking shall disclose the following information:
- the list of key actions taken in the reporting year and planned for the future, their expected outcomes and, where relevant, how their implementation contributes to the achievement of policy objectives and **targets**;
 - the scope of the key actions (i.e., coverage in terms of activities, upstream and/or downstream **value chain**, geographies and, where applicable, affected **stakeholder** groups);
 - the time horizons under which the undertaking intends to complete each key action;
 - if applicable, key actions taken (along with results) to provide for and cooperate in or support the provision of **remedy** for those harmed by actual material impacts;
 - if applicable, quantitative and qualitative information regarding the progress of actions or action plans disclosed in prior periods.

MinimumDisclosureRequirementResourcesGeneralAbstract	
MinimumDisclosureRequirementResourcesAbstract	
MinimumDisclosureRequirementResourcesTable	
IdentifierOfActionPlanTypedAxis	
MinimumDisclosureRequirementResourcesLineItems	
DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory	
NameOrIdentifierOfActionPlan	
DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory	
AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions	
ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory	
69.	<p>Where the implementation of an action plan requires significant operational expenditures (Opex) and/or capital expenditures (Capex) the undertaking shall:</p> <ol style="list-style-type: none"> describe the type of current and future financial and other resources allocated to the action plan, including if applicable, the relevant terms of sustainable finance instruments, such as green bonds, social bonds and green loans, the environmental or social objectives, and whether the ability to implement the actions or action plan depends on specific preconditions, e.g., granting of financial support or public policy and market developments;
MinimumDisclosureRequirementFinancialResourcesAllocatedToActionPlansDetailedAbstract	
MinimumDisclosureRequirementFinancialResourcesAllocatedToActionPlansDetailedTable	
IdentifierOfActionPlanTypedAxis	
ReportingScopeAxis	
CurrentAndRetrospectiveMember	
ShorttermMember	
MediumtermMember	
RestatedCorrectedOrRevisedMember	
LongtermMember	
MinimumDisclosureRequirementFinancialResourcesAllocatedToActionPlansDetailedLineItems	
FinancialResourcesAllocatedToActionPlanOpEx	
FinancialResourcesAllocatedToActionPlanCapEx	
	<ol style="list-style-type: none"> provide the amount of current financial resources and explain how they relate to the most relevant amounts presented in the financial statements; and (c) provide the amount of future financial resources.

Metrics and targets

70. This chapter sets out **Minimum Disclosure Requirements** that shall be included when the undertaking discloses information on its **metrics** and **targets** related to each material sustainability matter. They shall be applied together with

the Disclosure Requirements, including Application Requirements, provided in the relevant topical ESRS. They shall also be applied when the undertaking prepares entity-specific disclosures.

71. The corresponding disclosures shall be located alongside disclosures prescribed by the topical ESRS.
72. If the undertaking cannot disclose the information on **targets** required under the relevant topical ESRS, because it has not set targets with reference to the specific sustainability matter concerned, it shall disclose this to be the case, and provide reasons for not having adopted targets. The undertaking may disclose a timeframe in which it aims to adopt them.

Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters

[201410] ESRS2.DC-M.1 Disclosure content on metrics - general

MinimumDisclosureRequirementMetricsListOfESRSMetricsGeneralAbstract	
MinimumDisclosureRequirementMetricsListOfESRSMetricsAbstract	
MinimumDisclosureRequirementMetricsListOfESRSMetricsTable	
NameOfMetricsTypedAxis	
MinimumDisclosureRequirementMetricsListOfESRSMetricsLineItems	
DescriptionOfMetricUsedToEvaluatePerformanceAndEffectivenessInRelationToMaterialImpactRiskOrOpportunityExplanatory	
ESRSMetricsUsedToEvaluatePerformanceAndEffectivenessInRelationToMaterialImpactRiskOrOpportunity	
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities	
DisclosureOfMethodologiesAndSignificantAssumptionsBehindMetricExplanatory	
MeasurementOfQuantitativeMetricIsValidatedByExternalBodyOtherThanAssuranceProvider	
TypeOfExternalBodyOtherThanAssuranceProviderThatProvidesValidationExplanatory	
73.	The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses on the metrics it has in place with regard to each material sustainability matter .
74.	The objective of this Minimum Disclosure Requirement is to provide an understanding of the metrics the undertaking uses to track the effectiveness of its actions to manage material sustainability matters .
75.	The undertaking shall disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity .
76.	Metrics shall include those defined in ESRS, as well as metrics identified on an entity-specific basis, whether taken from other sources or developed by the undertaking itself

[201512] ESRS2.MDR-M.1 Minimum disclosure requirement - Metrics MDR-M - additional or entity specific metrics - general

MinimumDisclosureRequirementMetricsAdditionalOrEntitySpecificMetricsGeneralAbstract	
MinimumDisclosureRequirementMetricsAdditionalOrEntitySpecificMetricsAbstract	
MinimumDisclosureRequirementMetricsAdditionalOrEntitySpecificMetricsTable	
NameOfMetricsTypedAxis	
ReportingScopeAxis	

CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
MinimumDisclosureRequirementMetricsAdditionalOrEntitySpecificMetricsLineItems
DescriptionOfMetricUsedToEvaluatePerformanceAndEffectivenessInRelationToMaterialImpactRiskOrOpportunityExplanatory
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
TypeOfESRSTopic
TypeOfESRSSubtopic
QuantitativeMetricAbsoluteValue
QuantitativeMetricPercentage
DisclosureOfMethodologiesAndSignificantAssumptionsBehindMetricExplanatory
MeasurementOfQuantitativeMetricIsValidatedByExternalBodyOtherThanAssuranceProvider
TypeOfExternalBodyOtherThanAssuranceProviderThatProvidesValidationExplanatory
NameAndReferenceToOtherLegislationOrGenerallyAcceptedSustainabilityReportingStandardsAndFrameworks
77. For each metric, the undertaking shall: <ul style="list-style-type: none"> a. disclose the methodologies and significant assumptions behind the metric, including the limitations of the methodologies used; b. disclose whether the measurement of the metric is validated by an external body other than the assurance provider and, if so, which body; c. label and define the metric using meaningful, clear and precise names and descriptions; d. when currency is specified as the unit of measure, use the presentation currency of its financial statements.

Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets

AR 24. When disclosing **targets** related to the prevention or mitigation of environmental impacts, the undertaking shall prioritise targets related to the reduction of the impacts in absolute terms rather than in relative terms. When targets address the prevention or mitigation of social impacts, they may be specified in terms of the effects on human rights, welfare or positive outcomes for affected **stakeholders**.

AR 25. The information on progress made towards achieving the **targets** may be presented in a comprehensive table, including information on the baseline and target value, milestones, and achieved performance over the prior periods.

AR 26. Where the undertaking describes progress in achieving the objectives of a **policy** in the absence of a measurable target, it may specify a baseline against which the progress is considered. For example, the undertaking may assess an increase of **wages** by a certain percentage for those below a fair wage; or may assess the quality of its relationships with local communities by reference to the proportion of issues raised by communities that were resolved to their satisfaction. The baseline and the assessment of the progress shall be related to the **impacts, risks** and **opportunities** which underpin the **materiality** of the matter addressed by the policy.

[201410] ERS2.MDR-T.1 Minimum Disclosure Requirement - Targets MDR-T - general

MinimumDisclosureRequirementTargetsGeneralAbstract

MinimumDisclosureRequirementTargetsAbstract

MinimumDisclosureRequirementTargetsTable

IdentifierOfTargetTypedAxis

MinimumDisclosureRequirementTargetsLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

TargetRelatedToEnvironmentalMattersIsBasedOnConclusiveScientificEvidence

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

78. The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses information about the targets it has set with regard to each material sustainability matter.
79. The objective of this Minimum Disclosure Requirement is to provide for each material sustainability matter an understanding of:
- e. whether and how the undertaking tracks the effectiveness of its **actions** to address material **impacts, risks** and **opportunities**, including the **metrics** it uses to do so;
 - f. measurable time-bound outcome-oriented **targets** set by the undertaking to meet the **policy's** objectives, defined in terms of expected results for people, the environment or the undertaking regarding material impacts, risks and opportunities;
 - g. the overall progress towards the adopted targets over time;
 - h. in the case that the undertaking has not set measurable time-bound outcome-oriented targets, whether and how it nevertheless tracks the effectiveness of its actions to address material impacts, risks and opportunities and measures the progress in achieving its **policy** objectives; and
 - i. whether and how **stakeholders** have been involved in target setting for each material sustainability matter.

[201420] ESRS2.MDR-T.2 Minimum Disclosure Requirement - Targets MDR-T - targets not adopted – general

DisclosureContentOnTargetsNotAdoptedAbstract

DisclosureContentOnTargetsNotAdoptedTable

NameOfPolicyTypedAxis

DisclosureContentOnTargetsNotAdoptedLineItems

MeasurableOutcomeorientedTargetsHaveNotBeenAdopted

MeasurableOutcomeorientedTargetsWillBeAdopted

DisclosureOfTimeframeForAdoptionOfMeasurableOutcomeorientedTargetsExplanatory

DescriptionOfReasonsWhyThereAreNoPlansToAdoptMeasurableOutcomeorientedTargetsExplanatory

EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity

80. The undertaking shall disclose the measurable, outcome-oriented and time-bound **targets** on material **sustainability matters** it has set to assess progress. For each target, the disclosure shall include the following information:
- a. a description of the relationship of the target to the **policy** objectives;
 - b. the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;
 - c. the scope of the target, including the undertaking's activities and/or its upstream and/or downstream **value chain** where applicable and geographical boundaries;
 - d. the baseline value and base year from which progress is measured;
 - e. the period to which the target applies and if applicable, any milestones or interim targets;
 - f. the methodologies and significant assumptions used to define targets, including where applicable, the selected **scenario**, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
 - g. whether the undertaking's targets related to environmental matters are based on conclusive scientific evidence;
 - h. whether and how **stakeholders** have been involved in target setting for each material sustainability matter;
 - i. any changes in targets and corresponding **metrics** or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 *Disclosures in relation to specific circumstances of this Standard*); and
 - j. the performance against its disclosed targets, including information on how the target is monitored and reviewed and the metrics used, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the undertaking towards achieving the target.
81. If the undertaking has not set any measurable outcome-oriented **targets**:
- a. it may disclose whether such targets will be set and the timeframe for setting them, or the reasons why the undertaking does not plan to set such targets;
 - b. it shall disclose whether it nevertheless tracks the effectiveness of its **policies** and **actions** in relation to the material sustainability-related **impact, risk** and **opportunity**, and if so:

- i. any processes through which it does so;
- ii. the defined level of ambition to be achieved and any qualitative or quantitative indicators it uses to evaluate progress, including the base period from which progress is measured.

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS 2 and has the same authority as the other parts of the [draft] Standard.

Administrative, management and supervisory bodies	The governance bodies with the highest decision-making authority in the undertaking including its committees. If there are no administrative, management or supervisory body of the undertaking, the CEO, and if such function exists, the deputy CEO, should be included. In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated. In such cases, both tiers are included under the definition of administrative, management and supervisory bodies.
Business model	The undertaking's system of transforming inputs through its business activities into outputs and outcomes that aims to fulfil the undertaking's strategic purposes and create value over the short-, medium- and long- term time horizons. The undertaking may have one or more business models.
Fossil Fuel	Fossil fuel means non-renewable carbon-based energy sources such as solid fuels, natural gas and oil.
Governance	The system by which the undertaking is directed and controlled in the interests of shareholders and other stakeholders. Governance involves a set of relationships between the undertaking's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the undertaking are set, progress against performance is monitored, and results are evaluated. The term "governance bodies" refers to the administrative, management and supervisory bodies with the highest decision-making authority in the undertaking.
Sustainability-related impacts	The effect the undertaking has or could have on the environment and people, including effects on their human rights, as a result of the undertaking's activities or business relationships. The impacts can be actual or potential, negative or positive, short-term or long-term time horizons, intended or unintended, and reversible or irreversible. Impacts indicate the undertaking's contribution, negative or positive, to sustainable development.
Strategy	The undertaking's plan to achieve its mission and vision and apply its core values. It incorporates the set of goals or purposes the undertaking assigns itself in terms of delivering certain defined products and services to defined categories of customers in certain defined geographic areas under a defined framework of relationships with all stakeholders.
Sustainability-related financial opportunities (or 'opportunities')	Sustainability-related financial opportunities are uncertain environmental, social or governance events or conditions that, if they occur, could cause a potential material positive effect on the undertaking's business model, strategy, its capability to achieve its goals and targets and to create value, and therefore may influence its decisions and those of its business relationship partners with regards to sustainability matters. Like any other opportunity, sustainability-related
	opportunities are measured as a combination of an impact's magnitude and the probability of occurrence.

Sustainability-related financial risks (or 'risks')	Sustainability-related financial risks are uncertain environmental, social or governance events or conditions that, if they occur, could cause a potential material negative effect on the undertaking's business model, strategy and sustainability strategy, its capability to achieve its goals and targets and to create value, and therefore may influence its decisions and those of its business relationships with regard to sustainability matters. Like any other risks, sustainability-related risks are the combination of an impact's magnitude and the probability of occurrence.
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ESRS – E Environment

ESRS E1 Climate changes

Objective

Interactions with other ESRS

ESRS 2 General disclosures

The requirements of this section should be read and applied in conjunction with the disclosures required by ESRS 2 on Chapter 2 *Governance*, Chapter 3 *Strategy* and Chapter 4 *Impact, risk and opportunity management*. The resulting disclosures shall be presented in the **sustainability statement** alongside the disclosures required by ESRS 2, except for ESRS 2 SeM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*, for which the undertaking may, in accordance with ESRS2 paragraph 46, present the disclosures alongside the other disclosures required in this topical standard.

Governance

Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

The undertaking shall disclose whether and how climate-related considerations are factored into the remuneration of members of the **administrative, management and supervisory bodies**, including if their performance has been assessed against the **GHG emission reduction targets** reported under Disclosure Requirement E1-4 and the percentage of the remuneration recognised in the current period that is linked to climate related considerations, with an explanation of what the climate considerations are.

Strategy

Disclosure Requirement E1-1 – Transition plan for climate change mitigation

The objective of this Disclosure Requirement is to enable an understanding of the undertaking's past, current, and future mitigation efforts to ensure that its strategy and *business model* are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5 °C in line with the Paris Agreement and with the objective of achieving climate neutrality by 2050 and, where relevant, the undertaking's exposure to coal, oil and gas-related activities.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

The undertaking shall describe the resilience of its strategy and **business model** in relation to climate change. This description shall include:

- a. the scope of the resilience analysis;
- b. how and when the resilience analysis has been conducted, including the use of climate **scenario analysis** as referenced in the Disclosure Requirement related to ESRS 2 IRO- 1 and the related application requirement paragraphs; and
- c. the results of the resilience analysis including the results from the use of scenario analysis.

Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

The undertaking shall describe the process to identify and assess climate-related *impacts, risks* and *opportunities*. This description shall include its process in relation to:

- a. impacts on climate change, in particular, the undertaking's *GHG emissions* (as required by Disclosure Requirement ESRS E1-6);
- b. *climate-related physical risks* in own operations and along the upstream and downstream *value chain*, in particular:
 - i. the identification of climate-related hazards, considering at least high *emission climate scenarios*; and
 - ii. the assessment of how its assets and business activities may be exposed and are sensitive to these climate-related hazards, creating gross *physical risks* for the undertaking.
- c. *climate-related transition risks* and opportunities in own operations and along the upstream and downstream *value chain*, in particular:
 - i. the identification of climate-related transition events, considering at least a climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot; and
 - ii. the assessment of how its assets and business activities may be exposed to these climate-related transition events, creating gross *transition risks* or *opportunities* for the undertaking.

Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material *climate change mitigation* and *adaptation impacts, risks* and *opportunities*.

Disclosure Requirements E1-3 – Actions and resources in relation to climate change policies

The objective of this Disclosure Requirement is to provide an understanding of the key *actions* taken and planned to achieve climate-related *policy objectives* and *targets*.

Metrics and targets

Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation

The objective of this Disclosure Requirement is to enable an understanding of the *targets* the undertaking has set to support its *climate change mitigation* and *adaptation policies* and address its material climate-related *impacts, risks* and *opportunities*.

Disclosure Requirement E1-5 – Energy consumption and mix

The objective of this Disclosure Requirement is to provide an understanding of the undertaking's total energy consumption in absolute value, improvement in energy efficiency, exposure to coal, oil and gas-related activities, and the share of *renewable energy* in its overall energy mix.

Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

The objective of the Disclosure Requirement in paragraph 44 in respect of:

- a. gross **Scope 1 GHG emissions** as required by paragraph 44 (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 44 (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 44 (c) is to provide an understanding of the GHG emissions that occur in the undertaking's upstream and downstream value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of their GHG inventory and are an important driver of the undertaking's **transition risks**.
- d. total GHG **emissions** as required by paragraph 44 (d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the upstream and downstream 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.

Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

The objective of this Disclosure Requirement is:

- a. to provide an understanding of the undertaking's **actions** to permanently remove or actively support the removal of GHG from the atmosphere, potentially for achieving **net-zero targets** (as stated in paragraph 60).
- b. to provide an understanding of the extent and quality of **carbon credits** the undertaking has purchased or intends to purchase from the voluntary market, potentially for supporting its GHG neutrality claims (as stated in paragraph 61).

Disclosure Requirement E1-8 – Internal carbon pricing

The undertaking shall disclose whether it applies *internal carbon pricing schemes*, and if so, how they support its decision making and incentivise the implementation of climate-related *policies* and *targets*.

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

The undertaking shall disclose its:

- a. anticipated financial effects from material *physical risks*;
- b. anticipated financial effects from material *transition risks*; and
- c. potential to benefit from material climate-related *opportunities*.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of **sustainability statements** to understand:
 - a. how the undertaking affects climate change, in terms of material positive and negative actual and potential impacts;
 - b. the undertaking's past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and compatible with limiting global warming to 1.5°C;
 - c. the plans and capacity of the undertaking to adapt its strategy and business model, in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;
 - d. any other **actions** taken by the undertaking, and the result of such actions to prevent, mitigate or remediate actual or potential negative impacts, and to address **risks** and **opportunities**;
 - e. the nature, type and extent of the undertaking's material risks and opportunities arising from the undertaking's impacts and **dependencies** on climate change, and how the undertaking manages them; and
 - f. the **financial effects** on the undertaking over the short-, medium- and long-term of risks and opportunities arising from the undertaking's impacts and dependencies on climate change.
2. The Disclosure Requirements of this Standard take into account the requirements of related EU legislation and regulation (i.e., EU Climate Law ¹, Climate Benchmark Standards Regulation², Sustainable Finance Disclosure Regulation (SFDR)³, EU Taxonomy³³, and EeA Pillar 3 disclosure requirements³⁴).
3. This Standard covers Disclosure Requirements related to the following **sustainability matters**: "**Climate change mitigation**" and "**Climate change adaptation**". It also covers energy-related matters, to the extent that they are relevant to climate change.
4. **Climate change mitigation** relates to the undertaking's endeavours to the general process of limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels in line with the Paris Agreement. This Standard covers disclosure requirements related but not limited to the seven **Greenhouse gases (GHG)** carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). It also covers Disclosure Requirements on how the undertaking addresses its GHG **emissions** as well as the associated **transition risks**.
5. **Climate change adaptation** relates to the undertaking's process of adjustment to actual and expected climate change.
6. This Standard covers Disclosure Requirements regarding climate-related hazards that can lead to physical climate risks for the undertaking and its adaptation solutions to reduce these risks. It also covers **transition risks** arising from the needed adaptation to climate-related hazards.
7. The Disclosure Requirements related to "Energy" cover all types of energy production and consumption.

¹ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

² Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition benchmarks and EU Paris-aligned benchmarks (OJ L 406, 3.12.2020, p. 17).

³ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1). ³³ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13). ³⁴ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p.1.).

Interactions with other ESRS

8. **Ozone-depleting substances** (ODS), nitrogen oxides (NOX) and sulphur oxides (SOX), among other air emissions, are connected to climate change but are covered under the reporting requirements in ESRS E2.

9. Impacts on people that may arise from the transition to a climate-neutral economy are covered under the ESRS S1 Own workforce, ESRS S2 Workers in the value chain, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.
10. **Climate change mitigation** and **adaptation** are closely related to topics addressed in particular in ESRS E3 *Water and marine resources* and ESRS E4 *Biodiversity and ecosystems*. With regard to water and as illustrated in the table of climate-related hazards in AR 11, this standard addresses acute and chronic **physical risks** which arise from the water and ocean-related hazards. **Biodiversity loss** and ecosystem **degradation** that may be caused by climate change are addressed in ESRS E4 *Biodiversity and ecosystems*.
11. This Standard should be read and applied in conjunction with ESRS 1 *General requirements and ESRS 2 General disclosures*.

Disclosure Requirement

ESRS 2 General disclosures

12. The requirements of this section should be read and applied in conjunction with the disclosures required by ESRS 2 on Chapter 2 *Governance*, Chapter 3 *Strategy* and Chapter 4 *Impact, risk and opportunity management*. The resulting disclosures shall be presented in the **sustainability statement** alongside the disclosures required by ESRS 2, except for ESRS 2 SeM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*, for which the undertaking may, in accordance with ESRS2 paragraph 46, present the disclosures alongside the other disclosures required in this topical standard.

Governance

Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes

13. The undertaking shall disclose whether and how climate-related considerations are factored into the remuneration of members of the **administrative, management and supervisory bodies**, including if their performance has been assessed against the **GHG emission reduction targets** reported under Disclosure Requirement E1-4 and the percentage of the remuneration recognised in the current period that is linked to climate related considerations, with an explanation of what the climate considerations are.

Strategy

Disclosure Requirement E1-1 – Transition plan for climate change mitigation

AR 1. A transition plan relates to the undertaking's efforts in climate change mitigation. When disclosing its transition plan, the undertaking is expected to provide a high-level explanation of how it will adjust its strategy and business model to ensure compatibility with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement (or an updated international agreement on climate change) and the objective of achieving climate neutrality by 2050 with no or limited overshoot as established in Regulation (EU) 2021/1119 (European Climate Law), and where applicable, how it will adjust its exposure to coal, and oil and gas-related activities.

[301010] E1-1 Transition plan for climate change mitigation

DisclosureOfTransitionPlanForClimateChangeMitigationExplanatory

14. The undertaking shall disclose its *transition plan for climate change mitigation*³⁵.
15. The objective of this Disclosure Requirement is to enable an understanding of the undertaking's past, current, and future mitigation efforts to ensure that its strategy and *business model* are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5 °C in line with the Paris Agreement and with the objective of achieving climate neutrality by 2050 and, where relevant, the undertaking's exposure to coal, oil and gas-related activities.
16. The information required by paragraph 14 shall include:

³⁵ This information is aligned with the Regulation (EU) 2021/1119 of the European Parliament and of the Council (EU Climate Law), Article 2 (1); and with Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation), Article 2.

ExplanationOfHowTargetsAreCompatibleWithLimitingOfGlobalWarmingToOneAndHalfDegreesCelsiusInLineWithParisAgreementExplanatory

- a. by reference to **GHG emission reduction targets** (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;

AR 2. Sectoral pathways have not yet been defined by the public policies for all sectors. Hence, the disclosure under paragraph 16 (a) on the compatibility of the transition plan with the objective of limiting global warming to 1.5°C should be understood as the disclosure of the undertaking's GHG emissions reduction target. The disclosure under paragraph 16 (a) shall be benchmarked in relation to a pathway to 1.5°C. This benchmark should be based on either a sectoral decarbonisation pathway if available for the undertaking's sector or an economy-wide scenario bearing in mind its limitations (i.e., it is a simple translation of emission reduction objectives from the state to undertaking level). This AR should be read also in conjunction with AR 26 and AR 27 and the sectoral decarbonisation pathways they refer to.

ExplanationOfDecarbonisationLeversIdentifiedAndKeyActionsPlannedExplanatory

- b. by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the **climate change mitigation actions** (as required by Disclosure Requirement E1-3), an explanation of the **decarbonisation levers** identified, and key actions planned, including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain;

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToKeyPerformanceIndicatorsRequiredUnderCommissionDelegatedRegulationEU2021NO2178Explanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToCapExPlanRequiredByCommissionDelegatedRegulationEU2021NO2178Explanatory

- c. by reference to the **climate change mitigation actions** (as required by Disclosure Requirement E1-3), an explanation and quantification of the undertaking's investments and funding supporting the implementation of its **transition plan**, with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178;

ExplanationOfPotentialLockedInGHGEmissionsFromKeyAssetsAndProductsAndOfHowLockedInGHGEmissionsMayJeopardiseAchievementOfGHGEmissionReductionTargetsAndDriveTransitionRiskExplanatory

LockedInGHGEmissionsMayJeopardiseAchievementOfGHGEmissionReductionTargetsAndDriveTransitionRisk

- d. a qualitative assessment of the potential **locked-in GHG emissions** from the undertaking's key assets and products. This shall include an explanation of if and how these **emissions** may jeopardise the achievement of the undertaking's **GHG emission reduction targets** and drive **transition risk**, and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy-intensive assets and products;

AR 3. When disclosing the information required under paragraph 16(d) the undertaking may consider:

- (a) the cumulative **locked-in GHG emissions** associated with key assets from the reporting year until 2030 and 2050 in tCO₂eq. This will be assessed as the sum of the estimated Scopes 1 and 2 GHG emissions over the operating lifetime of the active and firmly planned key assets. Key assets are those owned or controlled by the undertaking, and they consist of existing or planned assets (such as stationary or mobile **installations**, facilities, and equipment) that are sources of either significant direct or energy-indirect GHG emissions. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years.
- (b) the cumulative locked-in GHG emissions associated with the direct use-phase GHG emissions of sold products in tCO₂eq, assessed as the sales volume of products in the reporting year multiplied by the sum of estimated direct use-phase GHG emissions over their expected lifetime. This requirement only applies if the undertaking has identified the **Scope 3 category** "use of sold products" as significant under Disclosure Requirement E1-6 paragraph 51; and
- (c) an explanation of the plans to manage, i.e., to transform, decommission or phase out its GHG-intensive and energy-intensive assets and products.

ExplanationOfAnyObjectiveOrPlansCapExCapExPlansOpExForAligningEconomicActivitiesRevenuesCapExOpExWithCriteriaEstablishedInCommissionDelegatedRegulation2021NO2139Explanatory

- e. for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation of any objective or plans (CapEX, CapEx plans, OpEX) that the undertaking has for aligning its economic activities (revenues, CapEx, OpEx) with the criteria established in Commission Delegated Regulation 2021/2139³⁶;

³⁶ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (OJ L 442, 9.12.2021, p. 1).

AR 4. When disclosing the information required under paragraph 16 (e), the undertaking shall explain how the alignment of its economic activities with the provisions of Commission Delegated Regulation (EU) 2021/2139 is expected to evolve over time to support its transition to a sustainable economy. In doing so, the undertaking shall take account of the key performance indicators required to be disclosed under Article 8 of Regulation (EU) 2020/852 (in particular taxonomy-aligned revenue and CapEx and, if applicable, CapEx plans).

AR 5. When disclosing the information required under paragraph 16 (f), the undertaking shall state whether or not it is excluded from the EU Paris-aligned benchmarks in accordance with the exclusion criteria stated in Articles 12.1 (d) to (g)⁵³ and 12.2 of Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Standards Regulation)⁵⁴.

⁵³Article 12.1 of the Climate benchmark Standards Regulation states that “Administrators of EU Paris-aligned Benchmarks shall exclude the following companies:

- a) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; or
- b) companies that derive 10% or more of their revenues from exploration, extraction, distribution or refining of oil fuels; or
- c) companies that derive 50% or more of their revenues from exploration, extraction, manufacturing or distribution of gaseous fuels; or
- d) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh.”

Article 12.2 states that “Administrators of EU Paris-aligned Benchmarks shall exclude from those benchmarks any companies that are found or estimated by them or by external data providers to significantly harm one or more of the environmental objectives referred to in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council, in accordance with the rules on estimations laid down in Article 13(2) of this Regulation.”.

⁵⁴This disclosure requirement is consistent with the requirements in Commission Implementing Regulation (EU) 2022/2453 - template 1 climate change transition risk.

SignificantCapExForCoalrelatedEconomicActivities

SignificantCapExForOilrelatedEconomicActivities

SignificantCapExForGasrelatedEconomicActivities

- f. if applicable, a disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas-related economic activities;³⁷

³⁷ The CapEx amounts considered are related to the following NACE codes:

- (a) e.05 Mining of coal and lignite, e.06 Extraction of crude petroleum and natural gas (limited to crude petroleum), e.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum),
- (b) C.19 Manufacture of coke and refined petroleum products,
- (c) D.35.1 - Electric power generation, transmission and distribution,
- (d) D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power and/or heat generation),
- (e) G.46.71 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels).

UndertakingIsExcludedFromEUParisalignedBenchmarks

- g. a disclosure on whether or not the undertaking is excluded from the EU Paris-aligned benchmarks;³⁸

ExplanationOfHowTransitionPlanIsEmbeddedInAndAlignedWithOverallBusinessStrategyAndFinancialPlanningExplanatory

- h. an explanation of how the **transition plan** is embedded in and aligned with the undertaking's overall business strategy and financial planning;

AdministrativeManagementAndSupervisoryBodiesHaveApprovedTransitionClimateChange

- i. whether the transition plan is approved by the **administrative, management and supervisory bodies**; and

ExplanationOfProgressInImplementingTransitionPlanExplanatory

- j. an explanation of the undertaking's progress in implementing the transition plan.

UndertakingDoesNotHaveTransitionPlanInPlaceClimateChangeAbstract

DateOfAdoptionOfTransitionPlanForUndertakingsNotHavingAdoptedTransitionPlanYet

17. In case the undertaking does not have a **transition plan** in place, it shall indicate whether and, if so, when it will adopt a transition plan.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

AR 6. When disclosing the information on the scope of the resilience analysis as required under paragraph 19 (a), the undertaking shall explain which part of its own operations and upstream and downstream **value chain** as well as which material **physical risks** and **transition risks** may have been excluded from the analysis.

AR 7. When disclosing the information on how the resilience analysis has been conducted as required under paragraph 19 (b), the undertaking shall explain:

- (a) the critical assumptions about how the transition to a lower-carbon and resilient economy will affect its surrounding macroeconomic trends, energy consumption and mix, and technology deployment assumptions;
- (b) the time horizons applied and their alignment with the climate and business **scenarios** considered for determining material **physical** and **transition risks** (paragraphs AR 11 to AR 12) and setting **GHG emissions reduction targets** (reported under Disclosure Requirement E1-4); and
- (c) how the estimated **anticipated financial effects** from material **physical** and **transition risks** (as required by Disclosure Requirement E1-9) as well as the

mitigation **actions** and resources (disclosed under Disclosure Requirement E1-3) were considered.

AR 8. When disclosing the information on the results of the resilience analysis as required under paragraph 19 (c), the undertaking shall explain:

- (a) the areas of uncertainties of the resilience analysis and to what extent the assets and business activities at risk are considered within the definition of the undertaking’s strategy, investment decisions, and current and planned mitigation **actions**;
- (b) the ability of the undertaking to adjust or adapt its strategy and **business model** to climate change over the short-, medium- and long-term, including securing ongoing access to finance at an affordable cost of capital, the ability to redeploy, upgrade or decommission existing assets, shifting its products and services portfolio, or reskilling its workforce.

[301002] E1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE1GeneralAbstract

DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelTypeOfClimaterelatedRiskAbstract

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelTypeOfClimaterelatedRiskTable

IdentifierOfImpactRiskAndOpportunityTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelTypeOfClimaterelatedRiskLineItems

TypeOfClimaterelatedRisk

18. The undertaking shall explain for each material climate-related risk it has identified, whether the entity considers the risk to be a **climate-related physical risk** or **climate-related transition risk**.

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE1Abstract

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE1Table

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE1LineItems

InformationAboutResilienceOfStrategyAndBusinessModelRegardingCapacityToAddressMaterialImpactsAndRisksAndToTakeAdvantageOfMaterialOpportunitiesExplanatory

DescriptionOfScopeOfResilienceAnalysisExplanatory

DisclosureOfHowResilienceAnalysisHasBeenConductedExplanatory

DateOfResilienceAnalysis

TimeHorizonsAppliedForResilienceAnalysis

DescriptionOfResultsOfResilienceAnalysisExplanatory

ResultsOfResilienceAnalysisAbstract

ResultsOfResilienceAnalysisTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

ResultsOfResilienceAnalysisLineItems

DescriptionOfAbilityToAdjustOrAdaptStrategyAndBusinessModelToClimateChangeExplanatory

19. The undertaking shall describe the resilience of its strategy and **business model** in relation to climate change. This description shall include:
- k. the scope of the resilience analysis;
 - l. how and when the resilience analysis has been conducted, including the use of climate **scenario analysis** as referenced in the Disclosure Requirement related to ERS 2 IRO- 1 and the related application requirement paragraphs; and
 - m. the results of the resilience analysis including the results from the use of scenario analysis.

Impact, risk and opportunity management

Disclosure requirement related to ERS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate-related scenario analysis

- AR 13. When disclosing the information required under paragraphs 19, 20, 21, AR 10 and AR 11, the undertaking shall explain how it has used climate-related **scenario analysis** that is commensurate to its circumstances to inform the identification and assessment of **physical** and **transition risks** and **opportunities** over the short-, medium- and long-term, including:
- (a) which **scenarios** were used, their sources and alignment with state-of-the-art science;
 - (b) narratives, time horizons, and endpoints used with a discussion of why it believes the range of scenarios used covers its plausible risks and uncertainties;
 - (c) the key forces and drivers taken into consideration in each scenario and why these are relevant to the undertaking, for example, **policy** assumptions, macroeconomic trends, energy usage and mix, and technology assumptions; and

- (d) key inputs and constraints of the scenarios, including their level of detail (e.g., whether the analysis of physical climate-related risks is based on geospatial coordinates specific to the undertaking's locations or national- or regional-level broad data).

AR 14. When conducting **scenario analysis**, the undertaking may consider the following guidance: TCFD Technical Supplement on “The Use of Scenario Analysis in Disclosure of Climate- Related Risks and Opportunities” (2017); TCFD “Guidance on Scenario Analysis for NonFinancial Companies” (2020); ISO 14091:2021 “Adaptation to climate change — Guidelines on vulnerability, impacts and risk assessment”; any other recognised industry standards such as NGFS (Network for Greening the Financial System); and EU, national, regional and local regulations.

AR 15. The undertaking shall briefly explain how the climate **scenarios** used are compatible with the critical climate-related assumptions made in the financial statements.

[301006] E1.IRO-1 Description of processes to identify and assess material climate-related impacts, risks and opportunities (E1)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory

DescriptionOfProcessInRelationToImpactsOnClimateChangeExplanatory

DescriptionOfProcessInRelationToClimaterelatedPhysicalRisksInOwnOperationsAndAlongUpstreamAndDownstreamValueChainExplanatory

ClimaterelatedHazardsHaveBeenIdentifiedOverShortMediumAndLongTermTimeHorizons

UndertakingHasScreenedWhetherAssetsAndBusinessActivitiesMayBeExposedToClimaterelatedHazards

ShortMediumAndLongTermTimeHorizonsHaveBeenDefined

ExtentToWhichAssetsAndBusinessActivitiesMayBeExposedAndAreSensitiveToIdentifiedClimaterelatedHazardsHasBeenAssessed

IdentificationOfClimaterelatedHazardsAndAssessmentOfExposureAndSensitivityAreInformedByHighEmissionsClimateScenarios

ExplanationOfHowClimaterelatedScenarioAnalysisHasBeenUsedToInformIdentificationAndAssessmentOfPhysicalRisksOverShortMediumAndLongtermExplanatory

DescriptionOfProcessInRelationToClimaterelatedTransitionRisksAndOpportunitiesInOwnOperationsAndAlongUpstreamAndDownstreamValueChainExplanatory

TransitionEventsHaveBeenIdentifiedOverShortMediumAndLongTermTimeHorizons

UndertakingHasScreenedWhetherAssetsAndBusinessActivitiesMayBeExposedToTransitionEvents

ExtentToWhichAssetsAndBusinessActivitiesMayBeExposedAndAreSensitiveToIdentifiedTransitionEventsHasBeenAssessed

IdentificationOfTransitionEventsAndAssessmentOfExposureHasBeenInformedByClimaterelatedScenarioAnalysis

AssetsAndBusinessActivitiesThatAreIncompatibleWithOrNeedSignificantEffortsToBeCompatibleWithTransitionToClimateNeutralEconomyHaveBeenIdentified

ExplanationOfHowClimaterelatedScenarioAnalysisHasBeenUsedToInformIdentificationAndAssessmentOfTransitionRisksAndOpportunitiesOverShortMediumAndLongtermExplanatory

ExplanationOfHowClimateScenariosUsedAreCompatibleWithCriticalClimaterelatedAssumptionsMadeInFinancialStatementsExplanatory

20. The undertaking shall describe the process to identify and assess climate-related **impacts, risks** and **opportunities**. This description shall include its process in relation to:
- a. impacts on climate change, in particular, the undertaking's **GHG emissions** (as required by Disclosure Requirement ESRS E1-6);

AR 9. When disclosing the information on the processes to identify and assess climate impacts as required under paragraph 20 (a), the undertaking shall explain how it has:

- (a) screened its activities and plans in order to identify actual and potential future GHG emission sources and, if applicable, drivers for other climate-related impacts (e.g., **emissions** of black carbon or tropospheric ozone or **land-use change**) in own operations and along the value chain; and
- (b) assessed its actual and potential impacts on climate change (i.e., its total GHG emissions).

AR 10. The undertaking may link the information disclosed under paragraphs 20 (a) and AR 9 to the information disclosed under the following Disclosure Requirements: Disclosure Requirement E1-1, paragraph 16 (d) on locked-in GHG emissions; Disclosure Requirement E1-4 and Disclosure Requirement E1-6.

b. **climate-related physical risks** in own operations and along the upstream and downstream **value chain**, in particular:

- iii. the identification of climate-related hazards, considering at least high **emission** climate **scenarios**; and
- iv. the assessment of how its assets and business activities may be exposed and are sensitive to these climate-related hazards, creating **gross physical risks** for the undertaking.

AR 11. When disclosing the information on the processes to identify and assess **physical risks** as required under paragraph 20 (b), the undertaking shall explain whether and how:

- (a) it has identified climate-related hazards (see table below) over the short-, medium- and long-term and screened whether its assets and business activities may be exposed to these hazards;
- (b) it has defined short-, medium- and long-term time horizons and how these definitions are linked to the expected lifetime of its assets, strategic planning horizons and capital allocation plans;
- (c) it has assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified climate-related hazards, taking into consideration the likelihood, magnitude and duration of the hazards as well as the geospatial coordinates (such as Nomenclature of Territorial Units of Statistics- NUTS for the EU territory) specific to the undertaking's locations and **supply chains**; and
- (d) the identification of climate-related hazards and the assessment of exposure and sensitivity are informed by high **emissions** climate **scenarios**, which may, for example, be based on IPCC SSP5-8.5, relevant regional climate projections based on these emission scenarios, or NGFS (Network for Greening the Financial System) climate scenarios with high physical risk such as "Hot house world" or "Too little, too late". For general requirements regarding climate-related **scenario analysis** see paragraphs 18, 19, AR 13 to AR 15.

Classification of climate-related hazards

(Source: Commission delegated regulation (EU) 2021/2139)

Temperature-related

Wind-related

Water-related

Solid mass-related

Chronic	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Changing precipitation patterns and types (rain, hail, snow/ice)	Coastal erosion
	Heat stress		Precipitation or hydrological variability	Soil degradation
	Temperature variability		Ocean acidification	Soil erosion
	Permafrost thawing		Saline intrusion	Solifluction
			Sea level rise	
			Water stress	
Acute	Heat wave	Cyclones, hurricanes, typhoons	Drought	Avalanche
	Cold wave/frost	Storms (including blizzards, dust, and sandstorms)	Heavy precipitation (rain, hail, snow/ice)	Landslide
	Wildfire	Tornado	Flood (coastal, fluvial, pluvial, ground water)	Subsidence
			Glacial lake outburst	

c. **climate-related transition risks** and opportunities in own operations and along the upstream and downstream **value chain**, in particular:

- iii. the identification of climate-related transition events, considering at least a climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot; and
- iv. the assessment of how its assets and business activities may be exposed to these climate-related transition events, creating gross **transition risks** or **opportunities** for the undertaking.

AR 12. When disclosing the information on the processes to identify **transition risks** and **opportunities** as required under paragraph 20 (c), the undertaking shall explain whether and how it has:

- (a) identified transition events (see the table with examples below) over the short-, medium- and long-term and screened whether its assets and business activities may be exposed to these events. In case of transition risks and opportunities, what is considered long-term may cover more than 10 years and may be aligned with climate-related public **policy** goals;
- (b) assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified transition events, taking into consideration the likelihood, magnitude and duration of the transition events;
- (c) informed the identification of transition events and the assessment of exposure by climate-related **scenario analysis**, considering at least a scenario consistent with the Paris Agreement and limiting climate change to 1.5°C, for example, based on scenarios of the International Energy Agency (Net zero Emissions by 2050, Sustainable Development Scenario, etc), or NGFS (Network for Greening the Financial System) climate scenarios. For the general requirements related to climate-related scenario analysis see paragraphs 18, 19, AR 13 to AR 15; and

- (d) identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy (for example, due to significant **locked-in GHG emissions** or incompatibility with the requirements for Taxonomy-alignment under Commission Delegated Regulation (EU) 2021/2139).

Examples of climate-related transition events (examples based on TCFD classification)			
Policy and legal	Technology	Market	Reputation
Increased pricing of GHG emissions	Substitution of existing products and services with lower emissions options	Changing customer behaviour	Shifts in consumer preferences
Enhanced emissions-reporting obligations	Unsuccessful investment in new technologies	Uncertainty in market signals	Stigmatization of sector
Mandates on and regulation of existing products and services	Costs of transition to lower emissions technology	Increased cost of raw materials	Increased stakeholder concern
Mandates on and regulation of existing production processes			Negative stakeholder feedback
Exposure to litigation			

21. When disclosing the information required under paragraphs 20 (b) and 20 (c) the undertaking shall explain how it has used climate-related **scenario analysis**, including a range of climate scenarios, to inform the identification and assessment of **physical risks** and **transition risks** and opportunities over the short-, medium- and long-term.

Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation

- AR 16. **Policies** related to either **climate change mitigation** or **climate adaptation** may be disclosed separately as their objectives, people involved, **actions** and resources needed to implement them are different.
- AR 17. **Policies** related to **climate change mitigation** address the management of the undertaking's **GHG emissions**, GHG removals and **transition risks** over different time horizons, in its own operations and/or in the upstream and downstream **value chain**. The requirement under paragraph 14 may relate to stand-alone climate change mitigation policies as well as relevant policies on other matters that indirectly support climate change mitigation including **training** policies, procurement or **supply chain** policies, investment policies or product development policies.
- AR 18. Policies related to climate change adaptation address the management of the undertaking's physical climate risks and of its transition risks related to climate change adaptation. The requirement under paragraphs 22 and 25 may relate to stand-alone climate change adaptation policies as well as relevant policies on other matters that indirectly support climate change adaptation including training policies, and emergency or health and safety policies.

[301020] E1-2 Policies related to climate change mitigation and adaptation

DisclosureOfPoliciesAdoptedToManageMaterialImpactsRisksAndOpportunitiesRelatedToClimateChangeMitigationAndAdaptationExplanatory

MinimumDisclosureRequirementPoliciesRelatedToClimateChangeMitigationAndAdaptationAbstract

MinimumDisclosureRequirementPoliciesRelatedToClimateChangeMitigationAndAdaptationTable

IdentifierOfPolicyTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

MinimumDisclosureRequirementPoliciesRelatedToClimateChangeMitigationAndAdaptationLineItems

NameOrIdentifierOfPolicy

SustainabilityMattersAddressedByPolicyForClimateChange

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

DescriptionOfKeyContentsOfPolicyExplanatory

DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory

DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory

DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory

DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory

PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt

ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory

22. The undertaking shall describe its *policies* adopted to manage its material *impacts, risks* and *opportunities* related to *climate change mitigation* and *adaptation*.
23. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material *climate change mitigation* and *adaptation impacts, risks* and *opportunities*.
24. The disclosure required by paragraph 22 shall contain the information on the *policies* the undertaking has in place to manage its material *impacts, risks* and *opportunities* related to *climate change mitigation* and *adaptation* in accordance with ESR 2 MDR-P *Policies adopted to manage material sustainability matters*.
25. The undertaking shall indicate whether and how its *policies* address the following areas:
 - a. climate change mitigation;
 - b. climate change adaptation;
 - c. energy efficiency;
 - d. renewable energy deployment; and
 - e. other

Disclosure Requirements E1-3 – Actions and resources in relation to climate change policies

AR 19. When disclosing the information on **actions** as required under paragraphs 29 (a) and 29 (b), the undertaking may:

- (a) disclose its key actions taken and/or plans to implement **climate change mitigation** and **adaptation policies** in its single or separate actions;
- (b) aggregate types of mitigation actions (decarbonisation levers) such as energy efficiency, electrification, fuel switching, use of **renewable energy**, products change, and supply-chain decarbonisation that fit the undertakings' specific actions;
- (c) disclose the list of key mitigation actions alongside the measurable **targets** (as required by Disclosure Requirement E1-4) with disaggregation by decarbonisation levers; and
- (d) disclose the **climate change adaptation** actions by type of adaptation solution such as nature-based adaptation, engineering, or technological solutions.

AR 20. When disclosing the information on resources as required under paragraph 29 (c), the undertaking shall only disclose the significant OpEx and CapEx amounts required for the implementation of the **actions** as the purpose of this information is to demonstrate the credibility of its actions rather than to reconcile the disclosed amounts to the financial statements. The disclosed CapEx and OpEx amounts shall be the additions made to both tangible and intangible assets during the current financial year as well as the planned additions for future periods of implementing the actions. The disclosed amounts shall only be the incremental financial investments directly contributing to the achievement of the undertaking's **targets**.

AR 21. In line with the requirements of ESRS 2 MDR-A, the undertaking shall explain if and to what extent its ability to implement the **actions** depends on the availability and allocation of resources. Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the undertaking's actions, which include its adjustments to supply/demand changes or its related acquisitions and significant research and development (R&D) investments.

AR 22. The amounts of OpEx and CapEx required for the implementation of the **actions** disclosed under paragraph 29 (c) shall be consistent with the key performance indicators (CapEx and OpEx key performance indicators) and, if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178. The undertaking shall explain any potential differences between the significant OpEx and CapEx amounts disclosed under this Standard and the key performance indicators disclosed under Commission Delegated Regulation (EU) 2021/2178 due to, for instance, the disclosure of non-eligible economic activities as defined in that delegated regulation. The undertaking may structure its actions by economic activity to compare its OpEx and CapEx, and if applicable its OpEx and/or CapEx plans to its Taxonomy-aligned key performance indicators.

[301030] E1-3 Actions and resources in relation to climate change policies

DisclosureOfClimateChangeMitigationAndAdaptationActionsAndResourcesAllocatedForTheirImplementationExplanatory

26. The undertaking shall disclose its *climate change mitigation* and *adaptation* actions and the resources allocated for their implementation.

27. The objective of this Disclosure Requirement is to provide an understanding of the key *actions* taken and planned to achieve climate-related *policy* objectives and *targets*.
28. The description of the *actions* and resources related to *climate change mitigation* and adaptation shall follow the principles stated in ESR5 2 MDR-A *Actions and resources in relation to material sustainability matters*.
29. In addition to ESR5 2 MDR-A, the undertaking shall:

MinimumDisclosureRequirementActionsInRelationToClimateChangePoliciesAbstract
MinimumDisclosureRequirementActionsInRelationToClimateChangePoliciesTable
IdentifierOfActionPlanTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE1ClimateChangeMember
MinimumDisclosureRequirementActionsInRelationToClimateChangePoliciesLineItems
NameOrIdentifierOfActionPlan
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
NameOrIdentifierOfRelatedPolicy
DisclosureOfKeyActionExplanatory
StatusOfKeyAction
DecarbonisationLeverType
AdaptationSolutionType
TimeHorizonUnderWhichKeyActionIsToBeCompleted
YearWhenKeyActionIsToBeCompleted
DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory
AchievedGHGEmissionReductions
ExpectedGHGEmissionReductions
DescriptionOfScopeOfKeyActionExplanatory
KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts
DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory
MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesAbstract
MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesTable
IdentifierOfActionPlanTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE1ClimateChangeMember
MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesLineItems
DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory
NameOrIdentifierOfActionPlan
DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory
AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfExtentToWhichAbilityToImplementActionDependsOnAvailabilityAndAllocationOfResourcesExplanatory

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToRelevantLineItemsOrNotesInFinancialStatementsExplanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToKeyPerformanceIndicatorsRequiredUnderCommissionDelegatedRegulationEU2021NO2178Explanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToCapExPlanRequiredByCommissionDelegatedRegulationEU2021NO2178Explanatory

ExplanationOfAnyPotentialDifferencesBetweenSignificantOpExAndCapExDisclosedUnderESRSE1AndKeyPerformanceIndicatorsDisclosedUnderCommissionDelegatedRegulationEU2021NO2178TextBlockExplanatory

MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesDetailedAbstract

MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

RestatedCorrectedOrRevisedMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

MinimumDisclosureRequirementResourcesInRelationToClimateChangePoliciesDetailedLineItems

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

- a. when listing key **actions** taken in the reporting year and planned for the future, present the **climate change mitigation** actions by decarbonisation lever including the nature- based solutions;
- b. when describing the outcome of the actions for climate change mitigation, include the achieved and expected **GHG emission reductions**; and
- c. relate significant monetary amounts of CapEx and OpEx required to implement the actions taken or planned to:
 - i. the relevant line items or notes in the financial statements;
 - ii. the key performance indicators required under Commission Delegated Regulation (EU) 2021/2178; and
 - iii. if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178.

Metrics and targets

Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation

AR 27. The reference target value may be calculated by multiplying the GHG **emissions** in the base year with either a sector-specific (sectoral decarbonisation methodology) or cross-sector (contraction methodology) **emission reduction** factor. These emission reduction factors can be derived from different sources. The undertaking should ensure that the source used is based on an emission reduction pathway compatible with limiting global warming to 1.5°C.

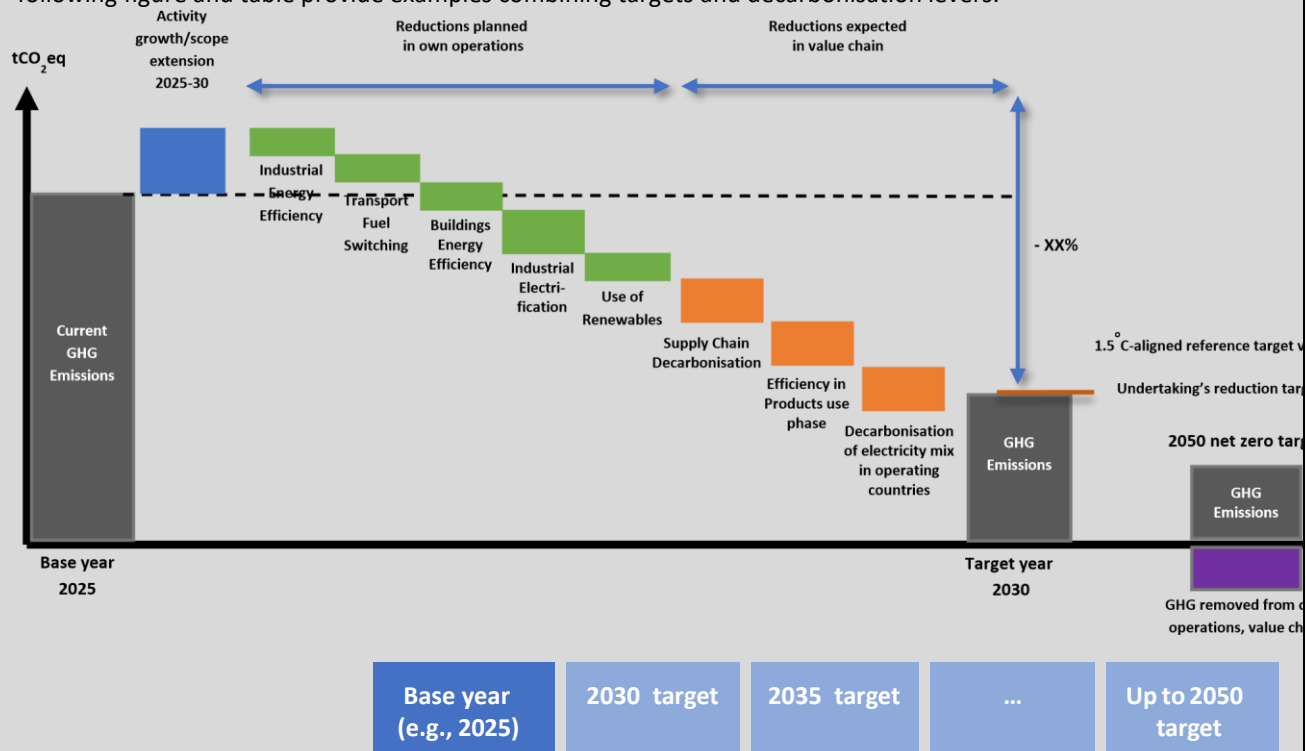
AR 28. The **emission reduction** factors are subject to further development. Consequently, undertakings are encouraged to only use updated publicly available information.

	2030	2050
Cross-sector (ACA) reductions pathway based on the year 2020 as the reference year	-42%	-90%

Source: based on Pathways to Net-zero –SBTi Technical Summary (Version 1.0, October 2021)

AR 29. The reference target value is dependent on the base year and baseline **emissions** of the undertaking's GHG **emission reduction** target. As a result, the reference target value for undertakings with a recent base year or from higher baseline emissions may be less challenging to achieve than it will be for undertakings that have already taken ambitious past **actions** to reduce GHG emissions. Therefore, undertakings that have in the past achieved GHG emissions reductions compatible with either a 1.5°C-aligned cross-sector or sector specific pathway, may adjust their baseline emissions accordingly to determine the reference target value. Accordingly, if the undertaking is adjusting the baseline emissions to determine the reference target value, it shall not consider GHG emission reductions that precede the year 2020 and it shall provide appropriate evidence of its past achieved GHG emission reduction.

AR 31. The undertaking may present its GHG **emission reduction targets** together with its **climate change mitigation actions** (see paragraph AR 19) as a table or graphical pathway showing developments over time. The following figure and table provide examples combining targets and decarbonisation levers:



GHG emissions (ktCO ₂ eq)	100	60	40		
Energy efficiency and consumption reduction	-	-10	-4		
Material efficiency and consumption reduction	-	-5	-		
Fuel switching	-	-2	-		
Electrification	-	-	-10		
Use of renewable energy	-	-10	-3		
Phase out or substitution of product change	-	-8	-		
Phase out or substitution of process change	-	-5	-3		
Other	-	-			

[301040] E1-4 Targets related to climate change mitigation and adaptation - general

TargetsRelatedToClimateChangeMitigationAndAdaptationGeneralAbstract

DisclosureOfClimaterelatedTargetsExplanatory

30. The undertaking shall disclose the climate-related targets it has set.
31. The objective of this Disclosure Requirement is to enable an understanding of the *targets* the undertaking has set to support its *climate change mitigation* and *adaptation policies* and address its material climate-related *impacts, risks* and *opportunities*.
32. The disclosure of the *targets* required in paragraph 30 shall contain the information required in ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets*.

GHGEmissionsReductionTargetsAndOrAnyOtherTargetsHaveBeenSetToManageMaterialClimaterelatedImpactsRisksAnd Opportunities

DisclosureOfHowGHGEmissionsReductionTargetsAndOrAnyOtherTargetsHaveBeenSetToManageMaterialClimaterelatedImpactsRisksAndOpportunitiesExplanatory

33. For the disclosure required by paragraph 30, the undertaking shall disclose whether and how it has set *GHG emissions reduction targets* and/or any other targets to manage material climate-related *impacts, risks* and *opportunities*, for example, *renewable energy* deployment, energy efficiency, *climate change adaptation*, and *physical* or *transition risk* mitigation.

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsAbstract

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

Milestone2025YearMember

Milestone2030YearMember

Milestone2035YearMember

Milestone2040YearMember

Milestone2045YearMember

Milestone2050YearMember

RestatedCorrectedOrRevisedMember

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsLineItems

GrossGreenhouseGasEmissions

GrossScope1GreenhouseGasEmissions

GrossLocationBasedScope2GreenhouseGasEmissions

GrossMarketBasedScope2GreenhouseGasEmissions

GrossScope3GreenhouseGasEmissions

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsGHGProtocolAbstract

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsGHGProtocolTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

Milestone2025YearMember

Milestone2030YearMember

Milestone2035YearMember

Milestone2040YearMember

Milestone2045YearMember

Milestone2050YearMember

RestatedCorrectedOrRevisedMember

Scope3GHGEmissionsCategoryGHGProtocolAxis

Scope3GHGEmissionsCategoryGHGProtocolMember

Category1PurchasedGoodsAndServicesMember

Category11CloudComputingAndDataCentreServicesMember

Category2CapitalGoodsMember

Category3FuelAndEnergyrelatedActivitiesMember

Category4UpstreamTransportationAndDistributionMember

Category5WasteGeneratedInOperationsMember

Category6BusinessTravelMember

Category7EmployeeCommutingMember

Category8UpstreamLeasedAssetsMember

Category9DownstreamTransportationAndDistributionMember

Category10ProcessingOfSoldProductsMember

Category11UseOfSoldProductsMember

Category12EndoflifeTreatmentOfSoldProductsMember

Category13DownstreamLeasedAssetsMember

Category14FranchisesMember

Category15InvestmentsMember

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsGHGProtocolLineItems

GrossScope3GreenhouseGasEmissions

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsISO140641Abstract

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsISO140641Table

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

Milestone2025YearMember

Milestone2030YearMember

Milestone2035YearMember

Milestone2040YearMember

Milestone2045YearMember

Milestone2050YearMember

RestatedCorrectedOrRevisedMember

Scope3GHGEmissionsCategoryISO140641Axis

Scope3GHGEmissionsCategoryISO140641Member

Category2IndirectGHGEmissionsFromImportedEnergyMember

Category3IndirectGHGEmissionsFromTransportationMember

Category4IndirectGHGEmissionsFromProductsUsedByOrganizationMember

Category41IndirectGHGEmissionsFromGoodsPurchasedByOrganizationMember

Category42IndirectGHGEmissionsFromServicesUsedByOrganizationMember

Category5IndirectGHGEmissionsAssociatedWithUseOfProductsFromOrganizationMember

Category6IndirectGHGEmissionsFromOtherSourcesMember

TargetsRelatedToClimateChangeMitigationAndAdaptationScope3GHGEmissionsReductionTargetsISO140641LineItems

GrossScope3GreenhouseGasEmissions

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversAbstract

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

Milestone2025YearMember

Milestone2030YearMember

Milestone2035YearMember
Milestone2040YearMember
Milestone2045YearMember
Milestone2050YearMember
RestatedCorrectedOrRevisedMember

GHGCategoryAxis

GHGCategoryMember
CO2Member
CH4Member
N2OMember
HFCsMember
PFCsMember
SF6Member
NF3Member
OtherGHGCategoryMember

DecarbonisationLeverAxis

DecarbonisationLeverMember
EnergyEfficiencyAndConsumptionReductionMember
MaterialEfficiencyAndConsumptionReductionMember
FuelSwitchingMember
ElectrificationMember
UseOfRenewableEnergyMember
PhaseOutSubstitutionOrModificationOfProductMember
PhaseOutSubstitutionOrModificationOfProcessMember
OtherDecarbonisationLeversMember

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversLineItems

TotalGreenhouseGasEmissionsAbstract

AbsoluteValueOfTotalGreenhouseGasEmissionsReduction
PercentageOfTargetRelatedToTotalGreenhouseGasEmissions
PercentageOfTotalGreenhouseGasEmissionsReductionAsOfEmissionsOfBaseYear
PercentageOfTargetRelatedToTotalGreenhouseGasEmissionsAsOfEmissionsOfBaseYear
PercentageOfScope1GreenhouseGasEmissionsInTotalGreenhouseGasEmissionsReduction
PercentageOfScope2LocationbasedGreenhouseGasEmissionsInTotalGreenhouseGasEmissionsReduction
PercentageOfScope2MarketbasedGreenhouseGasEmissionsInTotalGreenhouseGasEmissionsReduction
PercentageOfScope3GreenhouseGasEmissionsInTotalGreenhouseGasEmissionsReduction

Scope1GreenhouseGasEmissionsAbstract

AbsoluteValueOfScope1GreenhouseGasEmissionsReduction
PercentageOfTargetRelatedToScope1GreenhouseGasEmissions
PercentageOfScope1GreenhouseGasEmissionsReductionAsOfEmissionsOfBaseYear
PercentageOfTargetRelatedToScope1GreenhouseGasEmissionsAsOfEmissionsOfBaseYear

LocationBasedScope2GreenhouseGasEmissionsAbstract

AbsoluteValueOfLocationBasedScope2GreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToLocationBasedScope2GreenhouseGasEmissions
PercentageOfLocationBasedScope2GreenhouseGasEmissionsReductionAsOfEmissionsOfBaseYear
PercentageOfTargetRelatedToLocationBasedScope2GreenhouseGasEmissionsAsOfEmissionsOfBaseYear

MarketBasedScope2GreenhouseGasEmissionsAbstract

AbsoluteValueOfMarketBasedScope2GreenhouseGasEmissionsReduction
PercentageOfTargetRelatedToMarketBasedScope2GreenhouseGasEmissions
PercentageOfMarketBasedScope2GreenhouseGasEmissionsReductionAsOfEmissionsOfBaseYear
PercentageOfTargetRelatedToMarketBasedScope2GreenhouseGasEmissionsAsOfEmissionsOfBaseYear

Scope3GreenhouseGasEmissionsAbstract

AbsoluteValueOfScope3GreenhouseGasEmissionsReduction
PercentageOfTargetRelatedToScope3GreenhouseGasEmissions
PercentageOfScope3GreenhouseGasEmissionsReductionAsOfEmissionsOfBaseYear
PercentageOfTargetRelatedToScope3GreenhouseGasEmissionsAsOfEmissionsOfBaseYear

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversIntensityValueAbstract

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversIntensityValueTable

NameOfIntensityValueDenominatorTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

Milestone2025YearMember

Milestone2030YearMember

Milestone2035YearMember

Milestone2040YearMember

Milestone2045YearMember

Milestone2050YearMember

RestatedCorrectedOrRevisedMember

GHGCategoryAxis

GHGCategoryMember

CO2Member

CH4Member

N2OMember

HFCsMember

PFCsMember

SF6Member

NF3Member

OtherGHGCategoryMember

DecarbonisationLeverAxis

DecarbonisationLeverMember

EnergyEfficiencyAndConsumptionReductionMember

MaterialEfficiencyAndConsumptionReductionMember

FuelSwitchingMember
 ElectrificationMember
 UseOfRenewableEnergyMember
 PhaseOutSubstitutionOrModificationOfProductMember
 PhaseOutSubstitutionOrModificationOfProcessMember
 OtherDecarbonisationLeversMember

TargetsRelatedToClimateChangeMitigationAndAdaptationGHGEmissionsReductionTargetsByDecarbonisationLeversIntensityValueLineItems

TotalGreenhouseGasEmissionsIntensityValueAbstract

IntensityValueOfTotalGreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToTotalGreenhouseGasEmissionsIntensityValue

Scope1GreenhouseGasEmissionsIntensityValueAbstract

IntensityValueOfScope1GreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToScope1GreenhouseGasEmissionsIntensityValue

LocationBasedScope2GreenhouseGasEmissionsIntensityValueAbstract

IntensityValueOfLocationBasedScope2GreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToLocationBasedScope2GreenhouseGasEmissionsIntensityValue

MarketBasedScope2GreenhouseGasEmissionsIntensityValueAbstract

IntensityValueOfMarketBasedScope2GreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToMarketBasedScope2GreenhouseGasEmissionsIntensityValue

Scope3GreenhouseGasEmissionsIntensityValueAbstract

IntensityValueOfScope3GreenhouseGasEmissionsReduction

PercentageOfTargetRelatedToScope3GreenhouseGasEmissionsIntensityValue

34. If the undertaking has set *GHG emission reduction targets*⁴, ESRS 2 MDR-T and the following requirements shall apply:
- a. GHG emission reduction targets shall be disclosed in absolute value (either in tonnes of CO₂eq or as a percentage of the **emissions** of a base year) and, where relevant, in intensity value;

AR 23. Under paragraph 34 (a), the undertaking may disclose **GHG emission reduction** targets in intensity value. Intensity targets are formulated as ratios of **GHG emissions** relative to a unit of physical activity or economic output. Relevant units of activity or output are referred to in ESRS sector-specific standards. In cases where the undertaking has only set a GHG intensity reduction target, it shall nevertheless disclose the associated absolute values for the target year and interim target year(s). This may result in a situation where an undertaking is required to disclose an increase of absolute GHG emissions for the target year and interim target year(s), for example because it anticipates organic growth of its business.

- b. GHG emission reduction targets shall be disclosed for **Scope 1, 2, and 3 GHG emissions**, either separately or combined. The undertaking shall specify, in case of combined **GHG emission reduction targets**, which GHG emission Scopes (1, 2 and/or 3) are covered by the target, the share related to each respective GHG emission Scope and which GHGs are covered. The undertaking shall explain how the consistency of these targets with its GHG inventory boundaries is ensured (as required by Disclosure Requirement E1-6). The GHG emission reduction targets shall be gross targets, meaning that the undertaking shall not include GHG removals, **carbon credits** or avoided emissions as a means of achieving the GHG emission reduction targets;

AR 24. When disclosing the information required under paragraph 34 (b), the undertaking shall specify the share of the target related to each respective **GHG emission Scope (1, 2 or 3)**. The undertaking shall state the method used to calculate Scope 2 GHG **emissions** included in the target (i.e., either the location-based or market-based method). If the boundary of the GHG **emission reduction target** diverges from that of the GHG emissions reported under Disclosure Requirement E1-6, the undertaking shall disclose which gases are covered, the respective percentage of Scope 1, 2, 3 and total GHG emissions covered by the target. For the GHG emission reduction **targets** of its subsidiaries, the undertaking shall analogously apply these requirements at the level of the subsidiary.

- c. the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction targets after every five- year period thereafter. The undertaking may disclose the past progress made in meeting its targets before its current base year provided that this information is consistent with the requirements of this Standard;

AR 25. When disclosing the information required under paragraph 34(c) on base year and baseline value:

- (a) the undertaking shall briefly explain how it has ensured that the baseline value against which the progress towards the target is measured is representative in terms of the activities covered and the influences from external factors (e.g., temperature anomalies in a certain year influencing the amount of energy consumption and related GHG emissions). This can be done by the normalisation of the baseline value, or, by using a baseline value that is derived from a 3-year average if this increases the representativeness and allows a more faithful representation;
- (b) the baseline value and base year shall not be changed unless significant changes in either the target or reporting boundary occur. In such a case, the undertaking shall explain how the new baseline value affects the new target, its achievement and presentation of progress over time. To foster comparability, when setting new **targets**, the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;
- (c) the undertaking shall update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, the base years chosen by undertakings' may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements as set out in Article 5(2) of Directive (EU) 2022/2464 (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc); and
- (d) when presenting climate-related targets, the undertaking may disclose the progress in meeting these targets made before its current base year. In doing so, the undertaking shall, to the greatest extent possible, ensure that the information on past progress is consistent with the requirements of this Standard. In the case of methodological differences, for example, regarding target boundaries, the undertaking shall provide a brief explanation for these differences.

- d. GHG emission reduction targets shall at least include target values for the year 2030 and, if available, for the year 2050. From 2030, target values shall be set after every 5year period thereafter;
- e. the undertaking shall state whether the GHG emission reduction targets are science- based and compatible with limiting global warming to 1.5°C. The undertaking shall state which framework and methodology has been used to determine these **targets** including whether they are derived using a sectoral decarbonisation pathway and what the underlying climate and **policy scenarios** are and whether the targets have been externally assured. As part of the critical assumptions for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g., changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its GHG emissions and emissions reductions; and

AR 26. When disclosing the information required under paragraphs 34 (d) and 34 (e), the undertaking shall present the information over the target period with reference to a sector- specific, if available, or a cross-sector emission pathway compatible with limiting global warming to 1.5°C. For this purpose, the undertaking shall calculate a 1.5°C aligned reference target value for Scope 1 and 2 (and, if applicable, a separate one for Scope 3) against which its own GHG **emission reduction targets** or interim targets in the respective Scopes can be compared.

- f. the undertaking shall describe the expected **decarbonisation levers** and their overall quantitative contributions to achieve the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of **renewable energy**, phase out or substitution of product and process).

AR 30. When disclosing the information required under paragraph 34 (f), the undertaking shall explain:

- (a) by reference to its **climate change mitigation actions**, the **decarbonisation levers** and their estimated quantitative contributions to the achievement of its GHG **emission reduction targets** broken down by each Scope (1, 2 and 3);
- (b) whether it plans to adopt new technologies and the role of these to achieve its GHG emission reduction targets; and
- (c) whether and how it has considered a diverse range of climate **scenarios**, at least including a climate scenario compatible with limiting global warming to 1.5°C, to detect relevant environmental-, societal-, technology-, market- and **policy**-related developments and determine its decarbonisation levers.

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 (SFDR) because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #4 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without carbon emission reduction initiatives”); and is aligned with the Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation), Article 6.

Disclosure Requirement E1-5 – Energy consumption and mix

Calculation guidance

AR 32. When preparing the information on energy consumption required under paragraph 35, the undertaking shall:

- (a) only report energy consumed from processes owned or controlled by the undertaking applying the same perimeter applied for reporting GHG Scopes 1 and 2 emissions;
- (b) exclude feedstocks and fuels that are not combusted for energy purposes. The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures;
- (c) ensure all quantitative energy-related information is reported in either Mega-Watt- hours (MWh) in Lower Heating Value or net calorific value. If raw data of energy- related information is only available in energy units other than MWh (such as GigaJoules (GJ) or British Thermal Units (BTU)), in volume units (such as cubic feet or gallons) or in mass units (such as kilograms or pounds), they shall be converted to MWh using suitable conversion factors (see for example Annex II of the Fifth Assessment IPCC report). Conversion factors for fuels shall be made transparent and applied in a consistent manner;
- (d) ensure all quantitative energy-related information is reported as final energy consumption, referring to the amount of energy the undertaking actually consumes using for example the table in Annex IV of Directive 2012/27 of the European Parliament and of the Council¹⁷ on energy efficiency;
- (e) avoid double counting fuel consumption when disclosing self-generated energy consumption. If the undertaking generates electricity from either a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once under fuel consumption;
- (f) not offset energy consumption even if *onsite* generated energy is sold to and used by a third party;
- (g) not count energy that is sourced from within the organisational boundary under “purchased or acquired” energy;
- (h) account for steam, heat or cooling received as “waste energy” from a third party’s industrial processes under “purchased or acquired” energy;
- (i) account for renewable hydrogen⁵⁶ as a renewable fuel. Hydrogen that is not completely derived from renewable sources shall be included under “fuel consumption from other non-renewable sources”; and
- (j) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources based on the approach applied to calculate market-based Scope 2 GHG emissions. The undertaking shall only consider these energy consumptions as deriving from renewable sources if the origin of the purchased energy is clearly defined in the contractual arrangements with its *suppliers* (renewable power purchasing agreement, standardised green electricity tariff, market instruments like Guarantee of Origin from renewable sources in Europe¹⁸ or similar instruments like Renewable Energy Certificates in the US and Canada, etc.).

AR 33. The information required under paragraph 37 (a) is applicable if the undertaking is operating in at least one **high climate impact sector**. The information required under paragraph 38 (a) to (e). shall also include energy from fossil sources consumed in operations that are not in high climate impact sectors.

AR 34. The information on Energy consumption and mix may be presented using the following tabular format for **high climate impact sectors** and for all other sector by omitting rows (1) to (5).

Energy consumption and mix	Comparative	Year N
(1) Fuel consumption from coal and coal products (MWh)		
(2) Fuel consumption from crude oil and petroleum products (MWh)		
(3) Fuel consumption from natural gas (MWh)		
(4) Fuel consumption from other fossil sources (MWh)		
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)		
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)		
Share of fossil sources in total energy consumption (%)		
(7) Consumption from nuclear sources (MWh)		
Share of consumption from nuclear sources in total energy consumption (%)		
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)		
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)		
(10) The consumption of self-generated non-fuel renewable energy (MWh)		
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)		
Share of renewable sources in total energy consumption (%)		
Total energy consumption (MWh) (calculated as the sum of lines 6, and 11)		

17 Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC (OJ L 315, 14.11.2012, p. 1). 56 Compliant with the requirements in delegated acts for hydrogen from renewable sources: Commission delegated regulation of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of nonbiological origin; and Commission delegated regulation of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin and from recycled carbon fuel.

18 eased on Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

AR 35. The total energy consumption with a distinction between fossil, nuclear and renewable energy consumption may be presented graphically in the **sustainability statement** showing developments over time (e.g., through a pie or bar chart).

Energy intensity based on net revenue

Calculation guidance

AR 36. When preparing the information on energy intensity required under paragraph 40, the undertaking shall:

- (a) calculate the energy intensity ratio using the following formula:

$$\frac{\text{Total energy consumption from activities in high climate impact sectors (MWh)}}{\text{Net revenue from activities in high climate impact sectors (Monetary unit)}}$$

- (b) express the total energy consumption in MWh and the net revenue in monetary units (e.g., Euros);
- (c) the numerator and denominator shall only consist of the proportion of the total final energy consumption (in the numerator) and net revenue (in the denominator) that are attributable to activities in **high climate impact sectors**. In effect, there should be consistency in the scope of both the numerator and denominator;
- (d) calculate the total energy consumption in line with the requirement in paragraph 37;
- (e) calculate the net revenue in line with the accounting standards requirements applicable for the financial statements, i.e., IFRS 15 *Revenue from Contracts with Customers* or local GAAP requirements.

AR 37. The quantitative information may be presented in the following table.

Energy intensity per net revenue	Comparative	N	% N / N-1
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/Monetary unit)			

Connectivity of energy intensity based on net revenue with financial reporting information

AR 38. The reconciliation of net revenue from activities in **high climate impact sectors** to the relevant financial statements line item or disclosure (as required by paragraph 43) may be presented either:

- (a) by a cross-reference to the related line item or disclosure in the financial statements; or
- (b) If the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.

Net revenue from activities in high climate impact sectors used to calculate energy intensity	
Net revenue (other)	
Total net revenue (Financial statements)	

[301050] E1-5 Energy consumption and mix – general

DisclosureOfEnergyConsumptionAndMixGeneralAbstract

DisclosureOfEnergyConsumptionAndMixExplanatory

35. The undertaking shall provide information on its energy consumption and mix.

36. The objective of this Disclosure Requirement is to provide an understanding of the undertaking's total energy consumption in absolute value, improvement in energy efficiency, exposure to coal, oil and gas-related activities, and the share of *renewable energy* in its overall energy mix.

DisclosureOfEnergyConsumptionAndMixAbstract

DisclosureOfEnergyConsumptionAndMixTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

DisclosureOfEnergyConsumptionAndMixLineItems

EnergyConsumptionRelatedToOwnOperations

EnergyConsumptionFromFossilSources

FuelConsumptionFromCoalAndCoalProducts

FuelConsumptionFromCrudeOilAndPetroleumProducts

FuelConsumptionFromNaturalGas

FuelConsumptionFromOtherFossilSources

ConsumptionOfPurchasedOrAcquiredElectricityHeatSteamOrCoolingFromFossilSources

PercentageOfFossilSourcesInTotalEnergyConsumption

EnergyConsumptionFromNuclearSources

PercentageOfEnergyConsumptionFromNuclearSourcesInTotalEnergyConsumption

EnergyConsumptionFromRenewableSources

FuelConsumptionFromRenewableSources

ConsumptionOfPurchasedOrAcquiredElectricityHeatSteamAndCoolingFromRenewableSources

ConsumptionOfSelfgeneratedNonfuelRenewableEnergy

PercentageOfRenewableSourcesInTotalEnergyConsumption

NonrenewableEnergyProduction

RenewableEnergyProduction

EnergyIntensityFromActivitiesInHighClimateImpactSectorsTotalEnergyConsumptionPerNetRevenue

EnergyConsumptionFromActivitiesInHighClimateImpactSectors

HighClimateImpactSectorsUsedToDetermineEnergyIntensity

DisclosureOfReconciliationToRelevantLineItemOrNotesInFinancialStatementsOfNetRevenueFromActivitiesInHighClimateImpactSectorsExplanatory

Revenue

RevenueFromActivitiesInHighClimateImpactSectors

RevenueFromActivitiesOtherThanInHighClimateImpactSectors

37. The disclosure required by paragraph 35 shall include the total energy consumption in MWh related to own operations disaggregated by:

- a. total energy consumption from fossil sources⁵;
- b. total energy consumption from nuclear sources;
- c. total energy consumption from renewable sources disaggregated by:
 - i. fuel consumption for renewable sources including biomass (also comprising industrial and municipal **waste** of biologic origin), biofuels, biogas, hydrogen from renewable sources⁶, etc.;

- ii. consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources; and
- iii. consumption of self-generated non-fuel renewable energy.

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Share of non-renewable energy consumption and production”). The breakdown serves as a reference for an additional indicator related to principal adverse impacts as set out by indicator #5 in Table II of the same Annex (“breakdown of energy consumption by type of non-renewable sources of energy”).

⁶ Compliant with the requirements in delegated acts for hydrogen from renewable sources: Commission Delegated Regulation of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a Union methodology setting out detailed rules for the production of renewable liquid and gaseous transport fuels of non- biological origin; and Commission Delegated Regulation of 10 February 2023 supplementing Directive (EU) 2018/2001 of the European Parliament and of the Council by establishing a minimum threshold for greenhouse gas emissions savings of recycled carbon fuels and by specifying a methodology for assessing greenhouse gas emissions savings from renewable liquid and gaseous transport fuels of non-biological origin and from recycled carbon fuel.

38. The undertaking with operations in **high climate impact sectors**⁷ shall further disaggregate their total energy consumption from fossil sources by:
- a. fuel consumption from coal and coal products;
 - b. fuel consumption from crude oil and petroleum products;
 - c. fuel consumption from natural gas;
 - d. fuel consumption from other fossil sources;
 - e. consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources;

⁷ High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288).

39. In addition, where applicable, the undertaking shall disaggregate and disclose separately its **non-renewable energy** production and **renewable energy** production in MWh.⁸

⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Share of non-renewable energy consumption and production”).

Energy intensity based on net revenue⁹

40. The undertaking shall provide information on the energy intensity (total energy consumption per net revenue) associated with activities in **high climate impact sectors**.
41. The disclosure on energy intensity required by paragraph 40 shall only be derived from the total energy consumption and net revenue from activities in **high climate impact sectors**.
42. The undertaking shall specify the **high climate impact sectors** that are used to determine the energy intensity required by paragraph 40.
43. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amount from activities in **high climate impact sectors** (the denominator in the calculation of the energy intensity required by paragraph 40).

⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #6 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Energy consumption intensity per high climate impact sector”).

Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions

Calculation guidance

AR 39. When preparing the information for reporting GHG **emissions** as required by paragraph 44, the undertaking shall:

- (a) consider the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004). The undertaking may consider Commission Recommendation (EU) 2021/2279⁵⁸ or the requirements stipulated by EN ISO 14064-1:2018. If the undertaking already applies the GHG accounting methodology of ISO

⁵⁸ Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 471, 30.12.2021, p. 1).

14064- 1: 2018, it shall nevertheless comply with the requirements of this standard (e.g., regarding reporting boundaries and the disclosure of market-based Scope 2 GHG emissions);

- (b) disclose the methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions accompanied by the reasons why they were chosen, and provide a reference or link to any calculation tools used;
- (c) include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Additional GHG may be considered when significant; and
- (d) use the most recent **Global Warming Potential (GWP)** values published by the IPCC based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases.

AR 40. When preparing the information for reporting GHG emissions from its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements as required by paragraph 50, the undertaking shall consolidate 100% of the GHG emissions of the entities it operationally controls. In practice, this happens when the undertakings holds the license - or permit - to operate the assets from these associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements. When the undertaking has a contractually defined part-time operational control, it shall consolidate 100% the GHG emitted during the time of its operational control.

AR 41. In line with ESRS 1 chapter 3.7, the undertaking shall disaggregate information on its GHG emissions as appropriate. For example, the undertaking may disaggregate its Scope 1, 2, 3, or total GHG **emissions** by country, operating segments, economic activity, subsidiary, GHG category (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, and other GHG considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).

AR 42. An undertaking might have a different reporting period from some or all of the entities in its value chain. In such circumstances, the undertaking is permitted to measure its GHG emissions in accordance with paragraph 44 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the undertaking's reporting period, on the condition that:

- (a) the undertaking uses the most recent data available from those entities in its value chain to measure and disclose its greenhouse gas emissions;
- (b) the length of the reporting periods is the same; and
- (c) the undertaking discloses the effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose financial statements.

AR 43. When preparing the information on gross **Scope 1 GHG emissions** required under paragraph 48 (a), the undertaking shall:

- (a) calculate or measure GHG emissions from stationary combustion, mobile combustion, process emissions and fugitive emissions; and use suitable activity data that include the non-renewable fuel consumption;
- (b) use suitable and consistent emission factors;
- (c) disclose biogenic emissions of CO₂ from the combustion or bio-degradation of biomass separately from the Scope 1 GHG emissions, but include emissions of other types of GHG (in particular CH₄ and N₂O);
- (d) not include any removals, or any purchased, sold or transferred **carbon credits** or GHG allowances in the calculation of Scope 1 GHG emissions; and
- (e) for activities reporting under the EU ETS, report on Scope 1 emissions following the EU ETS methodology. The EU ETS methodology may also be applied to activities in geographies and sectors that are not covered by the EU ETS.

AR 44. When preparing the information on the percentage of Scope 1 GHG **emissions** from regulated emission trading schemes required under paragraph 48 (b), the undertaking shall:

- (a) consider GHG emissions from the **installations** it operates that are subject to regulated Emission Trading Schemes (ETS), including the EU-ETS, national ETS and non-EU ETS, if applicable;
- (b) only include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃;
- (c) ensure the same accounting period for gross Scope 1 GHG emissions and GHG emissions regulated under the ETS; and
- (d) calculate the share by using the following formula:

$$\frac{\text{GHG Emissions in (t CO}_2\text{eq) from EU ETS installations + national ETS installations + nonEU ETS installations}}{\text{Scope 1 GHG emissions (t CO}_2\text{eq)}}$$

AR 45. When preparing the information on gross Scope 2 GHG **emissions** required under paragraph 49, the undertaking shall:

- (a) consider the principles and requirements of the GHG Protocol Scope 2 Guidance (version 2015, in particular the Scope 2 quality criteria in chapter 7.1 relating to contractual instruments); it may also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of **indirect GHG emissions** from imported energy in EN ISO 14064-1:2018;
- (b) include **purchased or acquired electricity, steam, heat, and cooling** consumed by the undertaking;
- (c) avoid double counting of GHG emissions reported under Scope 1 or 3;
- (d) apply the location-based and market-based methods to calculate Scope 2 GHG emissions and provide information on the share and types of contractual instruments. Location-based method quantifies Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Market-based method quantifies Scope 2 GHG emissions based on GHG emissions emitted by the generators from which the reporting entity contractually purchases electricity bundled with instruments, or unbundled instruments on their own (GHG Protocol, "Scope 2 Guidance", Glossary, 2015); in this case, the undertaking may disclose the share of market-based scope 2 GHG emissions linked to purchased electricity bundled with instruments such as Guarantee of Origins or Renewable Energy Certificates. The undertaking shall provide information about the share and types of contractual instruments used for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims.
- (e) disclose biogenic emissions of CO₂ carbon from the combustion or biodegradation of biomass separately from the Scope 2 GHG emissions but include emissions of other types of GHG (in particular CH₄ and N₂O). In case the emission factors applied do not separate the percentage of biomass or biogenic CO₂, the undertaking shall disclose this. In case GHG emissions other than CO₂ (particularly CH₄ and N₂O) are not available for, or excluded from, location-based grid average emissions factors or with the market-based method information, the undertaking shall disclose this.

- (f) not include any removals, or any purchased, sold or transferred **carbon credits** or GHG allowances in the calculation of Scope 2 GHG emissions.

AR 46. When preparing the information on gross Scope 3 GHG **emissions** required under paragraph 51, the undertaking shall:

- (a) consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011); and it may consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of **indirect GHG emissions** from EN ISO 14064-1:2018;
- (b) if it is a financial institution, consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF), specifically part A “Financed Emissions” (version December 2022);
- (c) screen its total Scope 3 GHG emissions based on the 15 Scope 3 categories identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) using appropriate estimates. Alternatively, it may screen its **indirect GHG emissions** based on the categories provided by EN ISO 14064-1:2018 clause 5.2.4 (excluding indirect GHG emissions from imported energy);
- (d) identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65-68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related **transition risks** and **opportunities** or **stakeholder** views;
- (e) calculate or estimate GHG emissions in significant Scope 3 categories using suitable emissions factors;
- (f) update Scope 3 GHG emissions in each significant category every year on the basis of current activity data; update the full Scope 3 GHG inventory at least every 3 years or on the occurrence of a significant event or a significant change in circumstances (a significant event or significant change in circumstances can, for example, relate to changes in the undertaking’s activities or structure, changes in the activities or structure of its upstream and downstream value chain(s), a change in calculation methodology or in the discovery of errors);”);
- (g) disclose the extent to which the undertaking’s Scope 3 GHG emissions are measured using inputs from specific activities within the entity’s upstream and downstream value chain, and disclose the percentage of emissions calculated using primary data obtained from **suppliers** or other **value chain** partners.
- (h) for each significant Scope 3 GHG category, disclose the reporting boundaries considered, the calculation methods for estimating the GHG emissions as well as if and which calculation tools were applied. The Scope 3 categories should be consistent with the GHGP and include:
 - i. indirect Scope 3 GHG emissions from the consolidated accounting group (the parent and its subsidiaries),
 - ii. indirect Scope 3 GHG emissions from associates, joint ventures, and unconsolidated subsidiaries for which the undertaking has the ability to control the operational activities and relationships (i.e., operational control),
 - iii. Scope 1, 2 and 3 GHG emissions from associates, joint ventures, unconsolidated subsidiaries (investment entities) and joint arrangements for which the undertaking does not have **operational control** and when these entities are part of the undertaking’s upstream and downstream value chain.
- (i) disclose a list of Scope 3 GHG emissions categories included in and excluded from the inventory with a justification for excluded Scope 3 categories;
- (j) disclose biogenic emissions of CO₂ from the combustion or biodegradation of biomass that occur in its upstream and downstream **value chain** separately from the gross Scope 3 GHG emissions, and include emissions of other types of GHG (such as CH₄ and N₂O), and emissions of CO₂ that occur in

the life cycle of biomass other than from combustion or biodegradation (such as GHG emissions from processing or transporting biomass) in the calculation of Scope 3 GHG emissions;

- (k) not include any removals, or any purchased, sold or transferred **carbon credits** or GHG allowances in the calculation of Scope 3 GHG emissions;

AR 47. When preparing the information on the total GHG **emissions** required under paragraph 52, the undertaking shall:

- (a) apply the following formulas to calculate the total GHG emissions:

Total GHG emissions_{location-based} (t CO₂eq)

$$= \text{Gross Scope 1} + \text{Gross Scope 2}_{\text{location-based}} + \text{Gross Scope 3 Total}$$

GHG emissions_{market-based} (t CO₂eq)

$$= \text{Gross Scope 1} + \text{Gross Scope 2}_{\text{market-based}} + \text{Gross Scope 3}$$

- (b) disclose total GHG emissions with a distinction between emissions derived from the location-based and market-based methods applied while measuring the underlying Scope 2 GHG emissions.

AR 48. The undertaking shall disclose its total GHG **emissions** disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below.

	Retrospective				Milestones and target years			
	Base year	Compa-rative	N	% N / N-1	2025	2030	(2050)	Annual % target / Base year
Scope 1 GHG emissions								
Gross Scope 1 GHG emissions (tCO ₂ eq)								
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)								
Scope 2 GHG emissions								
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)								
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)								
Significant scope 3 GHG emissions								
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)								
1 Purchased goods and services								
[Optional sub-category: Cloud computing and data centre services]								
2 Capital goods								
3 Fuel and energy-related Activities (not included in Scope 1 or Scope 2)								
4 Upstream transportation and distribution								
5 Waste generated in operations								
6 Business travelng								
7 Employee commuting								
8 Upstream leased assets								
9 Downstream transportation								
10 Processing of sold products								
11 Use of sold products								
12 End-of-life treatment of sold products								
13 Downstream leased assets								
14 Franchises								
15 Investments								
Total GHG emissions								
Total GHG emissions (location-based) (tCO ₂ eq)								
Total GHG emissions (market-based) (tCO ₂ eq)								

AR 49. To highlight potential **transition risks**, the undertaking may disclose its total GHG **emissions** disaggregated by major countries and, if applicable, by operating segments (applying the same segments for the financial statements as required by the accounting standards, i.e., IFRS 8 *Operating Segments* or local GAAP).

Scope 3 GHG emissions may be excluded from these breakdowns by country if the related data is not readily available.

AR 50. The Scope 3 GHG **emissions** may also be presented by according to the indirect emission categories defined in EN ISO 14064-1:2018.

AR 51. If it is material for the undertaking's Scope 3 emissions, it shall disclose the GHG **emissions** from purchased cloud computing and data centre services as a subset of the overarching **Scope 3 category** "upstream purchased goods and services".

AR 52. The total GHG **emissions** disaggregated by Scope 1, 2 and 3 GHG emissions may be graphically presented in the **sustainability statement** (e.g., as a bar or pie chart) showing the split of GHG emissions across the **value chain** (Upstream, Own operations, Transport, Downstream).

[301060] E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions – general

GrossScopes123AndTotalGHGEmissionsGeneralAbstract
DisclosureOfGHGEmissionsExplanatory
GrossScopes1And2FinancialAndOperationalControlAbstract
GrossScopes1And2FinancialAndOperationalControlTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
BaselineYearMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
FinancialAndOperationalControlAxis
FinancialAndOperationalControlMember
ConsolidatedAccountingGroupFinancialControlMember
OtherInvesteesExcludedFromConsolidatedAccountingGroupIncludingContractualArrangementsOperationalControlMember
GrossScopes1And2FinancialAndOperationalControlLineItems
GrossScope1GreenhouseGasEmissions
PercentageOfScope1GreenhouseGasEmissionsFromRegulatedEmissionTradingSchemes
GrossLocationBasedScope2GreenhouseGasEmissions
GrossMarketBasedScope2GreenhouseGasEmissions
GrossScopes123AndTotalGHGEmissionsGHGEmissionsPerScopeAbstract
GrossScopes123AndTotalGHGEmissionsGHGEmissionsPerScopeTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
BaselineYearMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GrossScopes123AndTotalGHGEmissionsGHGEmissionsPerScopeLineItems
GrossScope1GreenhouseGasEmissions
PercentageOfScope1GreenhouseGasEmissionsFromRegulatedEmissionTradingSchemes

GrossLocationBasedScope2GreenhouseGasEmissions
GrossMarketBasedScope2GreenhouseGasEmissions
GrossScope3GreenhouseGasEmissions
PercentageOfGrossScope3GreenhouseGasEmissionsCalculatedUsingPrimaryDataObtainedFromSuppliersOrOtherValueChainPartners
LocationBasedGreenhouseGasEmissions
MarketBasedGreenhouseGasEmissions
GrossScopes123AndTotalGHGEmissionsGHGEmissionsPerScopeAdditionalBreakdownsAbstract
GHGEmissionsPerScopeAdditionalBreakdownsTable
CountryAxis
CountryMember
ReportingScopeAxis
CurrentAndRetrospectiveMember
BaselineYearMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GHGCategoryAxis
GHGCategoryMember
CO2Member
CH4Member
N2OMember
HFCsMember
PFCsMember
SF6Member
NF3Member
OtherGHGCategoryMember
SectorsAndEconomicActivitiesAxis
SectorsAndEconomicActivitiesMember
SourceTypeAxis
SourceTypeMember
StationaryCombustionMember
MobileCombustionMember
ProcessEmissionsMember
FugitiveEmissionsMember
NameOfSubsidiaryTypedAxis
OperatingSegmentTypedAxis
GrossScopes123AndTotalGHGEmissionsGHGEmissionsPerScopeAdditionalBreakdownsLineItems
GrossScope1GreenhouseGasEmissions
PercentageOfScope1GreenhouseGasEmissionsFromRegulatedEmissionTradingSchemes
GrossLocationBasedScope2GreenhouseGasEmissions
GrossMarketBasedScope2GreenhouseGasEmissions
GrossScope3GreenhouseGasEmissions

PercentageOfGrossScope3GreenhouseGasEmissionsCalculatedUsingPrimaryDataObtainedFromSuppliersOr
OtherValueChainPartners

LocationBasedGreenhouseGasEmissions

MarketBasedGreenhouseGasEmissions

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsGHGProtocolAbstract

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsGHGProtocolTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

Scope3GHGEmissionsCategoryGHGProtocolAxis

Scope3GHGEmissionsCategoryGHGProtocolMember

Category1PurchasedGoodsAndServicesMember

Category11CloudComputingAndDataCentreServicesMember

Category2CapitalGoodsMember

Category3FuelAndEnergyrelatedActivitiesMember

Category4UpstreamTransportationAndDistributionMember

Category5WasteGeneratedInOperationsMember

Category6BusinessTravelMember

Category7EmployeeCommutingMember

Category8UpstreamLeasedAssetsMember

Category9DownstreamTransportationAndDistributionMember

Category10ProcessingOfSoldProductsMember

Category11UseOfSoldProductsMember

Category12EndoflifeTreatmentOfSoldProductsMember

Category13DownstreamLeasedAssetsMember

Category14FranchisesMember

Category15InvestmentsMember

OtherScope3GreenhouseGasEmissionsMember

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsGHGProtocolLineItems

GrossScope3GreenhouseGasEmissions

DisclosureOfReportingBoundariesConsideredAndCalculationMethodsForEstimatingScope3GHGEmissionsCat
egoryAndIfRelevantCalculationToolsAppliedExplanatory

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsISO140641Abstract

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsISO140641Table

ReportingScopeAxis

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BaselineYearMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

Scope3GHGEmissionsCategoryISO140641Axis

Scope3GHGEmissionsCategoryISO140641Member

Category2IndirectGHGEmissionsFromImportedEnergyMember
Category3IndirectGHGEmissionsFromTransportationMember
Category4IndirectGHGEmissionsFromProductsUsedByOrganizationMember
Category41IndirectGHGEmissionsFromGoodsPurchasedByOrganizationMember
Category42IndirectGHGEmissionsFromServicesUsedByOrganizationMember
Category5IndirectGHGEmissionsAssociatedWithUseOfProductsFromOrganizationMember
Category6IndirectGHGEmissionsFromOtherSourcesMember
OtherScope3GreenhouseGasEmissionsMember

GrossScopes123AndTotalGHGEmissionsScope3GHGEmissionsISO140641LineItems

GrossScope3GreenhouseGasEmissions

DisclosureOfReportingBoundariesConsideredAndCalculationMethodsForEstimatingScope3GHGEmissionsCategoryAndIfRelevantCalculationToolsAppliedExplanatory

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsAbstract

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

OperatingSegmentTypedAxis

CountryAxis

CountryMember

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsLineItems

LocationBasedGreenhouseGasEmissions

MarketBasedGreenhouseGasEmissions

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsValueChainAbstract

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsValueChainTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

BaselineYearMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

ValueChainAxis

ValueChainMember

UpstreamValueChainMember

OwnOperationsMember

TransportMember

DownstreamValueChainMember

GrossScopes123AndTotalGHGEmissionsTotalGHGEmissionsValueChainLineItems

GrossScope1GreenhouseGasEmissions

GrossScope3GreenhouseGasEmissions

LocationBasedGreenhouseGasEmissions

GrossLocationBasedScope2GreenhouseGasEmissions

MarketBasedGreenhouseGasEmissions

GrossMarketBasedScope2GreenhouseGasEmissions

DisclosureOfSignificantChangesInDefinitionOfWhatConstitutesReportingUndertakingAndItsUpstreamAndDownstreamValueChainAndExplanationOfTheirEffectOnYear-to-yearComparabilityOfReportedGHGEmissionsExplanatory

DisclosureOfEffectsOfSignificantEventsAndChangesInCircumstancesRelevantToGHGEmissionsThatOccurBetweenReportingDatesOfEntitiesInValueChainAndDateOfUndertakingSGeneralPurposeFinancialStatementsExplanatory

DisclosureOfMethodologiesSignificantAssumptionsAndEmissionsFactorsUsedToCalculateOrMeasureGHGEmissionsExplanatory

DisclosureOfReconciliationToFinancialStatementsOfNetRevenueUsedForCalculationOfGHGEmissionsIntensityExplanatory

ListOfScope3GHGEmissionsCategoriesIncludedInInventoryGHGProtocol

ListOfScope3GHGEmissionsCategoriesExcludedFromInventoryGHGProtocol

ListOfScope3GHGEmissionsCategoriesIncludedInInventoryISO140641

ListOfScope3GHGEmissionsCategoriesExcludedFromInventoryISO140641

DisclosureOfWhyScope3GHGEmissionsCategoriesHaveBeenExcludedFromInventoryExplanatory

DisclosureOfTypesOfContractualInstrumentsScope2GHGEmissionsExplanatory

DisclosureOfTypesOfContractualInstrumentsUsedForSaleAndPurchaseOfEnergyBundledWithAttributesAboutEnergyGenerationOrForUnbundledEnergyAttributeClaimsExplanatory

DisclosureOfExtentToWhichScope3GHGEmissionsAreMeasuredUsingInputsFromSpecificActivitiesWithinUpstreamAndDownstreamValueChainExplanatory

44. The undertaking shall disclose in metric tonnes of CO₂eq its¹⁰:

- a. gross Scope 1 GHG emissions;
- b. gross Scope 2 GHG emissions;
- c. gross Scope 3 GHG emissions; and
- d. total GHG emissions.

45. The objective of the Disclosure Requirement in paragraph 44 in respect of:

- e. gross **Scope 1 GHG emissions** as required by paragraph 44 (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.
- f. gross **Scope 2 GHG emissions** as required by paragraph 44 (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.
- g. gross **Scope 3 GHG emissions** as required by paragraph 44 (c) is to provide an understanding of the GHG emissions that occur in the undertaking's upstream and downstream value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of their GHG inventory and are an important driver of the undertaking's **transition risks**.
- h. total GHG **emissions** as required by paragraph 44 (d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the upstream and downstream 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.

The information from this Disclosure Requirement is also needed to understand the undertaking's climate-related **transition risks**.

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicators #1 and #2 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("GHG emissions" and "Carbon footprint"). This information is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation), Articles 5 (1), 6 and 8 (1).

46. When disclosing the information on **GHG emissions** required under paragraph 44, the undertaking shall refer to ESRS 1 paragraphs from 62 to 67. In principle, the data on GHG emissions of its associates or joint ventures that are part of the undertaking's upstream and downstream value chain (ESRS 1 Paragraph 67) are not limited to the share of equity held. For its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), the undertaking shall include the GHG emissions in accordance with the extent of the undertaking's **operational control** over them.
47. In case of significant changes in the definition of what constitutes the reporting undertaking and its upstream and downstream **value chain**, the undertaking shall disclose these changes and explain their effect on the year-to-year comparability of its reported GHG **emissions** (i.e., the effect on the comparability of current versus previous reporting period GHG emissions).
48. The disclosure on gross **Scope 1 GHG emissions** required by paragraph 44 (a) shall include:
- the gross Scope 1 GHG emissions in metric tonnes of CO₂eq; and
 - the percentage of Scope 1 GHG emissions from regulated emission trading schemes.
49. The disclosure on gross **Scope 2 GHG emissions** required by paragraph 44 (b) shall include:
- the gross location-based Scope 2 GHG emissions in metric tonnes of CO₂eq; and
 - the gross market-based Scope 2 GHG emissions in metric tonnes of CO₂eq.
50. For **Scope 1 and Scope 2 emissions** disclosed as required by paragraphs 44 (a) and (b) the undertaking shall disaggregate the information, separately disclosing emissions from:
- the consolidated accounting group (the parent and subsidiaries); and
 - investees such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), for which it has operational control.
51. The disclosure of gross **Scope 3 GHG emissions** required by paragraph 44 (c) shall include GHG emissions in metric tonnes of CO₂eq from each significant **Scope 3 category** (i.e. each Scope 3 category that is a priority for the undertaking) .
52. The disclosure of total **GHG emissions** required by paragraph 44 (d) shall be the sum of **Scope 1, 2 and 3 GHG emissions** required by paragraphs 44 (a) to (c). The total GHG emissions shall be disclosed with a disaggregation that makes a distinction of:
- the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the location-based method; and
 - the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the market-based method.

[301061] E1-6.1 Gross Scopes 1, 2, 3 and Total GHG emissions - other numerical disclosures - general

Calculation guidance

AR 53. When disclosing the information on GHG intensity based on net revenue required under paragraph 53, the undertaking shall:

- calculate the GHG intensity ratio by the following formula:

Total GHG emissions (t CO₂eq);

Net revenue (Monetary unit)

- (b) express the total GHG **emissions** in metric tonnes of CO₂eq and the net revenue in monetary units (e.g., Euros) and present the results for the market-based and location-based method;
- (c) include the total GHG emissions in the numerator and overall net revenue in the denominator;
- (d) calculate the total GHG emissions as required by paragraphs 44 (d) and 52; and
- (e) calculate the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.

AR 54. The quantitative information may be presented in the following tabular format.

GHG intensity per net revenue	Comparative	N	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/Monetary unit)			
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/Monetary unit)			

Connectivity of GHG intensity based on revenue with financial reporting information

AR 55. The reconciliation of the net revenue used to calculate GHG intensity to the relevant line item or notes in the financial statements (as required by paragraph 55) may be done by either:

- (a) a cross-reference to the related line item or disclosure in the financial statements; or
- (b) if the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.

Net revenue used to calculate GHG intensity	
Net revenue (other)	
Total net revenue (in financial statements)	

GHG Intensity based on net revenue¹¹

GrossScopes123AndTotalGHGEmissionsOtherNumericalDisclosuresGeneralAbstract

DisclosureOfGHGEmissionsExplanatory

GrossScopes123AndTotalGHGEmissionsOtherNumericalDisclosuresAbstract

GrossScopes123AndTotalGHGEmissionsOtherNumericalDisclosuresTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

GrossScopes123AndTotalGHGEmissionsOtherNumericalDisclosuresLineItems

GHGEmissionsIntensityLocationbasedTotalGHGEmissionsPerNetRevenue

GHGEmissionsIntensityMarketbasedTotalGHGEmissionsPerNetRevenue

Revenue

NetRevenueUsedToCalculateGHGIntensity

NetRevenueOtherThanUsedToCalculateGHGIntensity

BiogenicEmissionsOfCO2FromCombustionOrBiodegradationOfBiomassNotIncludedInScope1GHGEmissions

BiogenicEmissionsOfCO2FromCombustionOrBiodegradationOfBiomassNotIncludedInScope2GHGEmissions

BiogenicEmissionsOfCO2FromCombustionOrBiodegradationOfBiomassThatOccurInUpstreamAndDownstreamValueChainNotIncludedInScope3GHGEmissions

PercentageOfContractualInstrumentsScope2GHGEmissions

PercentageOfMarketbasedScope2GHGEmissionsLinkedToPurchasedElectricityBundledWithInstruments

PercentageOfContractualInstrumentsUsedForSaleAndPurchaseOfEnergyBundledWithAttributesAboutEnergyGenerationInRelationToScope2GHGEmissions

PercentageOfContractualInstrumentsUsedForSaleAndPurchaseOfUnbundledEnergyAttributeClaimsInRelationToScope2GHGEmissions

PercentageOfGrossScope3GreenhouseGasEmissionsCalculatedUsingPrimaryDataObtainedFromSuppliersOrOtherValueChainPartners

53. The undertaking shall disclose its GHG **emissions** intensity (total GHG emissions per net revenue).
54. The disclosure on GHG intensity required by paragraph 53 shall provide the total GHG **emissions** in metric tonnes of CO₂eq (required by paragraph 44 (d)) per net revenue.
55. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amounts (the denominator in the calculation of the GHG **emissions** intensity required by paragraph 53).

Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits

GHG removals and storage in own operations and the upstream and downstream value chain

AR 56. In addition to their GHG emission inventories, undertakings shall provide transparency on how and to what extent they either enhance natural sinks or apply technical solutions to remove GHGs from the atmosphere in their own operations and upstream and downstream value chain. While there are no generally accepted concepts and methodologies for accounting for GHG removals, this Standard aims to increase transparency on the undertaking's efforts to remove GHGs from the atmosphere (paragraphs 56 (a) and 58). The GHG removals outside the **value chain** that the undertaking supports through the purchase of **carbon credits** are to be disclosed separately as required by paragraphs 56 (b) and 59.

AR 57. When disclosing the information on **GHG removals and storage** from the undertaking's own operations and its upstream and downstream **value chain** required under paragraphs 56 (a) and 58, for each removal and storage activity, the undertaking shall describe:

- (a) the GHGs concerned;
- (b) whether removal and storage are biogenic or from **land-use change** (e.g., afforestation, reforestation, forest restoration, urban tree planting, agroforestry, building **soil** carbon, etc.), technological (e.g., direct air capture), or hybrid (e.g., bioenergy with CO₂ capture and storage), and technological details about the removal, the type of storage and, if applicable, the transport of removed GHGs;
- (c) if applicable, a brief explanation of whether the activity qualifies as a nature-based solution; and
- (d) how the risk of non-permanence is managed, including determining and monitoring leakage and reversal events, as appropriate.

Calculation guidance

AR 58. When preparing the information on **GHG removals and storage** from the undertaking's own operations and its upstream and downstream **value chain** required under paragraphs 56 (a) and 58, the undertaking shall:

- (a) consider, as far as applicable, the GHG Protocol Corporate Standard (version 2004), Product Standard (version 2011), Agriculture Guidance (version 2014), Land use, **land-use change**, and forestry Guidance for GHG project accounting (version 2006);
- (b) apply consensus methods on accounting for GHG removals as soon as they are available, notably the EU regulatory framework for the certification of CO₂ removals;
- (c) if applicable, explain the role of removals for its **climate change mitigation policy**;
- (d) include removals from operations that it owns, controls, or contributes to and that have not been sold to another party through carbon credits;
- (e) if applicable, mark those GHG removal activities in own operations or the value chain that have been converted into carbon credits and sold on to other parties on the voluntary market;
- (f) account for the GHG **emissions** associated with a removal activity, including transport and storage, under Disclosure Requirement E1-6 (Scopes 1, 2 or 3). To increase transparency on the efficiency of a removal activity, including transport and storage, the undertaking may disclose the GHG emissions associated with this activity (e.g., GHG emissions from electricity consumption of direct air capture technologies) alongside, but separately from, the amount of removed GHG emissions;
- (g) in case of a reversal, account for the respective GHG emissions as an offset for the removals in the reporting period;
- (h) use the most recent **GWP** values published by the IPCC based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases and describe the assumptions made, methodologies and frameworks applied for calculation of the amount of GHG removals; and
- (i) consider **nature-based solutions**.

AR 59. The undertaking shall disaggregate and separately disclose the GHG removals that occur in its own operations and those that occur in its upstream and downstream value chain. GHG removal activities in the upstream and downstream **value chain** shall include those that the undertaking is actively supporting, for example, through a cooperation project with a **supplier**. The undertaking is not expected to include any GHG removals that may occur in its upstream and downstream value chain that it is not aware of.

AR 60. The quantitative information on GHG removals may be presented by using the following tabular format.

Removals	Comparative	N	% N / N-1
GHG removal activity 1 (e.g., forest restoration)	-		
GHG removal activity 2 (e.g., direct air capture)	-		
...	-		
Total GHG removals from own operations (tCO₂eq)			
GHG removal activity 1 (e.g., forest restoration)	-		

GHG removal activity 2 (e.g., direct air capture)	-		
...	-		
Total GHG removals in the upstream and downstream value chain (tCO₂eq)			
Reversals (tCO₂eq)			

GHG mitigation projects financed through carbon credits

AR 61. Financing GHG **emission reduction** projects outside the undertaking's **value chain** through purchasing **carbon credits** that fulfil high-quality standards can be a useful contribution towards mitigating climate change. This Standard requires the undertaking to disclose whether it uses **carbon credits** separately from the GHG **emissions** (paragraphs 56 (b) and 59) and GHG **emission reduction targets** (Disclosure Requirement E1-4). It also requires the undertaking to show the extent of use and which quality criteria it uses for those carbon credits.

AR 62. When disclosing the information on **carbon credits** required under paragraphs 56 (b) and 59, the undertaking shall disclose the following disaggregation as applicable:

- (a) the share (percentage of volume) of reduction projects and removal projects;
- (b) for carbon credits from removal projects, an explanation whether they are from biogenic or technological sinks;
- (c) the share (percentage of volume) for each recognised quality standard;
- (d) the share (percentage of volume) issued from projects in the EU; and
- (e) the share (percentage of volume) that qualifies as a corresponding adjustment under Article. 6 of the Paris Agreement.

Calculation guidance

AR 63. When preparing the information on **carbon credits** required under paragraphs 56 (b) and 59, the undertaking shall:

- (a) Consider **recognised quality standards**;
- (b) if applicable, explain the role of carbon credits in its **climate change mitigation policy**;
- (c) not include carbon credits issued from GHG **emission reduction** projects within its **value chain** as the respective GHG emission reductions shall already be disclosed under Disclosure Requirement E1-6 (Scope 2 or Scope 3) at the time they occur (i.e., double counting is avoided);
- (d) not include carbon credits from GHG removal projects within its value chain as the respective GHG removals may already be accounted for under Disclosure Requirement E1-7 at the time they occur (i.e., double counting is avoided);
- (e) not disclose carbon credits as an offset for its GHG **emissions** under Disclosure Requirement E1-6 on GHG emissions;
- (f) not disclose carbon credits as a means to reach the GHG emission reduction targets disclosed under Disclosure Requirement E1-4; and
- (g) calculate the amount of carbon credits to be cancelled in the future, as the sum of carbon credits in metric tonnes of CO₂eq over the duration of existing contractual agreements.

AR 64. The information on **carbon credits** cancelled in the reporting year and planned to be cancelled in the future may be presented using the following tabular formats.

Carbon credits cancelled in the reporting year	Comparative	N
Total (tCO ₂ eq)		
Share from removal projects (%)		
Share from reduction projects (%)		
Recognised quality standard 1 (%)		
Recognised quality standard 2 (%)		
Recognised quality standard 3 (%)		
...		
Share from projects within the EU (%)		
Share of carbon credits that qualify as corresponding adjustments (%)		

Carbon credits planned to be cancelled in the future	Amount until [period]
Total (tCO ₂ eq)	

[301070] E1-7 GHG removals and GHG mitigation projects financed through carbon credits – general

GHGremovalsAndGHGMitigationProjectsFinancedThroughCarbonCreditsGeneralAbstract

DisclosureOfGHGRemovalsAndGHGMitigationProjectsFinancedThroughCarbonCreditsExplanatory

56. The undertaking shall disclose:
- c. **GHG removals and storage in metric tonnes of CO₂eq resulting from projects it may have developed in its own operations, or contributed to in its upstream and downstream value chain; and**
 - d. **the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed or intends to finance through any purchase of carbon credits.**

57. The objective of this Disclosure Requirement is:
- e. to provide an understanding of the undertaking's **actions** to permanently remove or actively support the removal of GHG from the atmosphere, potentially for achieving **net-zero targets** (as stated in paragraph 60).
 - f. to provide an understanding of the extent and quality of **carbon credits** the undertaking has purchased or intends to purchase from the voluntary market, potentially for supporting its GHG neutrality claims (as stated in paragraph 61).
58. The disclosure on **GHG removals and storage** required by paragraph 56 (a) shall include, if applicable:
- a. the total amount of GHG removals and storage in metric tonnes of CO₂eq disaggregated and separately disclosed for the amount related to the undertaking's own operations and its upstream and downstream value chain, and broken down by removal activity; and
 - b. the calculation assumptions, methodologies and frameworks applied by the undertaking.

GHGRemovalsAndGHGMitigationProjectsFinancedThroughCarbonCreditsAbstract
GHGRemovalsAndGHGMitigationProjectsFinancedThroughCarbonCreditsTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GHGRemovalsAndGHGMitigationProjectsFinancedThroughCarbonCreditsLineItems
DisclosureOfGHGRemovalsAndStorageResultingFromProjectsDevelopedInOwnOperationsOrContributedToUpstreamAndDownstreamValueChainExplanatory
DisclosureOfCalculationAssumptionsMethodologiesAndFrameworksAppliedGHGRemovalsAndStorageExplanatory
DisclosureOfGHGEmissionReductionsOrRemovalsFromClimateChangeMitigationProjectsOutsideValueChainFinancedOrToBeFinancedThroughAnyPurchaseOfCarbonCreditsExplanatory
AmountOfCarbonCreditsOutsideValueChainThatAreVerifiedAgainstRecognisedQualityStandardsAndCancelled
PercentageOfReductionProjects
PercentageOfRemovalProjects
TypeOfCarbonCreditsFromRemovalProjects
PercentageIssuedFromProjectsInEuropeanUnion
PercentageThatQualifiesAsCorrespondingAdjustment
AmountOfCarbonCreditsOutsideValueChainPlannedToBeCancelledInFuture
DateWhenCarbonCreditsOutsideValueChainArePlannedToBeCancelled
CarbonCreditsOutsideValueChainPlannedToBeCancelledInFutureAreBasedOnExistingContractualAgreements
CarbonCreditsAreUsedSeparatelyFromGHGEmissionsAndGHGEmissionReductionTargets
DisclosureOfExtentOfUseAndQualityCriteriaUsedForCarbonCreditsExplanatory
NetZeroTargetIsDisclosedInAdditionToGrossGHGEmissionReductionTargets
ExplanationOfScopeMethodologiesAndFrameworksAppliedAndHowResidualGHGEmissionsAreIntendedToBeNeutralisedExplanatory
PublicClaimsOfGHGNeutralityThatInvolveUseOfCarbonCreditsHaveBeenMade
PublicClaimsOfGHGNeutralityThatInvolveUseOfCarbonCreditsAreAccompaniedByGHGEmissionReductionTargets

ClaimsOfGHGNeutralityAndRelianceOnCarbonCreditsNeitherImpedeNorReduceAchievementOfGHGEmissionReductionTargetsOrNetZeroTarget

ExplanationOfHowPublicClaimsOfGHGNeutralityThatInvolveUseOfCarbonCreditsAreAccompaniedByGHGEmissionReductionTargetsAndHowClaimsOfGHGNeutralityAndRelianceOnCarbonCreditsNeitherImpedeNorReduceAchievementOfGHGEmissionReductionTargetsOrNetZeroTargetExplanatory

ExplanationOfCredibilityAndIntegrityOfCarbonCreditsUsedExplanatory

GHGRemovalsAndStorageActivityAbstract

GHGRemovalsAndStorageActivityTable

NameOfRemovalAndStorageActivityTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

UndertakingScopeAxis

UndertakingScopeMember

OwnOperationsMember

ValueChainMember

UpstreamValueChainMember

DownstreamValueChainMember

GHGRemovalsAndStorageActivityLineItems

GHGRemovalsAndStorage

GHGEmissionsAssociatedWithRemovalActivity

Reversals

DescriptionOfGHGsConcernedForRemovalAndStorageActivityTechnologicalDetailsAboutGHGRemovalTypeStorageAndTransportOfRemovedGHGsWhetherActivityQualifiesAsNaturebasedSolutionAndHowRiskOfNonPermanenceIsManagedExplanatory

TypeOfGHGsConcernedForRemovalAndStorageActivity

TypeOfRemovalAndStorage

PercentageForRecognisedQualityStandardsAbstract

PercentageForRecognisedQualityStandardsTable

NameOfRecognisedQualityStandardTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

PercentageForRecognisedQualityStandardsLineItems

PercentageForRecognisedQualityStandard

59. The disclosure on **carbon credits** required by paragraph 56 (b) shall include, if applicable:
- a. the total amount of carbon credits outside the undertaking's **value chain** in metric tonnes of CO₂eq that are verified against recognised quality standards and cancelled in the reporting period; and
 - b. the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO₂eq planned to be cancelled in the future and whether they are based on existing contractual agreements or not.

60. In the case where the undertaking discloses a net-zero target in addition to the gross GHG emission reduction targets in accordance with Disclosure Requirement E1-4, paragraph 30, it shall explain the scope, methodologies and frameworks applied and how the residual GHG emissions (after approximately 90-95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) are intended to be neutralised by, for example, GHG removals in its own operations and upstream and downstream value chain.

¹¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #3 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“GHG intensity of investee companies”). This information is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation), Article 8 (1).

61. In the case where the undertaking may have made public claims of GHG neutrality that involve the use of **carbon credits**, it shall explain:

- a. whether and how these claims are accompanied by GHG **emission reduction targets** as required by Disclosure requirement ESRS E1-4;
- b. whether and how these claims and the reliance on carbon credits neither impede nor reduce the achievement of its GHG emission reduction targets¹², or, if applicable, its net zero target; and
- c. the credibility and integrity of the carbon credits used, including by reference to recognised quality standards.

Disclosure Requirement E1-8 – Internal carbon pricing

AR 65. When disclosing the information required under paragraphs 62 and 63, if applicable, the undertaking shall briefly explain whether and how the carbon prices used in internal carbon pricing schemes are consistent with those used in financial statements. This shall be done in respect of the internal carbon prices used for,

- (a) the assessment of the useful life and residual value of its assets (intangibles, property, plant and equipment);
- (b) the impairment of assets; and
- (c) the fair value measurement of assets acquired through business acquisitions.

AR 66. The information may be presented by using the following table:

Types of internal carbon prices	Volume at stake (tCO ₂ eq)	Prices applied (€/tCO ₂ eq)	Perimeter description
CapEx shadow price			
Research and Development (R&D) investment shadow price			
Internal carbon fee or fund			
Carbon prices for impairment testing			
Etc.			

DisclosureOfWhetherInternalCarbonPricingSchemesAreAppliedAndIfSoHowTheseSupportDecisionMakingAndIncentiviseImplementationOfClimateRelatedPoliciesAndTargetsExplanatory

InternalCarbonPricingSchemesAreApplied

62. **The undertaking shall disclose whether it applies *internal carbon pricing schemes*, and if so, how they support its decision making and incentivise the implementation of climate-related *policies* and *targets*.**

ApplicationOfCarbonPricingSchemesAbstract

ApplicationOfCarbonPricingSchemesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

TypeOfInternalCarbonPricingSchemeAxis

TypeOfInternalCarbonPricingSchemeMember

CapExShadowPriceMember

ResearchAndDevelopmentInvestmentShadowPriceMember

InternalCarbonFeeOrFundMember

CarbonPricesForImpairmentTestingMember

OtherInternalCarbonPricingSchemeTypeMember

ApplicationOfCarbonPricingSchemesLineItems

DescriptionOfSpecificScopeOfApplicationOfCarbonPricingSchemeExplanatory

CarbonPriceAppliedForEachMetricTonneOfGreenhouesGasEmission

DescriptionOfCriticalAssumptionsMadeToDetermineCarbonPriceAppliedExplanatory

CarbonPriceUsedInInternalCarbonPricingSchemeIsConsistentWithCarbonPriceUsedInFinancialStatements

DisclosureOfHowCarbonPriceUsedInInternalCarbonPricingSchemeIsConsistentWithCarbonPriceUsedInFinancialStatementsExplanatory

PercentageOfApproximateGrossScope1GreenhouseGasEmissionsCoveredByInternalCarbonPricingScheme

PercentageOfApproximateGrossScope2GreenhouseGasEmissionsCoveredByInternalCarbonPricingScheme

PercentageOfApproximateGrossScope3GreenhouseGasEmissionsCoveredByInternalCarbonPricingScheme

EmissionsCoveredByCarbonPricingSchemesAbstract

EmissionsCoveredByCarbonPricingSchemesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

TypeOfInternalCarbonPricingSchemeAxis

TypeOfInternalCarbonPricingSchemeMember

CapExShadowPriceMember

ResearchAndDevelopmentInvestmentShadowPriceMember

InternalCarbonFeeOrFundMember

CarbonPricesForImpairmentTestingMember

OtherInternalCarbonPricingSchemeTypeMember

GHGEmissionsCoveredByInternalCarbonPricingSchemeAxis

GHGEmissionsCoveredByInternalCarbonPricingSchemeMember

ApproximateValueOfGHGEmissionsCoveredByInternalCarbonPricingSchemeMember

EmissionsCoveredByCarbonPricingSchemesLineItems

GrossScope1GreenhouseGasEmissions

GrossLocationBasedScope2GreenhouseGasEmissions

GrossMarketBasedScope2GreenhouseGasEmissions

GrossScope3GreenhouseGasEmissions

LocationBasedGreenhouseGasEmissions

MarketBasedGreenhouseGasEmissions

63. The information required in paragraph 62 shall include:

- a. the type of internal carbon pricing scheme, for example, the shadow prices applied for CapEX or research and development (R&D) investment decision making, internal carbon fees or internal carbon funds;
- b. the specific scope of application of the carbon pricing schemes (activities, geographies, entities, etc.);
- c. the carbon prices applied according to the type of scheme and critical assumptions made to determine the prices, including the source of the applied carbon prices and why these are deemed relevant for their chosen application. The undertaking may disclose the calculation methodology of the carbon prices including the extent to which these have been set using scientific guidance and how their future development is related to science-based carbon pricing trajectories; and
- d. the current year approximate gross GHG emission volumes by Scopes 1, 2 and, where applicable, Scope 3 in metric tonnes of CO₂eq covered by these schemes, as well as their share of the undertaking's overall GHG **emissions** for each respective Scope.

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

AR 67. Material climate-related **physical risks** and **transition risks** may affect the undertaking's financial position (e.g., owned assets, financially-controlled leased assets, and liabilities), performance (e.g., potential future increase/decrease in net revenue and costs due to business interruptions, increased supply prices resulting in potential margin erosions), and cash flows. The low probability, high severity and long-term time horizons of some climate-related physical risk exposures and the uncertainty arising from the transition to a sustainable economy mean that there will be associated material **anticipated financial effects** that are outside the scope of the requirements of applicable accounting standards.

AR 68. Currently, there is no commonly accepted methodology to assess or measure how material **physical risks** and **transition risks** may affect the undertaking's future financial position, financial, performance and cash flows. Therefore, the disclosure of the financial effects (as required by paragraphs 64, 66 and 67) will depend on the undertaking's internal

methodology and the exercise of significant judgement in determining the inputs, and assumptions needed to quantify their **anticipated financial effects**.

Calculation guidance - Anticipated financial effects from material physical risks

AR 69. When disclosing the information required under paragraphs 64 (a) and 66, the undertaking shall explain whether and how:

- (a) it assessed the **anticipated financial effects** for assets and business activities at material physical risk, including the scope of application, time horizons, calculation methodology, critical assumptions and parameters and limitations of the assessment; and
- (b) the assessment of assets and business activities considered to be at material **physical risk** relies on or is part of the process to determine material physical risk as required under paragraphs 20 (b) and AR 11 and to determine climate **scenarios** as required under paragraphs 19 and AR 13 to AR 14. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.

AR 70. When preparing the information on assets at material physical risk that is required to be disclosed under paragraph 66 (a), the undertaking shall:

- (a) Calculate the assets at material physical risk in terms of monetary amount and as a proportion (percentage) of total assets at the reporting date (i.e., the proportion is an estimate of the carrying value of assets at material physical risk divided by total carrying value as stated in the statement of financial position or balance sheet). The estimate of assets at material physical risk shall be derived starting from the assets recognised in the financial statements. The estimate of monetary amounts and proportion of assets at physical risk may be presented as either a single amount or range.
- (b) All types of assets including finance-lease / right-of-use assets shall be considered when determining the assets at material physical risk.
- (c) To contextualise this information, the undertaking shall:
 - i. disclose the location of its significant assets at material physical risk. Significant assets located¹⁹ in the EU territory shall be aggregated by NUTS codes 3 level digits (Nomenclature of Territorial Units for Statistics). For significant assets located outside EU territory, the breakdown by NUTS code will only be provided where applicable.
 - ii. disaggregate the monetary amounts of assets at risk by acute and chronic physical risk²⁰.
- (d) calculate the share of assets at material physical risk resulting from paragraph 66 (a) that is addressed by the **climate change adaptation actions** based on the information disclosed under Disclosure Requirement E1-3. This aims at approximating net risks.

AR 71. When preparing the information required under paragraph 64 (a) and 66 (d), the undertaking may assess and disclose the share of net revenue from business activities at physical risk. This disclosure

- (a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.
- (b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of total net revenue, the risk factors (hazards, exposure and sensitivity) and, if possible, the magnitude of the **anticipated financial effects** in terms of margin erosion over the short-, medium- and long-term time horizons. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.

Calculation guidance - Anticipated financial effects from transition risk

AR 72. When disclosing the information required under paragraphs 64 (b) and 67 (a), the undertaking shall explain whether and how:

- (a) it has assessed the potential effects on future financial performance and position for assets and business activities at material transition risk, including the scope of application, calculation methodology, critical assumptions and parameters, and limitations of the assessment; and
- (b) the assessment of assets and business activities considered to be at material transition risk relies on or is part of the process to determine material **transition risks** as described under paragraphs 20 (c) and AR 11 and to determine **scenarios** as required under paragraphs AR 12 to AR 13. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.

AR 73. When disclosing the information on assets at material transition risk as required under paragraphs 67 (a) and (b):

the undertaking shall at the very least include an estimate of the amount of potentially stranded assets (in monetary amounts and as a proportion/percentage) from the reporting year until 2030 and from 2030 to 2050. Stranded assets are understood as the active or firmly planned key assets of the undertaking with significant **locked-in GHG emissions** over their operating lifetime. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years. The amount may be expressed as a range of asset values based on different climate and **policy scenarios**, including a scenario aligned with limiting climate change to 1.5°C.

¹⁹ This disclosure requirement is consistent with the requirements of Commission Implementing Regulation (EU) 2022/2453 – Template 5 exposures subjects to physical risk.

²⁰ This disclosure requirement is consistent with the requirements of Commission Implementing Regulation (EU) 2022/2453 - Template 5 exposures subjects to physical risk.

- (a) the undertaking shall disclose a breakdown of the carrying value of its real estate assets, including rights-of-use assets, by energy efficiency classes. The energy efficiency shall be represented in terms of either the ranges of energy consumption in kWh/m² or the EPC²¹ (Energy Performance Certificate)²² label class. If the undertaking cannot obtain this information on a best-effort basis, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates.
- (b) the undertaking shall calculate the proportion (percentage) of total assets (including finance lease/right-of-use assets) at material transition risk addressed by the **climate change mitigation actions** based on the information disclosed under Disclosure Requirement E1-3. The total assets amount is the carrying amount on the balance sheet at the reporting date.

AR 74. When disclosing the information on potential liabilities from material **transition risks** required under paragraph 67(d):

- (a) undertakings that operate **installations** regulated under an emission trading scheme may include a range of potential future liabilities originating from these schemes;
- (b) undertakings subject to the EU ETS, may disclose the potential future liabilities that relate to their allocation plans for the period before and until 2030. The potential liability may be estimated on the basis of:
 - i. the number of allowances held by the undertaking at the beginning of the reporting period;

- ii. the number of allowances to be purchased in the market yearly, i.e., before and until 2030;
 - iii. the gap between estimated future **emissions** under various transition **scenarios** and free allocations of allowances that are known for the period until 2030, and
 - iv. the estimated yearly cost per tonne of CO₂ for which an allowance needs to be purchased;
- (c) In assessing its potential future liabilities, the undertaking may consider and disclose the number of Scope 1 GHG emission allowances within regulated emission trading schemes and the cumulative number of emission allowances stored (from previous allowances) at the beginning of the reporting period;
- (d) undertakings disclosing volumes of **carbon credits** planned to be cancelled in the near future (Disclosure Requirement E1-7) may disclose the potential future liabilities associated with those based on existing contractual agreements;
- (e) the undertaking may also include its monetised gross Scope 1, 2 and total GHG **emissions** (in monetary units) calculated as follows:
- i. monetised Scope 1 and 2 GHG emissions in the reporting year by the following formula:

(a)
$$\frac{(\text{gross Scope 1 GHG emissions (t CO}_2\text{eq)} + \text{gross Scope 2 GHG emission (t CO}_2\text{eq)}) \times \text{GHG emission cost rate} \left(\frac{\text{€}}{\text{t CO}_2\text{eq}}\right)}{\text{€}}$$
 ²¹ Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

²² This disclosure requirement is consistent with the requirements of Commission Implementing Regulation (EU) 2022/2453 - Template 2 immovable property, energy efficiency of the collateral.

- ii. monetised total GHG emissions in the reporting year by the following formula:

(b)
$$\text{Total GHG emissions (t CO}_2\text{eq)} \times \text{GHG emission cost rate} \left(\frac{\text{€}}{\text{t CO}_2\text{eq}}\right)$$
 by use of a lower, middle and upper cost rate²³ for GHG emissions (e.g., market carbon price and different estimates for the societal costs of carbon) and reasons for selecting them.

AR 75. Other approaches and methodologies may be applied to assess how **transition risks** may affect the future financial position of the undertaking. In any case, the disclosure of **anticipated financial effects** shall include a description of the methodologies and definitions used by the undertaking.

AR 76. When preparing the information required under paragraph 67 (e), the undertaking may assess and disclose the share of net revenue from business activities at **transition risks**. This disclosure:

- (a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.
- (b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of current net revenue, risk factors (events and exposure), and when possible, the **anticipated financial effects** related to margin erosion over the short-, medium- and long-term. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.

Connectivity with financial reporting information

AR 77. The reconciliation of the significant amount of assets, liabilities, and net revenue (vulnerable to either material **physical risks** or **transition risks**) to the relevant line item or disclosure

(e.g., in segment reporting) in the financial statements (as required by paragraph 68) may be presented by the undertaking as follows:

- (a) as a cross-reference to the related line item or disclosure in the financial statements if these amounts are identifiable in the financial statements; or
- (b) If these cannot be directly cross-referenced, as a quantitative reconciliation of each to the relevant line item or disclosure in the financial statement using the below tabular format:

Carrying amount of assets or liabilities or net revenue vulnerable to either material physical or transition risks	
Adjusting items	
Assets or liabilities or net revenue in the financial statements	

AR 78. The undertaking shall ensure the consistency of data and assumptions to assess and report the **anticipated financial effects** from material **physical risks** and **transition risks** in the sustainability statement with the corresponding data and assumptions used for the financial statements (e.g., carbon prices used for assessing impairment of assets, the useful life of assets, estimates and provisions). The undertaking shall explain the reasons for any inconsistencies (e.g., if the full financial implications of climate-related risks are still under assessment or are not deemed material in the financial statements).

²³ The cost rate is the factor used to convert non-monetary impacts like tonnes, hectares, m3 etc. into monetary units. Cost rates should be based on monetary valuation studies, need to be science-based and the methods used to obtain them transparent. Guidance on these methods can be obtained, e.g., from the EU-LIFE-funded TRANSPARENT project.

AR 79. For potential future effects on liabilities (as required by paragraph 67 (d)), if applicable, the undertaking shall cross-reference the description of the emission trading schemes in the financial statements.

Climate-related opportunities

AR 80. When disclosing the information under paragraph 69 (a), the undertaking shall explain the nature of the cost savings (e.g., from reduced energy consumption), the time horizons and the methodology used, including the scope of the assessment, critical assumptions, and limitations, and whether and how **scenario analysis** was applied.

AR 81. When disclosing the information required under paragraph 69 (b), the undertaking shall explain how it has assessed the market size or any expected changes to net revenue from low-carbon products and services or adaptation solutions including the scope of the assessment, the time horizon, critical assumptions, and limitations and to what extent this market is accessible to the undertaking. The information on the market size may be put in perspective to the current taxonomy-aligned revenue disclosed under the provisions of Regulation (EU) 2020/852. The entity may also explain how it will pursue its climate-related **opportunities** and, where possible, this should be linked to the disclosures on **policies, targets** and **actions** under Disclosure Requirements E1-2, E1-3 and E1-4.

[301090] E1-9 Anticipated financial effects from material physical risks – general

AnticipatedFinancialEffectsFromMaterialPhysicalRisksGeneralAbstract

DisclosureOfAnticipatedFinancialEffectsFromMaterialPhysicalRisksMaterialTransitionRisksAndPotentialToBenefitFromMaterialClimateRelatedOpportunitiesExplanatory

- 64. The undertaking shall disclose its:
 - e. anticipated financial effects from material **physical risks**;

- f. anticipated financial effects from material *transition risks*; and
- g. potential to benefit from material climate-related *opportunities*.

AnticipatedFinancialEffectsFromMaterialPhysicalRisksAbstract

AnticipatedFinancialEffectsFromMaterialPhysicalRisksTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

AnticipatedFinancialEffectsFromMaterialPhysicalRisksLineItems

DisclosureOfAnticipatedFinancialEffectsFromMaterialPhysicalRisksExplanatory

PercentageOfAssetsAtMaterialPhysicalRiskAddressedByClimateChangeAdaptationActions

DisclosureOfLocationOfSignificantAssetsAtMaterialPhysicalRiskExplanatory

NutsCodesForLocationOfSignificantAssetsAtMaterialPhysicalRisk

DisclosureOfReconciliationsWithFinancialStatementsOfSignificantAmountsOfAssetsAndNetRevenueAtMaterialPhysicalRiskExplanatory

Assets

CarryingAmountOfAssetsAtMaterialPhysicalRisk

AdjustingItemsToAssetsAtMaterialPhysicalRisk

Revenue

NetRevenueAtMaterialPhysicalRisk

AdjustingItemsToNetRevenueAtMaterialPhysicalRisk

AnticipatedFinancialEffectsForAssetsAndBusinessActivitiesAtMaterialPhysicalRiskHaveBeenAssessed

DisclosureOfHowAnticipatedFinancialEffectsForAssetsAndBusinessActivitiesAtMaterialPhysicalRiskHaveBeenAssessedExplanatory

AssessmentOfAssetsAndBusinessActivitiesConsideredToBeAtMaterialPhysicalRiskReliesOnOrIsPartOfProcessToDetermineMaterialPhysicalRiskAndToDetermineClimateScenarios

DisclosureOfHowAssessmentOfAssetsAndBusinessActivitiesConsideredToBeAtMaterialPhysicalRiskReliesOnOrIsPartOfProcessToDetermineMaterialPhysicalRiskAndToDetermineClimateScenariosExplanatory

65. The information required by paragraph 64 is in addition to the information on current **financial effects** required under ESRS 2 SeM-3 para 48 (d). The objective of this Disclosure Requirement related to:

- a. **anticipated financial effects** due to material **physical risks** and **transition risks** is to provide an understanding of how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows, over the short-, medium- and long- term. The results of **scenario analysis** used to conduct resilience analysis as required under paragraphs AR 10 to AR 13 should inform the assessment of anticipated financial effects from material physical and transition risks.

¹² This information is aligned with Regulation (EU) 2021/1119 of the European Parliament and of the Council (EU Climate Law), Article 2 (1).

- b. potential to pursue material climate-related **opportunities** is to enable an understanding of how the undertaking may financially benefit from material climate- related opportunities. This disclosure is complementary to the key performance indicators to be disclosed in accordance with Commission Delegated Regulation (EU) 2021/2178.

66. The disclosure of **anticipated financial effects** from material **physical risks** required by paragraph 64 (a) shall include¹³:

- a. the monetary amount and proportion (percentage) of assets at material physical risk over the short-, medium- and long-term before considering **climate change adaptation actions**; with the monetary amounts of these assets disaggregated by acute and chronic physical risk⁴⁹;
- b. the proportion of assets at material physical risk addressed by the **climate change adaptation actions**;

- c. the location of significant assets at material physical risk¹⁴; and
 - d. the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term.
67. The disclosure of **anticipated financial effects** from material transition risks required by paragraph 64 (b) shall include:
- a. the monetary amount and proportion (percentage) of assets at material transition risk over the short-, medium- and long-term before considering **climate mitigation actions**;
 - b. the proportion of assets at material transition risk addressed by the **climate change mitigation actions**;
 - c. a breakdown of the carrying value of the undertaking's real estate assets by energy efficiency classes¹⁵;
 - d. liabilities that may have to be recognised in financial statements over the short-, medium- and long-term; and
 - e. the monetary amount and proportion (percentage) of net revenue from its business activities at material transition risk over the short-, medium- and long-term including, where relevant, the net revenue from the undertaking's customers operating in coal, oil and gas-related activities.
68. The undertaking shall disclose reconciliations to the relevant line items or notes in the financial statements of the following:
- a. significant amounts of the assets and net revenue at material physical risk (as required by paragraph 66);
 - b. significant amounts of the assets, liabilities, and net revenue at material transition risk (as required by paragraph 67).
69. For the disclosure of the potential to pursue climate-related **opportunities** required by paragraph 64 (c) the undertaking shall consider¹⁶:
- ¹³ This information is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation). ⁴⁹ This disclosure requirement is consistent with the requirements included in Commission Implementing Regulation (EU) 2022/2453 - Template 5: banking book - Climate change physical risk: Exposures subject to physical risk.
- ¹⁴ This disclosure requirement is consistent with the requirements included in Commission Implementing Regulation (EU) 2022/2453 - Template 5: banking book - Climate change physical risk: Exposures subject to physical risk.
- ¹⁵ This disclosure requirement is consistent with the requirements included in Commission Implementing Regulation (EU) 2022/2453 - Template 2: banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral.
- ¹⁶ This information is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate benchmark Regulation).
- a. its expected cost savings from **climate change mitigation** and adaptation **actions**; and
 - b. the potential market size or expected changes to net revenue from low-carbon products and services or adaptation solutions to which the undertaking has or may have access.
70. A quantification of the **financial effects** that arise from **opportunities** is not required if such a disclosure does not meet the qualitative characteristics of useful information included under ESRS 1 Appendix e *Qualitative characteristics of information*.

[301091] E1-9.1 Anticipated financial effects from material transition risks and potential climate-related opportunities – general

AnticipatedFinancialEffectsFromMaterialTransitionRisksAndPotentialClimaterelatedOpportunitiesGeneralAbstract

DisclosureOfAnticipatedFinancialEffectsFromMaterialPhysicalRisksMaterialTransitionRisksAndPotentialToBenefitFromMaterialClimaterelatedOpportunitiesExplanatory

AnticipatedFinancialEffectsFromMaterialTransitionRisksAndPotentialClimaterelatedOpportunitiesAbstract

AnticipatedFinancialEffectsFromMaterialTransitionRisksAndPotentialClimaterelatedOpportunitiesTable

ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
AnticipatedFinancialEffectsFromMaterialTransitionRisksAndPotentialClimaterelatedOpportunitiesLineItems
DisclosureOfAnticipatedFinancialEffectsFromMaterialTransitionRisksExplanatory
PercentageOfAssetsAtMaterialTransitionRiskAddressedByClimateChangeMitigationActions
CarryingAmountOfRealEstateAssetsForWhichEnergyConsumptionIsBasedOnInternalEstimates
DisclosureOfReconciliationsWithFinancialStatementsOfSignificantAmountsOfAssetsLiabilitiesAndNetRevenueAtMaterialTransitionRiskExplanatory
Assets
CarryingAmountOfAssetsAtMaterialTransitionRisk
AdjustingItemsToAssetsAtMaterialTransitionRisk
Liabilities
CarryingAmountOfLiabilitiesAtMaterialTransitionRisk
AdjustingItemsToLiabilitiesAtMaterialTransitionRisk
Revenue
NetRevenueAtMaterialTransitionRisk
AdjustingItemsToNetRevenueAtMaterialTransitionRisk
PotentialEffectsOnFutureFinancialPerformanceAndPositionForAssetsAndBusinessActivitiesAtMaterialTransitionRiskHaveBeenAssessed
DisclosureOfHowPotentialEffectsOnFutureFinancialPerformanceAndPositionForAssetsAndBusinessActivitiesAtMaterialTransitionRiskHaveBeenAssessedExplanatory
AssessmentOfAssetsAndBusinessActivitiesConsideredToBeAtMaterialTransitionRiskReliesOnOrIsPartOfProcessToDetermineMaterialTransitionRisksAndToDetermineScenarios
DisclosureOfHowAssessmentOfAssetsAndBusinessActivitiesConsideredToBeAtMaterialTransitionRiskReliesOnOrIsPartOfProcessToDetermineMaterialTransitionRisksAndToDetermineScenariosExplanatory
NumberOfScope1GHGEmissionAllowancesWithinRegulatedEmissionTradingSchemes
NumberOfEmissionAllowancesStoredFromPreviousAllowancesAtBeginningOfReportingPeriod
MonetisedGrossScope1And2GHGEmissions
MonetisedTotalGHGEmissions
DisclosureOfPotentialToBenefitFromMaterialClimaterelatedOpportunitiesExplanatory
ExpectedCostSavingsFromClimateChangeMitigationActions
ExpectedCostSavingsFromClimateChangeAdaptationActions
PotentialMarketSizeOfLowcarbonProductsAndServicesOrAdaptationSolutionsToWhichUndertakingHasOrMayHaveAccess
ExpectedChangesToNetRevenueFromLowcarbonProductsAndServicesOrAdaptationSolutionsToWhichUndertakingHasOrMayHaveAccess

[301092] E1-9.2 Anticipated financial effects from material physical and transition risks

AnticipatedFinancialEffectsFromMaterialPhysicalAndTransitionRisksAbstract
DisclosureOfAnticipatedFinancialEffectsFromMaterialPhysicalRisksMaterialTransitionRisksAndPotentialToBenefitFromMaterialClimaterelatedOpportunitiesExplanatory

AnticipatedFinancialEffectsFromMaterialPhysicalAndTransitionRisksDetailedAbstract

AnticipatedFinancialEffectsFromMaterialPhysicalAndTransitionRisksDetailedTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

RestatedCorrectedOrRevisedMember

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

AnticipatedFinancialEffectsFromMaterialPhysicalAndTransitionRisksDetailedLineItems

AssetsAtMaterialPhysicalRiskBeforeConsideringClimateChangeAdaptationActions

AssetsAtAcuteMaterialPhysicalRiskBeforeConsideringClimateChangeAdaptationActions

AssetsAtChronicMaterialPhysicalRiskBeforeConsideringClimateChangeAdaptationActions

PercentageOfAssetsAtMaterialPhysicalRiskBeforeConsideringClimateChangeAdaptationActions

RevenueFromBusinessActivitiesAtMaterialPhysicalRisk

PercentageOfNetRevenueFromBusinessActivitiesAtMaterialPhysicalRisk

AssetsAtMaterialTransitionRiskBeforeConsideringClimateMitigationActions

EstimatedAmountOfPotentiallyStrandedAssets

PercentageOfAssetsAtMaterialTransitionRiskBeforeConsideringClimateMitigationActions

PercentageOfEstimatedShareOfPotentiallyStrandedAssetsOfTotalAssetsAtMaterialTransitionRisk

LiabilitiesFromMaterialTransitionRisksThatMayHaveToBeRecognisedInFinancialStatements

PotentialFutureLiabilitiesBasedOnExistingContractualAgreementsAssociatedWithCarbonCreditsPlannedToBeCancelledInNearFuture

RevenueFromBusinessActivitiesAtMaterialTransitionRisk

RevenueFromCustomersOperatingInCoalRelatedActivities

RevenueFromCustomersOperatingInOilRelatedActivities

RevenueFromCustomersOperatingInGasRelatedActivities

PercentageOfNetRevenueFromBusinessActivitiesAtMaterialTransitionRisk

PercentageOfNetRevenueFromCustomersOperatingInCoalrelatedActivities

PercentageOfNetRevenueFromCustomersOperatingInOilrelatedActivities

PercentageOfNetRevenueFromCustomersOperatingInGasrelatedActivities

ESRS E2 Pollution

Objective

Interaction with other ESRS

ESRS 2 General disclosures

The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 *Impact, risk and opportunity management*.

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

The undertaking shall describe the process to identify material **impacts, risks** and **opportunities** and shall provide information on:

- a. whether the undertaking has screened its site locations and business activities in order to identify its actual and potential pollution-related impacts, risks and opportunities in its own operations and upstream and downstream value chain, and if so, the methodologies, assumptions and tools used in the screening;
- b. whether and how the undertaking has conducted consultations, in particular with affected communities.

Disclosure Requirement E2-1 – Policies related to pollution

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material pollution-related **impacts, risks** and **opportunities**.

Disclosure Requirement E2-2 – Actions and resources related to pollution

The objective of this Disclosure Requirement is to enable an understanding of the key actions taken and planned to achieve the **pollution**-related **policy** objectives and **targets**.

Metrics and targets

Disclosure Requirement E2-3 – Targets related to pollution

The objective of this Disclosure Requirement is to enable an understanding of the **targets** the undertaking has set to support its **pollution**-related **policies** and to address its material pollution-related **impacts, risks** and **opportunities**.

Disclosure Requirement E2-4 – Pollution of air, water and soil

The objective of this Disclosure Requirement is to provide an understanding of the **emissions** that the undertaking generates to air, water and **soil** in its own operations, and of its generation and use of microplastics.

Disclosure Requirement E2-5 – Substances of concern and substances of very high concern

The objective of this Disclosure Requirement is to enable an understanding of the impact of the undertaking on health and the environment through *substances of concern* and through *substances of very high concern* on their own. It is also to enable an understanding of the undertaking's material risks and *opportunities*, including exposure to those substances and risks arising from changes in regulations.

Disclosure Requirement E2-6 – Anticipated financial effects from material pollution-related risks and opportunities

The objective of this Disclosure Requirement is to provide an understanding of:

- a. **anticipated financial effects** due to material risks arising from **pollution**-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's , financial position financial performance and cash flows, over the short-, medium- and long-term.
- b. anticipated financial effects due to material opportunities related to pollution prevention and control.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS E2 Pollution

Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of the **sustainability statement** to understand:
 - a. how the undertaking affects **pollution** of air, water and **soil**, in terms of material positive and negative actual or potential **impacts**;
 - b. any **actions** taken, and the result of such actions, to prevent or mitigate actual or potential negative impacts, and to address **risks** and **opportunities**;
 - c. the plans and capacity of the undertaking to adapt its **strategy** and **business model** in line with the transition to a sustainable economy and with the need to prevent, control and eliminate pollution. This is to create a toxic-free environment with zero pollution also in support of the EU Action Plan “Towards a Zero Pollution for Air, Water and Soil”;
 - d. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s pollution-related impacts and **dependencies**, as well as the prevention, control, elimination or reduction of pollution, including where this results from the application of regulations, and how the undertaking manages this; and
 - e. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking’s pollution-related impacts and dependencies.
2. This Standard sets out Disclosure Requirements related to the following **sustainability matters**: **pollution** of air, water, **soil**, **substances of concern**, including **substances of very high concern**.
3. “**Pollution** of air” refers to the undertaking’s **emissions** into air (both indoor and outdoor), and prevention, control and reduction of such emissions.
4. “**Pollution** of water” refers to the undertaking’s **emissions** to water, and prevention, control and reduction of such emissions.
5. “**Pollution of soil**” refers to the undertaking’s **emissions** into soil and the prevention, control and reduction of such emissions.
6. With regard to “**substances of concern**”, this standard covers the undertaking’s production, use and/or distribution and commercialisation of substances of concern, including **substances of very high concern**. Disclosure Requirements on substances of concern aim at providing users with an understanding of actual or potential impacts related to such substances, also taking account of possible restrictions on their use and/or distribution and commercialisation.

Interaction with other ESRS

7. The topic of **pollution** is closely connected to other environmental sub-topics such as climate change, water and **marine resources**, **biodiversity** and **circular economy**. Thus, to provide a comprehensive overview of what could be material to pollution, relevant Disclosure Requirements are covered in other environmental Standards as follows:
 - a. ESRS E1 *Climate change* which addresses the following seven **greenhouse gases** connected to air pollution: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).
 - b. ESRS E3 *Water and marine resources* which addresses **water consumption**, in particular in **areas at water risk**, water **recycling** and storage. This also includes the responsible management of marine resources, including the nature and quantity of marine resources-related commodities (such as gravels, deep-sea minerals, seafood) used by the undertaking. This Standard covers the negative impacts, in terms of pollution of water and marine resources, including microplastics, generated by such activities.

- c. ESRS E4 *Biodiversity and ecosystems* which addresses **ecosystems** and species. Pollution as a direct impact driver of **biodiversity loss** is addressed by this Standard.
 - d. ESRS E5 *Resource use and circular economy* which addresses, in particular, the transition away from extraction of non-renewable resources and the implementation of practices that prevent **waste** generation, including pollution generated by waste.
8. The undertaking's **pollution**-related impacts may affect people and communities. Material negative impacts on **affected communities** from pollution-related impacts attributable to the undertaking are covered in ESRS S3 *Affected communities*.
9. This Standard should be read in conjunction with ESRS 1 *General requirements* and ESRS 2 *General disclosures*.

Disclosure Requirements

ESRS 2 General disclosures

10. The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 *Impact, risk and opportunity management*.

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

AR 1. When conducting a **materiality** assessment on environmental subtopics, the undertaking shall assess the materiality of pollution in its own operations and its upstream and downstream **value chain**, and may consider the four phases below, also known as the LEAP approach:

- (a) Phase 1: locate where in its own operations and its upstream and downstream **value chain** the interface with nature takes place;
- (b) Phase 2: evaluate the **pollution**-related **dependencies** and impacts;
- (c) Phase 3: assess the material **risks** and **opportunities**; and
- (d) Phase 4: prepare and report the results of the materiality assessment.

AR 2. The **materiality** assessment for ESRS E2 corresponds to the first three phases of this LEAP approach. The fourth phase addresses the outcome of the process.

AR 3. The process to assess the **materiality** of **impacts**, **dependencies**, **risks** and **opportunities** shall consider the provisions in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*, and IRO-2 *Disclosure Requirements in ESRS covered by the undertaking's sustainability statement*.

AR 4. The sub-topics covered by the **materiality** assessment under ESRS E2 include:

- (a) pollution of air, water and soil (excluding GHG emissions and waste), microplastics, and substances of concern;
- (b) dependencies on ecosystem services that help to mitigate pollution-related impacts.

AR 5. In Phase 1, to locate where in its own operations and its upstream and downstream **value chain** the interface with nature takes place, the undertaking may consider:

- (a) the site locations of direct assets and operations and related upstream and downstream activities across the value chain;
- (b) the site locations where emissions of water, soil and air pollutants occur; and
- (c) the sectors or business units related to those emissions or to the production, use, distribution, commercialisation and import/export of microplastics, substances of concern, and substances of very high concern, on their own, in mixtures or in articles.

AR 6. Phase 2 relates to the evaluation of the undertaking's impacts and **dependencies** for each material **site** or sector/business unit including by assessing the severity and likelihood of impacts on the environment and human health.

AR 7. In Phase 3, to assess its material **risks** and **opportunities** based on the results of Phases 1 and 2, the undertaking may :

- (a) identify **transition risks** and **opportunities** in its own operations and its upstream and downstream **value chain** by the categories of:
 - i. **policy** and legal: e.g., introduction of regulation, exposure to sanctions and litigation (e.g., negligence towards **ecosystems**), enhanced reporting obligations;
 - ii. technology: e.g., substitution of products or services by products or services with a lower impact, transition away from **substances of concern**;
 - iii. market: e.g., shifting supply, demand and financing, volatility or increased costs of some substances; and
 - iv. reputation: e.g., changing societal, customer or community perceptions as a result of an organisation's role in **pollution** prevention and control;
- (b) identify physical risks, e.g., sudden interruption of access to clean water, acid rain, or other pollution **incidents** that are likely to lead to or that have led to pollution with subsequent effects on the environment and society;
- (c) identify opportunities related to pollution prevention and control categorised by:
 - i. resource efficiency: decrease quantities of substances used or improve efficiency of production process to minimise impacts;
 - ii. markets: e.g., diversification of business activities;
 - iii. iii. financing: e.g., access to green funds, bonds or loans;
 - iv. iv. resilience: e.g., diversification of substances used and control of emissions through innovation or technology; and
 - v. v. reputation: positive stakeholder relations as a result of a proactive stance on managing risks.

AR 8. In order to assess materiality, the undertaking may consider Commission Recommendation (EU) 2021/2279 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations.

AR 9. When providing information on the outcome of its materiality assessment, the undertaking shall consider:

- (a) a list of **site** locations where **pollution** is a material issue for the undertaking's own operations and its upstream and downstream value chain; and
- (b) a list of business activities associated with pollution material impacts, risks and opportunities.

[302006] E2.IRO-1 Description of processes to identify and assess material pollution-related impacts, risks and opportunities (E2)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory

SiteLocationsAndBusinessActivitiesHaveBeenScreenedInOrderToIdentifyActualAndPotentialPollutionrelatedImpactsRisksAndOpportunitiesInOwnOperationsAndUpstreamAndDownstreamValueChain

InformationAboutMethodologiesAssumptionsAndToolsUsedToScreenSiteLocationsAndBusinessActivitiesInOrderToIdentifyActualAndPotentialPollutionrelatedImpactsRisksAndOpportunitiesInOwnOperationsAndUpstreamAndDownstreamValueChainExplanatory

ConsultationsHaveBeenConductedPollution

DisclosureOfHowConsultationsHaveBeenConductedPollutionExplanatory

11. The undertaking shall describe the process to identify material **impacts**, **risks** and **opportunities** and shall provide information on:
- e. whether the undertaking has screened its site locations and business activities in order to identify its actual and potential pollution-related impacts, risks and opportunities in its own operations and upstream and downstream value chain, and if so, the methodologies, assumptions and tools used in the screening;
 - f. whether and how the undertaking has conducted consultations, in particular with affected communities.

Disclosure Requirement E2-1 – Policies related to pollution

AR 10. The **policies** described under this Disclosure Requirement may be integrated in broader environmental or sustainability policies covering different subtopics.

AR 11. The description of the **policies** shall include information on the **pollutant(s)** or **substance(s)** covered.

AR 12. When disclosing information under paragraph 11, the undertaking may include contextual information on the relations between its policies implemented and how they may contribute to the EU Action Plan “Towards a Zero Pollution for Air, Water and Soil” with for instance elements on:

- (a) how it is or may be affected by the **targets** and measures of the EU Action Plan and the revision of existing directives (e.g., the Industrial Emissions Directive); (b) how it intends to reduce its **pollution** footprint to contribute to these targets.

[302010] E2-1 Policies related to pollution

DisclosureOfPoliciesAdoptedToManageMaterialImpactsRisksAndOpportunitiesRelatedToPollutionPreventionAndControlExplanatory

12. The undertaking shall describe its policies adopted to manage its material impacts, risks and opportunities related to pollution prevention and control.
13. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material pollution-related **impacts**, **risks** and **opportunities**.

MinimumDisclosureRequirementPoliciesRelatedToPollutionAbstract

MinimumDisclosureRequirementPoliciesRelatedToPollutionTable

IdentifierOfPolicyTypedAxis

TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE2PollutionMember
MinimumDisclosureRequirementPoliciesRelatedToPollutionLineItem
NameOrIdentifierOfPolicy
SustainabilityMattersAddressedByPolicyForPollution
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
DescriptionOfKeyContentsOfPolicyExplanatory
DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory
DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory
DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory
DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory
PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt
ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory
PolicyAddressesMitigatingNegativeImpactsRelatedToPollutionOfAirWaterAndSoil
DisclosureOfHowPolicyAddressesMitigatingNegativeImpactsRelatedToPollutionOfAirWaterAndSoilExplanatory
PolicyAddressesSubstitutingAndMinimisingUseOfSubstancesOfConcernAndPhasingOutSubstancesOfVeryHighConcern
DisclosureOfHowPolicyAddressesSubstitutingAndMinimisingUseOfSubstancesOfConcernAndPhasingOutSubstancesOfVeryHighConcernExplanatory
PolicyAddressesAvoidingIncidentsAndEmergencySituationsAndIfAndWhenTheyOccurControllingAndLimitingTheirImpactOnPeopleAndEnvironment
DisclosureOfHowPolicyAddressesAvoidingIncidentsAndEmergencySituationsAndIfAndWhenTheyOccurControllingAndLimitingTheirImpactOnPeopleAndEnvironmentExplanatory
DisclosureOfContextualInformationOnRelationsBetweenPoliciesImplementedAndHowPoliciesContributeToEuActionPlanTowardsZeroPollutionForAirWaterAndSoilExplanatory
14. The disclosure required by paragraph 12 shall contain the information on the policies the undertaking has in place to manage its material impacts, risks and opportunities related to pollution in accordance with ESRS 2 MDR-P <i>Policies adopted to manage material sustainability matters</i> .
15. The undertaking shall indicate, with regard to its own operations and its upstream and downstream value chain , whether and how its policies address the following areas where material: <ul style="list-style-type: none"> a. mitigating negative impacts related to pollution of air, water and soil including prevention and control; b. substituting and minimising the use of substances of concern, and phasing out substances of very high concern, in particular for non-essential societal use and in consumer products; and c. avoiding incidents and emergency situations, and if and when they occur, controlling and limiting their impact on people and the environment.

Disclosure Requirement E2-2 – Actions and resources related to pollution

AR 13. Where **actions** extend to upstream or downstream **value chain** engagements, the undertaking shall provide information on the types of actions reflecting these engagements.

AR 14. When considering resources, examples of operational expenditures could be investments in research and development to innovate and develop safe and sustainable alternatives to the use of substances of concern or to decrease **emissions** in a production process.

AR 15. Where relevant to achieve its **pollution**-related **policy** objectives and **targets**, the undertaking may provide information on **site**-level action plans.

[302020] E2-2 Actions and resources related to pollution

DisclosureOfPollutionrelatedActionsAndResourcesAllocatedToTheirImplementationExplanatory

16. The undertaking shall disclose its pollution-related actions and the resources allocated to their implementation.
17. The objective of this Disclosure Requirement is to enable an understanding of the key actions taken and planned to achieve the **pollution**-related **policy** objectives and **targets**.

MinimumDisclosureRequirementActionsRelatedToPollutionAbstract

MinimumDisclosureRequirementActionsRelatedToPollutionTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE2PollutionMember

MinimumDisclosureRequirementActionsRelatedToPollutionLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

LayerInMitigationHierarchyToWhichActionCanBeAllocatedToPollution

MinimumDisclosureRequirementResourcesRelatedToPollutionAbstract

MinimumDisclosureRequirementResourcesRelatedToPollutionTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE2PollutionMember

MinimumDisclosureRequirementResourcesRelatedToPollutionLineItems

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOf ActionPlanExplanatory

NameOrIdentifierOfActionPlan

DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory

AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

MinimumDisclosureRequirementResourcesRelatedToPollutionDetailedAbstract

MinimumDisclosureRequirementResourcesRelatedToPollutionDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

RestatedCorrectedOrRevisedMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE2PollutionMember

MinimumDisclosureRequirementResourcesRelatedToPollutionDetailedLineItems

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

LayerInMitigationHierarchyToWhichResourcesCanBeAllocatedToPollution

InformationAboutActionPlansThatHaveBeenImplementedAtSitelevelPollutionExplanatory

18. The description of the pollution-related action plans and resources shall contain the information prescribed in ESRS 2 MDR-A Actions and resources in relation to material sustainability matters.
19. In addition to ESRS 2 MDR-A, the undertaking may specify to which layer in the following mitigation hierarchy an action and resources can be allocated:
 - a. avoid **pollution** including any phase out of materials or compounds that have a negative impact (prevention of pollution at source);
 - b. reduce pollution, including: any phase-out of materials or compounds; meeting enforcement requirements such as **Best Available Techniques (BAT)** requirements; or meeting the **Do No Significant Harm** criteria for pollution prevention and control according to the EU Taxonomy Regulation and its Delegated Acts (minimisation of pollution); and
 - c. restore, regenerate and transform **ecosystems** where pollution has occurred (control of the impacts both from regular activities and **incidents**).

Metrics and targets

Disclosure Requirement E2-3 – Targets related to pollution

AR 16. If the undertaking refers to **ecological thresholds** when setting **targets**, it may refer to the guidance provided by the Science-Based Targets Initiative for Nature (SBTN) in its interim guidance (Initial Guidance for Business, September 2020), or any other guidance with a scientifically acknowledged methodology that allows setting of science-based targets by identifying ecological thresholds and, if applicable, entity-specific allocations. Ecological thresholds can be local, national and/or global.

AR 17. The undertaking may specify whether the **target** addresses shortcomings related to the Substantial Contribution criteria for Pollution Prevention and Control as defined in delegated acts adopted pursuant to Article 14(2) of Regulation (EU) 2020/852. Where the Do No Significant Harm (DNSH) criteria for Pollution Prevention and Control as defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), and Article 15(2) of Regulation (EU) 2020/852 are not met, the undertaking may specify whether the target addresses shortcomings related those DNSH criteria.

AR 18. Where relevant to support the **policies** it has adopted, the undertaking may provide information on the **targets** set at **site** level. AR 19. The **targets** may cover the undertaking’s own operations and/or the value chain.

[302030] E2-3 Targets related to pollution

DisclosureOfPollutionrelatedTargetsExplanatory

20. The undertaking shall disclose the pollution-related targets it has set.
21. The objective of this Disclosure Requirement is to enable an understanding of the **targets** the undertaking has set to support its **pollution**-related **policies** and to address its material pollution-related **impacts, risks and opportunities**.

MinimumDisclosureRequirementTargetsRelatedToPollutionAbstract

MinimumDisclosureRequirementTargetsRelatedToPollutionTable

IdentifierOfTargetTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAXis

TopicTopicUnspecifiedMember

ESRSE2PollutionMember

MinimumDisclosureRequirementTargetsRelatedToPollutionLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

TargetRelatedToEnvironmentalMattersIsBasedOnConclusiveScientificEvidence

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

TargetRelatesToPreventionAndControlOfAirPollutantsAndRespectiveSpecificLoads

DisclosureOfHowTargetRelatesToPreventionAndControlOfAirPollutantsAndRespectiveSpecificLoadsExplanatory

TargetRelatesToPreventionAndControlOfEmissionsToWaterAndRespectiveSpecificLoads

DisclosureOfHowTargetRelatesToPreventionAndControlOfEmissionsToWaterAndRespectiveSpecificLoadsExplanatory

TargetRelatesToPreventionAndControlOfPollutionToSoilAndRespectiveSpecificLoads

DisclosureOfHowTargetRelatesToPreventionAndControlOfPollutionToSoilAndRespectiveSpecificLoadsExplanatory

TargetRelatesToPreventionAndControlOfSubstancesOfConcernAndSubstancesOfVeryHighConcern

DisclosureOfHowTargetRelatesToPreventionAndControlOfSubstancesOfConcernAndSubstancesOfVeryHighConcernExplanatory

EcologicalThresholdsAndEntityspecificAllocationsWereTakenIntoConsiderationWhenSettingPollutionrelatedTarget

DisclosureOfEcologicalThresholdsIdentifiedAndMethodologyUsedToIdentifyEcologicalThresholdsPollutionExplanatory

EcologicalThresholdsAreEntityspecificPollution

DisclosureOfHowEcologicalEntityspecificThresholdsWereDeterminedPollutionExplanatory

DisclosureOfHowResponsibilityForRespectingIdentifiedEcologicalThresholdsIsAllocatedPollutionExplanatory

PollutionrelatedTargetIsMandatoryRequiredByLegislation

PollutionrelatedTargetAddressesShortcomingsRelatedToSubstantialContributionCriteriaForPollutionPreventionAndControl

PollutionrelatedTargetAddressesShortcomingsRelatedToDoNoSignificantHarmCriteriaForPollutionPreventionAndControl

MinimumDisclosureRequirementTargetsRelatedToPollutionTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToPollutionTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE2PollutionMember
MinimumDisclosureRequirementTargetsRelatedToPollutionTargetsNotAdoptedLineItems
MeasurableOutcomeorientedTargetsHaveNotBeenSet
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
MeasurableOutcomeorientedTargetsWillBeSet
DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory
DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory
EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity
DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory
DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory
BaseYearFromWhichProgressIsMeasured
BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue
BaselineValueAgainstWhichProgressIsConsideredPercentage
InformationAboutTargetsThatHaveBeenImplementedAtSitelevelPollutionExplanatory
22. The description of targets shall contain the information requirements defined in ESRS 2 MDR- T <i>Tracking effectiveness of policies and actions through targets</i> .
23. The disclosure required by paragraph 20 shall indicate whether and how its targets relate to the prevention and control of: <ul style="list-style-type: none"> a. air pollutants and respective specific loads; b. emissions to water and respective specific loads; c. pollution to soil and respective specific loads; and d. substances of concern and substances of very high concern.
24. In addition to ESRS 2 MDR-T, the undertaking may specify whether ecological thresholds (e.g., the biosphere integrity , stratospheric ozone-depletion, atmospheric aerosol loading, soil depletion, ocean acidification) and entity-specific allocations were taken into consideration when setting targets. If so, the undertaking may specify: <ul style="list-style-type: none"> a. the ecological thresholds identified, and the methodology used to identify such thresholds; b. whether or not the thresholds are entity-specific and if so, how they were determined; and c. how responsibility for respecting identified ecological thresholds is allocated in the undertaking.
25. The undertaking shall specify as part of the contextual information, whether the targets that it has set and presented are mandatory (required by legislation) or voluntary.

Disclosure Requirement E2-4 – Pollution of air, water and soil

AR 20. The information to be provided on microplastics under paragraph 28(b) shall include microplastics that have been generated or used during production processes or that are procured, and that leave the undertaking's facilities as emissions, as products, or as part of products or services. Microplastics

may be unintentionally produced when larger pieces of plastics like car tires or synthetic textiles wear and tear or may be deliberately manufactured and added to products for specific purposes (e.g., exfoliating beads in facial or body scrubs).

AR 21. The volume of **pollutants** shall be presented in appropriate mass units, for example tonnes or kilogrammes.

AR 22. The information required under this Disclosure Requirement shall be provided at the level of the reporting undertaking. However, the undertaking may disclose additional breakdown including information at **site** level or a breakdown of its **emissions** by type of source, by sector or by geographical area.

AR 23. When providing contextual information on the emissions, the undertaking may consider:

- (a) the local air quality indices (AQI) for the area where the undertaking's air **pollution** occurs;
- (b) the degree of urbanisation (DEGURBA)³ for the area where air pollution occurs; and
- (c) the undertaking's percentage of the total **emissions of pollutants** to water and **soil** occurring in areas at water risk, including areas of high-water stress.

AR 24. The information provided under this Disclosure Requirement may refer to information the undertaking is already required to report under other existing legislation (i.e., IED, E- PRTR, etc.).

AR 25. Where the undertaking's activities are subject to Directive 2010/75/EU of the European Parliament and of the Council on industrial emissions (IED)⁴ and relevant Best Available Techniques Reference Documents (**BREFs**), irrespective of whether the activity takes place within the European Union or not, the undertaking may disclose the following additional information:

- (a) a list of **installations** operated by the undertaking that fall under the IED and EU- **BAT Conclusions**;
- (b) a list of any non-compliance **incidents** or enforcement **actions** necessary to ensure compliance in case of breaches of permit conditions;
- (c) the actual performance, as specified in the EU-**BAT conclusions** for industrial **installations**, and comparison of the undertaking's environmental performance against "emission levels associated with the best available techniques" the (**BATAEL**) as described in EU-BAT conclusions;
- (d) the actual performance of the undertaking against "environmental performance levels associated with the **best available techniques**" (**BAT-AEPLs**) provided that they are applicable to the sector and **installation**; and
- (e) a list of any compliance schedules or derogations granted by competent authorities according to Art. 15(4) Directive 2010/75/EU that are associated with the implementation of **BAT-AELs**.

Methodologies

AR 26. When providing information on **pollutants**, the undertaking shall consider approaches for quantification in the following order of priority:

- (a) direct measurement of emissions, effluents or other **pollution** through the use of recognised continuous monitoring systems (e.g., AMS Automated Measuring Systems);
- (b) periodic measurements;
- (c) calculation based on **site**-specific data;
- (d) calculation based on published pollution factors; and (e) estimation.

AR 27. Regarding the disclosure of methodologies required by paragraph 30, the undertaking shall consider:

- (a) whether its monitoring is carried out in accordance with EU **BREF** Standards or another relevant reference benchmark; and
- (b) whether and how the calibration tests of the AMS were undertaken and the verification of periodic measurement by independent labs were ensured.

³ According to Eurostat, the Degree of urbanisation (DEGURBA) is a classification that indicates the character of an area. Based on the share of local population living in urban clusters and in urban centres, it classifies Local Administrative Units (LAU or communes) into three types of area: i) Cities (densely populated areas), ii) Towns and suburbs (intermediate density areas), and iii) Rural areas (thinly populated areas).

⁴ Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17)

[302040] E2-4 Pollution of air, water and soil - general

- 26. The undertaking shall disclose the pollutants that it emits through its own operations, as well as the microplastics it generates or uses.
- 27. The objective of this Disclosure Requirement is to provide an understanding of the *emissions* that the undertaking generates to air, water and *soil* in its own operations, and of its generation and use of microplastics.

PollutionOfAirWaterAndSoilGeneralAbstract

DisclosureOfPollutantsEmittedThroughOwnOperationsAsWellAsMicroplasticsGeneratedOrUsedExplanatory

PollutionOfAirWaterAndSoilAbstract

PollutionOfAirWaterAndSoilTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

PollutionOfAirWaterAndSoilLineItems

MicroplasticsGenerated

MicroplasticsUsed

DescriptionOfChangesOverTimePollutionOfAirWaterAndSoilExplanatory

DescriptionOfMeasurementMethodologiesPollutionOfAirWaterAndSoilExplanatory

MonitoringIsCarriedOutInAccordanceWithEuBrefStandardsOrAnotherRelevantReferenceBenchmark

CalibrationTestsOfAmsWereUndertakenAndVerificationOfPeriodicMeasurementByIndependentLabsWasEnsured

DisclosureOfHowCalibrationTestsOfAmsWereUndertakenAndVerificationOfPeriodicMeasurementByIndependentLabsWasEnsuredExplanatory

DescriptionOfProcessesToCollectDataForPollutionrelatedAccountingAndReportingExplanatory

PercentageOfTotalEmissionsOfPollutantsToWaterOccurringInAreasAtWaterRisk

PercentageOfTotalEmissionsOfPollutantsToWaterOccurringInAreasOfHighwaterStress

PercentageOfTotalEmissionsOfPollutantsToSoilOccurringInAreasAtWaterRisk

PercentageOfTotalEmissionsOfPollutantsToSoilOccurringInAreasOfHighwaterStress

DisclosureOfReasonsForChoosingInferiorMethodologyToQuantifyEmissionsExplanatory

DisclosureOfStandardSectoralStudyOrSourcesWhichFormBasisOfEstimatesPossibleDegreeOfUncertaintyAndRangeOfEstimatesReflectingMeasurementUncertaintyPollutionExplanatory

ActivitiesAreSubjectToIndustrialEmissionDirectiveIedAndRelevantBestAvailableTechniquesReferenceDocumentsBr
efs

DisclosureOfListOfInstallationsOperatedThatFallUnderIedAndEuBatConclusionsExplanatory

DisclosureOfListOfAnyNoncomplianceIncidentsOrEnforcementActionsNecessaryToEnsureComplianceInCaseOfBre
achesOfPermitConditionsExplanatory

DisclosureOfActualPerformanceAndComparisonOfEnvironmentalPerformanceAgainstEmissionLevelsAssociatedWi
thBestAvailableTechniquesBATAELAsDescribedInEUBATConclusionsExplanatory

DisclosureOfActualPerformanceAgainstEnvironmentalPerformanceLevelsAssociatedWithBestAvailableTechniques
BataeplsApplicableToSectorAndInstallationExplanatory

DisclosureOfListOfAnyComplianceSchedulesOrDerogationsGrantedByCompetentAuthoritiesAccordingToArticle15
4IedThatAreAssociatedWithImplementationOfBataelsExplanatory

PollutionOfAirWaterAndSoilPollutantsAbstract

PollutionOfAirWaterAndSoilPollutantsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

PollutantAxis

PollutantMember

PollutantCarbonMonoxideCoMember

PollutantAmmoniaNH3Member

PollutantNonmethaneVolatileOrganicCompoundsNMVOCMember

PollutantNitrogenOxidesNoxNONO2Member

PollutantSulphurOxidesSOxSO2Member

PollutantTotalNitrogenMember

PollutantTotalPhosphorusMember

PollutantHydrochlorofluorocarbonsHCFCsMember

PollutantChlorofluorocarbonsCFCsMember

PollutantHalonsMember

PollutantArsenicAndCompoundsAsAsMember

PollutantCadmiumAndCompoundsAsCdMember

PollutantChromiumAndCompoundsAsCrMember

PollutantCopperAndCompoundsAsCuMember

PollutantMercuryAndCompoundsAsHgMember

PollutantNickelAndCompoundsAsNiMember

PollutantLeadAndCompoundsAsPbMember

PollutantZincAndCompoundsAsZnMember

PollutantAlachlorMember

PollutantAldrinMember

PollutantAtrazineMember

PollutantChlordaneMember
PollutantChlordeconeMember
PollutantChlorfenvinphosMember
PollutantChloroalkanesC10C13Member
PollutantChlorpyrifosMember
PollutantDDTMember
Pollutant12DichloroethaneEDCMember
PollutantDichloromethaneDCMMember
PollutantDieldrinMember
PollutantDiuronMember
PollutantEndosulphanMember
PollutantEndrinMember
PollutantHalogenatedOrganicCompoundsAsAOXMember
PollutantHeptachlorMember
PollutantHexachlorobenzeneHCBMember
PollutantHexachlorobutadieneHCBDMember
Pollutant123456HexachlorocyclohexaneHCHMember
PollutantLindaneMember
PollutantMirexMember
PollutantPcddPlusPcdfDioxinsPlusFuransAsTeqMember
PollutantPentachlorobenzeneMember
PollutantPentachlorophenolPCPMember
PollutantPolychlorinatedBiphenylsPCBsMember
PollutantSimazineMember
PollutantTetrachloroethylenePERMember
PollutantTetrachloromethaneTCMMember
PollutantTrichlorobenzenesTCBsAllIsomersMember
Pollutant111TrichloroethaneMember
Pollutant1122TetrachloroethaneMember
PollutantTrichloroethyleneMember
PollutantTrichloromethaneMember
PollutantToxapheneMember
PollutantVinylChlorideMember
PollutantAnthraceneMember
PollutantBenzeneMember
PollutantBrominatedDiphenylethersPBDEMember
PollutantNonylphenolAndNonylphenolEthoxylatesNpNONpesMember
PollutantEthylBenzeneMember
PollutantEthyleneOxideMember
PollutantIsoproturonMember
PollutantNaphthaleneMember
PollutantOrganotinCompoundsAsTotalSnMember
PollutantDi2EthylHexylPhthalateDEHPMember

PollutantPhenolsAsTotalCMember
PollutantPolycyclicAromaticHydrocarbonsPAHsMember
PollutantTolueneMember
PollutantTriphenyltinAndCompoundsMember
PollutantTotalOrganicCarbonTocAsTotalCOorCODNO3Member
PollutantTrifluralinMember
PollutantXylenesMember
PollutantChloridesAsTotalCIMember
PollutantChlorineAndInorganicCompoundsAsHCIMember
PollutantAsbestosMember
PollutantCyanidesAsTotalCNMember
PollutantFluoridesAsTotalFMember
PollutantFluorineAndInorganicCompoundsAsHFMember
PollutantHydrogenCyanideHcnMember
PollutantParticulateMatterPM10Member
PollutantOctylphenolsAndOctylphenolEthoxylatesMember
PollutantFluorantheneMember
PollutantIsodrinMember
PollutantHexabromobiphenylMember
PollutantBenzoGHIPeryleneMember

PollutionOfAirWaterAndSoilPollutantsLineItems

EmissionsToAir

EmissionsToWater

EmissionsToSoil

PollutionOfAirWaterAndSoilPollutantsAdditionalBreakdownsAbstract

PollutionOfAirWaterAndSoilPollutantsAdditionalBreakdownsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

PollutantAxis

PollutantMember

PollutantCarbonMonoxideCoMember

PollutantAmmoniaNH3Member

PollutantNonmethaneVolatileOrganicCompoundsNMVOCMember

PollutantNitrogenOxidesNoxNONO2Member

PollutantSulphurOxidesSOxSO2Member

PollutantTotalNitrogenMember

PollutantTotalPhosphorusMember

PollutantHydrochlorofluorocarbonsHCFCsMember

PollutantChlorofluorocarbonsCFCsMember

PollutantHalonsMember

PollutantArsenicAndCompoundsAsAsMember

PollutantCadmiumAndCompoundsAsCdMember
PollutantChromiumAndCompoundsAsCrMember
PollutantCopperAndCompoundsAsCuMember
PollutantMercuryAndCompoundsAsHgMember
PollutantNickelAndCompoundsAsNiMember
PollutantLeadAndCompoundsAsPbMember
PollutantZincAndCompoundsAsZnMember
PollutantAlachlorMember
PollutantAldrinMember
PollutantAtrazineMember
PollutantChlordaneMember
PollutantChlordeconeMember
PollutantChlorfenvinphosMember
PollutantChloroalkanesC10C13Member
PollutantChlorpyrifosMember
PollutantDDTMember
Pollutant12DichloroethaneEDCMember
PollutantDichloromethaneDCMMember
PollutantDieldrinMember
PollutantDiuronMember
PollutantEndosulphanMember
PollutantEndrinMember
PollutantHalogenatedOrganicCompoundsAsAOXMember
PollutantHeptachlorMember
PollutantHexachlorobenzeneHCBMember
PollutantHexachlorobutadieneHCBDMember
Pollutant123456HexachlorocyclohexaneHCHMember
PollutantLindaneMember
PollutantMirexMember
PollutantPcddPlusPcdfDioxinsPlusFuransAsTeqMember
PollutantPentachlorobenzeneMember
PollutantPentachlorophenolPCPMember
PollutantPolychlorinatedBiphenylsPCBsMember
PollutantSimazineMember
PollutantTetrachloroethylenePERMember
PollutantTetrachloromethaneTCMMember
PollutantTrichlorobenzenesTCBsAllIsomersMember
Pollutant111TrichloroethaneMember
Pollutant1122TetrachloroethaneMember
PollutantTrichloroethyleneMember
PollutantTrichloromethaneMember
PollutantToxapheneMember
PollutantVinylChlorideMember

PollutantAnthraceneMember
PollutantBenzeneMember
PollutantBrominatedDiphenylethersPBDEMember
PollutantNonylphenolAndNonylphenolEthoxylatesNpNONpesMember
PollutantEthylBenzeneMember
PollutantEthyleneOxideMember
PollutantIsoproturonMember
PollutantNaphthaleneMember
PollutantOrganotinCompoundsAsTotalSnMember
PollutantDi2EthylHexylPhthalateDEHPMember
PollutantPhenolsAsTotalCMember
PollutantPolycyclicAromaticHydrocarbonsPAHsMember
PollutantTolueneMember
PollutantTriphenyltinAndCompoundsMember
PollutantTotalOrganicCarbonTocAsTotalCOorCODNO3Member
PollutantTrifluralinMember
PollutantXylenesMember
PollutantChloridesAsTotalClMember
PollutantChlorineAndInorganicCompoundsAsHCIMember
PollutantAsbestosMember
PollutantCyanidesAsTotalCNMember
PollutantFluoridesAsTotalFMember
PollutantFluorineAndInorganicCompoundsAsHFMember
PollutantHydrogenCyanideHcnMember
PollutantParticulateMatterPM10Member
PollutantOctylphenolsAndOctylphenolEthoxylatesMember
PollutantFluorantheneMember
PollutantIsodrinMember
PollutantHexabromobiphenylMember
PollutantBenzoGHIPeryleneMember

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

SiteLocationTypedAxis

TypeOfSourceTypedAxis

GeographicalAreaTypedAxis

SectorsAndEconomicActivitiesAxis

SectorsAndEconomicActivitiesMember

PollutionOfAirWaterAndSoilPollutantsAdditionalBreakdownsLineItems

EmissionsToAir

EmissionsToWater

EmissionsToSoil

PollutionOfAirWaterAndSoilMicroplasticsAdditionalBreakdownsAbstract

PollutionOfAirWaterAndSoilMicroplasticsAdditionalBreakdownsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

SiteLocationTypedAxis

TypeOfSourceTypedAxis

GeographicalAreaTypedAxis

SectorsAndEconomicActivitiesAxis

SectorsAndEconomicActivitiesMember

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

PollutionOfAirWaterAndSoilMicroplasticsAdditionalBreakdownsLineItems

MicroplasticsGenerated

MicroplasticsUsed

28. The undertaking shall disclose the amounts of:
- each pollutant listed in Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council¹ (European Pollutant Release and Transfer Register “EPRTTR Regulation”) emitted to air, water and soil, with the exception of emissions of *GHGs* which are disclosed in accordance with ESRS E1 *Climate Change*²;)
 - microplastics generated or used by the undertaking.
29. The amounts referred in paragraph 28 shall be consolidated amounts including the emissions from those facilities over which the undertaking has financial control and those over which it has operational control. The consolidation shall include only the emissions from facilities for which the applicable threshold value specified in Annex II of Regulation (EC) No 166/2006 is exceeded.
30. The undertaking shall put its disclosure into context and describe:
- the changes over time,
 - the measurement methodologies; and
 - the process(es) to collect data for ***pollution***-related accounting and reporting, including the type of data needed and the information sources.
31. When an inferior methodology compared to direct measurement of ***emissions*** is chosen to quantify emissions, the reasons for choosing this inferior methodology shall be outlined by the undertaking. If the undertaking uses estimates, it shall disclose the standard, sectoral study or sources which form the basis of its estimates, as well as the possible degree of uncertainty and the range of estimates reflecting the measurement uncertainty.

Disclosure Requirement E2-5 – Substances of concern and substances of very high concern

List of substances to be considered

- AR 28. In order for the information to be complete, **substances** in the undertaking's own operations and those procured shall be included (e.g., embedded in ingredients, semi-finished products, or the final product).
- AR 29. The volume of **pollutants** shall be presented in mass units, for example tonnes or kilogrammes or other mass units appropriate for the volumes and type of pollutants being released.

Contextual information

- AR 30. The information provided under this Disclosure Requirement may refer to information the undertaking is already required to report under other existing legislation (i.e., Directive 2010/75/EU, Regulation (EC) No 166/2006 "E-PRTR", etc.).

[302050] E2-5 Substances of concern and substances of very high concern

DisclosureOfInformationOnProductionUseDistributionCommercialisationAndImportOrExportOfSubstancesOfConcernAndSubstancesOfVeryHighConcernOnTheirOwnInMixturesOrInArticlesExplanatory

32. The undertaking shall disclose information on the production, use, distribution, commercialisation and import/export of substances of concern and substances of very high concern, on their own, in mixtures or in articles.
33. The objective of this Disclosure Requirement is to enable an understanding of the impact of the undertaking on health and the environment through *substances of concern* and through *substances of very high concern* on their own. It is also to enable an understanding of the undertaking's material risks and *opportunities*, including exposure to those substances and risks arising from changes in regulations.

SubstancesOfConcernAndSubstancesOfVeryHighConcernMainHazardClassesAbstract

SubstancesOfConcernAndSubstancesOfVeryHighConcernMainHazardClassesTable

MainHazardClassTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

SubstancesProductionUseDistributionOrCommercialisationImportAndExportAxis

SubstancesProductionUseDistributionOrCommercialisationImportAndExportMember

ProductionMember

UseMember

DistributionOrCommercialisationMember

ImportMember

ExportMember

SubstancesOfConcernAndSubstancesOfVeryHighConcernMainHazardClassesLineItems

AmountOfSubstancesOfConcernThatAreGeneratedOrUsedDuringProductionOrThatAreProcured

AmountOfSubstancesOfConcernThatLeaveFacilitiesAsEmissionsAsProductsOrAsPartOfProductsOrServices

AmountOfSubstancesOfConcernThatLeaveFacilitiesAsEmissions

AmountOfSubstancesOfConcernThatLeaveFacilitiesAsProducts

AmountOfSubstancesOfConcernThatLeaveFacilitiesAsPartOfProducts

AmountOfSubstancesOfConcernThatLeaveFacilitiesAsServices

AmountOfSubstancesOfVeryHighConcernThatAreGeneratedOrUsedDuringProductionOrThatAreProcured

AmountOfSubstancesOfVeryHighConcernThatLeaveFacilitiesAsEmissionsAsProductsOrAsPartOfProductsOrServices

AmountOfSubstancesOfVeryHighConcernThatLeaveFacilitiesAsEmissions

AmountOfSubstancesOfVeryHighConcernThatLeaveFacilitiesAsProducts

AmountOfSubstancesOfVeryHighConcernThatLeaveFacilitiesAsPartOfProducts

AmountOfSubstancesOfVeryHighConcernThatLeaveFacilitiesAsServices

34. The disclosure required by paragraph 32 shall include the total amounts of *substances of concern* that are generated or used during the production or that are procured, and the total amounts of substances of concern that leave its facilities as emissions, as products, or as part of products or services split into main hazard classes of substances of concern.

35. The undertaking shall present separately the information for *substances of very high concern*.

¹ Regulation (EC) No 166/2006 of the European Parliament and of the Council of 18 January 2006 concerning the establishment of a European Pollutant Release and Transfer Register and amending Council Directives 91/689/EEC and 96/61/EC (OJ L 033 4.2.2006, p. 1)

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from: (a) an additional indicator related to principal adverse impacts as set out by indicator #2 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Emissions of air pollutants”); (b) indicator #8 in Table I of Annex I (“Emissions to water”); (c) indicator #1 in Table II of Annex I (“Emissions of inorganic pollutants”); and (d) indicator #3 in Table II of Annex I (“Emissions of ozone-depleting substances”)

Disclosure Requirement E2-6 – Anticipated financial effects from material pollution-related risks and opportunities

AR 31. The operating and capital expenditures related to *incidents* and *deposits* may include for instance:

- (a) cost for eliminating and remediating the respective *pollution* of air, water and *soil* including environmental protection;
- (b) damage compensation costs including payment of fines and penalties imposed by regulators or government authorities.

AR 32. *Incidents* may include for instance interruptions of production, whether arising from the *supply chain* and/or from own operations, which resulted in *pollution*.

AR 33. The undertaking may include an assessment of its related products and services at risk over the short-, medium- and long-term, explaining how these are defined, how financial amounts are estimated, and which critical assumptions are made.

AR 34. The quantification of the *anticipated financial effects* in monetary terms under paragraph 38(a) may be a single amount or a range.

[302060] E2-6 Anticipated financial effects from material pollution-related risks and opportunities -general

36. The undertaking shall disclose the anticipated financial effects of material pollution related risks and opportunities.
37. The information required by paragraph 36 is in addition to the information on current financial effects on the undertaking's, financial position, financial performance and cash flows for the reporting period required under ESRS 2 SBM-3 para 48 (d).
38. The objective of this Disclosure Requirement is to provide an understanding of:
- d. **anticipated financial effects** due to material risks arising from **pollution**-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's , financial position financial performance and cash flows, over the short-, medium- and long-term.
 - e. anticipated financial effects due to material opportunities related to pollution prevention and control.

AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTimeHorizonsGeneralAbstract

DisclosureOfAnticipatedFinancialEffectsOfMaterialPollutionrelatedRisksAndOpportunitiesExplanatory

AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesAbstract

AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesLineItems

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromPollutionrelatedImpactsExplanatory

PercentageOfNetRevenueMadeWithProductsAndServicesThatAreOrThatContainSubstancesOfConcern

PercentageOfNetRevenueMadeWithProductsAndServicesThatAreOrThatContainSubstancesOfVeryHighConcern

OperatingExpendituresOpExInConjunctionWithMajorIncidentsAndDepositsPollution

CapitalExpendituresCapExInConjunctionWithMajorIncidentsAndDepositsPollution

ProvisionsForEnvironmentalProtectionAndRemediationCostsPollution

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromPollutionrelatedImpactsExplanatory

DisclosureOfCriticalAssumptionsUsedToQuantifyAnticipatedFinancialEffectsSourcesAndLevelOfUncertaintyOfAssumptionsPollutionExplanatory

39. The disclosure shall include:
- a. a quantification of the **anticipated financial effects** in monetary terms before considering pollution-related actions, or where not possible without undue cost or effort, qualitative information. For **financial effects** arising from **opportunities**, a quantification is not required if it would result in disclosure that does not meet the qualitative characteristics of information (see ESRS 1 Appendix B *Qualitative characteristics of information*);
 - b. a description of the effects considered, the related impacts and the time horizons in which they are likely to materialise; and
 - c. the critical assumptions used to quantify the **anticipated financial effects**, as well as the sources and level of uncertainty of those assumptions.
40. The information provided under paragraph 38(a) shall include:
- a. the share of net revenue made with products and services that are or that contain **substances of concern**, and the share of net revenue made with products and services that are or that contain **substances of very high concern**;

- b. the operating and capital expenditures incurred in the reporting period in conjunction with major **incidents** and **deposits**;
- c. the provisions for environmental protection and **remediation** costs, e.g., for rehabilitating contaminated **sites**, recultivating landfills, removal of environmental contamination at existing production or storage sites and similar measures.

The undertaking shall disclose any relevant contextual information including a description of material incidents and deposits whereby pollution had negative impacts on the environment and/or is expected to have negative effects on the undertaking's financial cash flows, financial position and financial performance with short-, medium- and long-term time horizons.

[302061] E2-6.1 Anticipated financial effects from material pollution-related risks and opportunities - time horizons - general

AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTimeHorizonsGeneralAbstract
DisclosureOfAnticipatedFinancialEffectsOfMaterialPollutionrelatedRisksAndOpportunitiesExplanatory
AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTimeHorizonsAbstract
AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTimeHorizonsTable
RangeAxis
EstimatedValueMember
MinimumValueMember
MaximumValueMember
ReportingScopeAxis
CurrentAndRetrospectiveMember
ShorttermMember
MediumtermMember
LongtermMember
RestatedCorrectedOrRevisedMember
AnticipatedFinancialEffectsFromMaterialPollutionrelatedRisksAndOpportunitiesTimeHorizonsLineItems
DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromPollutionrelatedImpactsExplanatory
PercentageOfNetRevenueMadeWithProductsAndServicesThatAreOrThatContainSubstancesOfConcern
PercentageOfNetRevenueMadeWithProductsAndServicesThatAreOrThatContainSubstancesOfVeryHighConcern
OperatingExpendituresOpExInConjunctionWithMajorIncidentsAndDepositsPollution
CapitalExpendituresCapExInConjunctionWithMajorIncidentsAndDepositsPollution
ProvisionsForEnvironmentalProtectionAndRemediationCostsPollution
DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromPollutionrelatedImpactsExplanatory
DescriptionOfEffectsConsideredRelatedImpactsAndTimeHorizonsInWhichTheyAreLikelyToMaterialisePollutionExplanatory
DescriptionOfMaterialIncidentsAndDepositsWherebyPollutionHadNegativeImpactsOnEnvironmentAndOrIsExpectedToHaveNegativeEffectsOnFinancialCashFlowsFinancialPositionAndFinancialPerformanceExplanatory

ESRS E3 Water and marine resources

Objective

Interaction with other ESRS

ESRS 2 General disclosures

The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 *Impact, risk and opportunity management*.

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

The undertaking shall describe the process to identify material impacts, risks and opportunities and shall provide information on:

- a. whether and how the undertaking it has screened its assets and activities in order to identify its actual and potential water and **marine resources**-related **impacts, risks** and **opportunities** in its own operations and its upstream and downstream **value chain**, and if so the methodologies, assumptions and tools used in the screening;
- b. whether and how it has conducted consultations, in particular, with affected communities

Disclosure Requirement E3-1 – Policies related to water and marine resources

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material water and *marine resources*-related *impacts, risks* and *opportunities*

Disclosure Requirement E3-2 – Actions and resources related to water and marine resources

The objective of this Disclosure Requirement is to enable an understanding of the key actions taken and planned to achieve the water and marine resources-related policy objectives and targets.

Metrics and targets

Disclosure Requirement E3-3 – Targets related to water and marine resources

The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has adopted to support its water and marine resources-related policies and address its material water and marine resources-related impacts, risks and opportunities.

Disclosure Requirement E3-4 – Water consumption

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

Disclosure Requirement E3-5 – Anticipated financial effects from material water and marine resources-related risks and opportunities

The objective of this Disclosure Requirement is to provide an understanding of:

- a. **anticipated financial effects** due to material risks arising from water and **marine resources**-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows, over the short-, medium- and long-term; and
- b. **anticipated financial effects** due to material opportunities related to water and marine resources.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS E3 Water and marine resources

Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of the **sustainability statement** to understand:
 - a. how the undertaking affects water and **marine resources**, in terms of material positive and negative actual or potential **impacts**;
 - b. any **actions** taken, and the result of such actions to prevent or mitigate material actual or potential negative impacts, to protect water and marine resources, also with reference to reduction of **water consumption**, and to address **risks** and **opportunities**;
 - c. whether, how and to what extent the undertaking contributes to the European Green Deal's ambitions for fresh air, clean water, healthy **soil** and **biodiversity**, as well as to the sustainability of the **blue economy** and fisheries sectors, taking account of the following: Directive 2000/60/EC of the European Parliament and of the Council¹ (EU Water Framework Directive), Directive 2008/56/EC of the European Parliament and of the Council² (EU Marine Strategy Framework Directive), Directive 2014/89/EU of the European Parliament and of the Council³ (EU Maritime Spatial Planning Directive), the Sustainable Development Goals (in particular SDG 6 Clean water and sanitation and 14 Life below water), and respect of global environmental limits (e.g. **biosphere integrity**, ocean acidification, **freshwater** use, and biogeochemical flows **planetary boundaries**);
 - d. the plans and capacity of the undertaking to adapt its strategy and **business model** in line with the promotion of sustainable water use based on long-term protection of available water resources; protection of aquatic **ecosystems** and restoration of **freshwater** and marine **habitats**;
 - e. the nature, type and extent of the undertaking's material **risks** and **opportunities** arising from the undertaking's **impacts** and **dependencies** on water and **marine resources**, and how the undertaking manages them; and
 - f. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking's impacts and **dependencies** on water and marine resources.
 - ¹ Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy (Water Framework Directive) (OJ L 327, 22.12.2000, p. 1).
2. This Standard sets out Disclosure Requirements related to water and **marine resources**. With regard to "water", this standard covers **surface water** and **groundwater**. It includes disclosure requirements on **water consumption** in the undertaking's activities, products and services, as well as related information on **water withdrawals** and **water discharges**.
3. With regard to "**marine resources**", this standard covers the extraction and use of such resources, and associated economic activities.

Interaction with other ESRS

4. The topic of water and **marine resources** is closely connected to other environmental sub- topics such as climate change, **pollution**, **biodiversity** and circular economy. Thus, to provide a comprehensive overview of what could be material to water and marine resources, relevant Disclosure Requirements are covered in other environmental ESRS as follows:
 - a. ESRS E1 *Climate change*, which addresses, in particular, acute and chronic **physical risks** which arise from water and ocean-related hazards caused or exacerbated by climate change, including increasing water temperature, changing precipitation patterns and types (rain, hail, snow/ice), precipitation or hydrological variability, ocean acidification, saline intrusion, sea level rise, drought, high water stress, heavy precipitation, flood and glacial lake outbursts;
 - b. ESRS E2 *Pollution*, which addresses, in particular, the **emissions** to water, which includes emissions to oceans, and the use and generation of microplastics;

- c. ESRS E4 *Biodiversity and ecosystems*, which addresses, in particular, the conservation and sustainable use of and impact on **freshwater** aquatic **ecosystems** as well as the oceans and seas; and
- d. ESRS E5 *Resource use and circular economy* which addresses in particular **waste management** including plastic, and the transition towards the extraction of nonrenewable resources of **wastewater**; reduced use of plastic; and the **recycling** of wastewater.

² Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

³ Directive 2014/89/EU of the European Parliament and of the Council of 23 July 2014 establishing a framework for maritime spatial planning (OJ L 257, 28.8.2014, p. 135).

- 5. The undertaking's impacts on water and **marine resources** affect people and communities. Material negative impacts on **affected communities** from water and **marine resources** related impacts attributable to the undertaking are covered in ESRS S3 *Affected communities*.
- 6. This Standard should be read in conjunction with ESRS 1 *General requirements* and ESRS 2

Disclosure requirements

ESRS 2 General disclosures

- 7. The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 *Impact, risk and opportunity management*.

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities

AR 1. When conducting a **materiality** assessment on environmental subtopics, the undertaking shall assess the materiality of water and marine resources in its own operations and its upstream and downstream value chain, and may consider the four phases below, also known as the LEAP approach:

- (a) Phase 1: locate where in its own operations and along the value chain the interface with nature takes place;
- (b) Phase 2: evaluate the dependencies and impacts;
- (c) Phase 3: assess the material risks and opportunities; and
- (d) Phase 4: prepare and report the results of the materiality assessment.

AR 2. The **materiality** assessment for ESRS E3 corresponds to the first three phases of this LEAP approach, the fourth phase addresses the outcome of the process.

AR 3. The processes to assess the **materiality of impacts, risks and opportunities** shall consider the provisions in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*, and IRO-2 *Disclosure Requirements in ESRS covered by the undertaking's sustainability statement*.

AR 4. The sub-topics related to water and marine resources covered by the **materiality** assessment include:

- (a) water, which encompasses the consumption of **surface water, groundwater**, as well as withdrawals and **discharges** of water; and
- (b) **marine resources**, which encompasses the extraction and use of such resources and associated economic activities.

AR 5. In phase 1, to locate where there are areas at water risk, and areas where there is an interface with **marine resources** that could lead to material impacts and **dependencies** in its own operations and along its upstream and downstream value chain, the undertaking may consider:

- (a) the locations of direct assets and operations and related upstream and downstream activities across the value chain;
- (b) the sites located in areas at water risk, including areas of high-water stress; and
- (c) the sectors or business units that are interfacing with water or marine resources in these priority locations.

AR 6. The undertaking shall consider river basins as the relevant level for assessment of locations and combine that approach with an operational risk assessment of its facilities and the facilities of **suppliers** with material impacts and risks.

AR 7. The undertaking shall consider the criteria for defining the status of water bodies according to the relevant Annexes of Directive 2000/60/EC (Water Framework Directive) as well as the guidance documents provided for implementation of the Water Framework Directive. The list of guidance documents can be accessed under the European Commission's Environment home page.

AR 8. In phase 2, to evaluate its impacts and **dependencies** for each priority location identified under AR 5, the undertaking may:

- (a) identify business processes and activities that lead to impacts and dependencies on environmental assets and ecosystem services;
- (b) identify water and marine resources-related impacts and dependencies across the undertaking's value chain; and
- (c) assess the severity and likelihood of the positive and negative impacts on water and marine resources.

AR 9. For the identification of water and **marine resources**-related **dependencies**, the undertaking may rely on international classifications such as the Common International Classification of Ecosystem Services (CICES).

AR 10. When identifying its **marine resources**-related **dependencies**, the undertaking shall consider if it depends upon key marine resources-related commodities, including but not limited to gravels and seafood products.

AR 11. **Marine resources** are defined according to their use by human societies and must be considered in relation to the pressure they are subject to. Some of the pressure indicators are presented in other ESRS, namely microplastics and **emissions** to water in ESRS E2 and plastic **waste** in ESRS E5.

AR 12. Examples of **marine resources dependencies** which may be considered by the undertaking are:

- (a) dependencies on commercially exploited fish and shellfish in its own operations and its upstream and downstream value chain; and
- (b) fishing activity that involves mobile bottom trawling, which can also have negative impacts on the seabed.

AR 13. In Phase 3, to assess its material risks and opportunities based on the results of Phases 1 and 2, the undertaking may :

- (a) identify **transition risks** and **opportunities** in its own operations and its **value chain** by the categories of:
 - i. **policy** and legal: e.g., introduction of regulation or policy (e.g., changes such as increased water protection, increased quality of water regulations, regulation of flows

of water supply), ineffective governance of water bodies or **marine resources**, in particular across boundaries (e.g., transboundary governance and cooperation) resulting in water or oceans **degradation**, exposure to sanctions and litigation (e.g., non-respect of permits or allocations; negligence towards or killing of threatened marine species), enhanced reporting obligations on marine ecosystems and related services;

- ii. technology: e.g., substitution of products or services by products or services with a lower impact on water and marine resources, transition to more efficient and cleaner technologies (i.e., with lower impacts on oceans and water), new monitoring technologies (e.g., satellite), water purification, flood protection;
- iii. market: e.g., shifting supply, demand and financing, volatility or increased costs of water or marine resources;
- iv. reputation: e.g., changing societal, customer or community perceptions as a result of an organisation's impact on water and marine resources; and
- v. contribution to **systemic risks** via its own operations and its upstream and downstream value chain, including the risks that a marine ecosystem collapses or the risks that a critical natural system no longer functions (e.g., tipping points are reached, summing physical risks);

(b) identify physical risk including water quantity (**water scarcity**, water stress), water quality, infrastructure decay or unavailability of some marine resources-related commodities (e.g. the rarefaction of some species of fish or other underwater marine living organisms sold as products by the undertaking) leading for instance to the impossibility of running operations in certain geographical areas; (c) identify opportunities categorised by:

- i. resource efficiency: e.g., transition to more efficient services and processes requiring less water and marine resources;
- ii. markets: e.g., development of less resource-intense products and services, diversification of business activities;
- iii. financing: e.g., access to green funds, bonds or loans; iv. resilience: e.g., diversification of marine or water resources and business activities (e.g., starting a new business unit on **ecosystem restoration**), investing in green infrastructures, **nature-based solutions**, adopting **recycling** and circularity mechanisms that reduce the **dependencies** on water or marine resources; and
- v. reputation: positive **stakeholder engagement** as a result of a proactive stance on managing nature-related risks (e.g., leading to preferred partner status).

AR 14. The undertaking may rely on primary, secondary or modelled data collection or other relevant approaches to assess material impacts, **dependencies**, risks and opportunities, including Commission Recommendation 2021/2279 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (Annex I – Product Environmental Footprint; Annex III – Organisation Environmental Footprint).

AR 15. When providing information on the outcome of the **materiality** assessment, the undertaking shall consider:

- (a) a list of geographical areas where water is a material issue for the undertaking's own operations and its upstream and downstream value chain;
- (b) a list of **marine resources**-related commodities used by the undertaking which are material to the good environmental status of marine waters as well as for the protection of marine resources; and
- (c) a list of sectors or segments associated with water and marine resources material impacts, risks and opportunities.

[303006] E3.IRO-1 Description of processes to identify and assess material water and marine resources-related impacts, risks and opportunities (E3)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory

AssetsAndActivitiesHaveBeenScreenedInOrderToIdentifyActualAndPotentialWaterAndMarineResourcesrelatedImpactsRisksAndOpportunitiesInOwnOperationsAndUpstreamAndDownstreamValueChain

DisclosureOfHowAssetsAndActivitiesHaveBeenScreenedInOrderToIdentifyActualAndPotentialWaterAndMarineResourcesrelatedImpactsRisksAndOpportunitiesInOwnOperationsAndUpstreamAndDownstreamValueChainAndMethodologiesAssumptionsAndToolsUsedInScreeningExplanatory

ConsultationsHaveBeenConductedWaterAndMarineResources

DisclosureOfHowConsultationsHaveBeenConductedWaterAndMarineResourcesExplanatory

8. The undertaking shall describe the process to identify material impacts, risks and opportunities and shall provide information on:
- e. whether and how the undertaking it has screened its assets and activities in order to identify its actual and potential water and **marine resources**-related **impacts, risks** and **opportunities** in its own operations and its upstream and downstream **value chain**, and if so the methodologies, assumptions and tools used in the screening;
 - f. whether and how it has conducted consultations, in particular, with affected communities⁴.

⁴ Source: IFC Performance Standard 6, 2012.

Disclosure Requirement E3-1 – Policies related to water and marine resources

AR 16. The **policies** described under this Disclosure Requirement may be integrated in broader environmental or sustainability policies covering different subtopics.

AR 17. When disclosing information under paragraph 9, the undertaking may disclose whether its **policies** :

- (a) prevent further deterioration and protect and enhance the status of water bodies and aquatic **ecosystems**;
- (b) promote sustainable water use based on a long-term protection of available water resources;
- (c) aim at enhanced protection and improvement of the aquatic environment;
- (d) promote a good environmental status of marine water; and
- (e) promote reduction of **water withdrawals** and **water discharges**.

AR 18. The undertaking may also disclose information about **policies** which:

- (a) contribute to good ecological and chemical quality of **surface water** bodies and good chemical quality and quantity of groundwater bodies, in order to protect human health, water supply, natural **ecosystems** and biodiversity, the good environmental status of marine waters and the protection of the resource base upon which marine related activities depend;
- (b) minimise material **impacts** and **risks** and implement mitigation measures that aim to maintain the value and functionality of priority services and to increase resource efficiency on own operations; and (c) avoid impacts on **affected communities**.



[303010] E3-1 Policies related to water and marine resources

DisclosureOfPoliciesAdoptedToManageMaterialImpactsRisksAndOpportunitiesRelatedToWaterAndMarineResourcesExplanatory

- 9. The undertaking shall describe its policies adopted to manage its material impacts, risks and opportunities related to water and marine resources⁵.
- 10. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material water and *marine resources-related impacts, risks and opportunities*.

MinimumDisclosureRequirementPoliciesRelatedToWaterAndMarineResourcesAbstract

MinimumDisclosureRequirementPoliciesRelatedToWaterAndMarineResourcesTable

IdentifierOfPolicyTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementPoliciesRelatedToWaterAndMarineResourcesLineItems

NameOrIdentifierOfPolicy

SustainabilityMattersAddressedByPolicyForWaterAndMarineResources

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

DescriptionOfKeyContentsOfPolicyExplanatory

DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory

DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory

DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory

DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory

PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt

ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory

PolicyAddressesWaterManagement

DisclosureOfHowPolicyAddressesWaterManagementExplanatory

PolicyAddressesUseAndSourcingOfWaterAndMarineResourcesInOwnOperations

PolicyAddressesWaterTreatmentAsStepTowardsMoreSustainableSourcingOfWater

PolicyAddressesPreventionAndAbatementOfWaterPollutionResultingFromActivities

PolicyAddressesProductAndServiceDesignInViewOfAddressingWaterrelatedIssuesAndPreservationOfMarineResources

DisclosureOfHowPolicyAddressesProductAndServiceDesignInViewOfAddressingWaterrelatedIssuesAndPreservationOfMarineResourcesExplanatory

PolicyAddressesCommitmentToReduceMaterialWaterConsumptionInAreasAtWaterRiskInOwnOperationsAndAlongUpstreamAndDownstreamValueChain

DisclosureOfHowPolicyAddressesCommitmentToReduceMaterialWaterConsumptionInAreasAtWaterRiskInOwnOperationsAndAlongUpstreamAndDownstreamValueChainExplanatory

PolicyPreventsFurtherDeteriorationAndProtectsAndEnhancesStatusOfWaterBodiesAndAquaticEcosystems

Policy Promotes Sustainable Water Use Based On Longterm Protection Of Available Water Resources

Policy Aims At Enhanced Protection And Improvement Of Aquatic Environment

Policy Promotes Good Environmental Status Of Marine Water

Policy Promotes Reduction Of Water Withdrawals And Water Discharges

Policy Contributes To Good Ecological And Chemical Quality Of Surface Water Bodies And Good Chemical Quality And Quantity Of Groundwater Bodies

Policy Minimises Material Impacts And Risks And Implements Mitigation Measures That Aim To Maintain Value And Functionality Of Priority Services And To Increase Resource Efficiency On Own Operations

Policy Avoids Impacts On Affected Communities

At Least One Of Undertaking Sites Is Located In Area Of High Water Stress And Is Not Covered By Policy

Disclosure Of Reasons For Not Having Adopted Policy In Areas Of High Water Stress Explanatory

Disclosure Of Timeframe In Which Policy In Areas Of High Water Stress Will Be Adopted Explanatory

Policies Or Practices Related To Sustainable Oceans And Seas Have Been Adopted

11. The disclosure required by paragraph 9 shall contain the information on the *policies* the undertaking has in place to manage its material *impacts, risks and opportunities* related to water and *marine resources* in accordance with ERS 2 MDR-P *Policies adopted to manage material sustainability matters*.

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #7 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without water management policies”).

12. The undertaking shall indicate whether and how its *policies* address the following matters where material:

a. water management including:

i. the use and sourcing of water and *marine resources* in its own operations;

ii. water treatment as a step towards more sustainable sourcing of water; and

iii. the prevention and abatement of water *pollution* resulting from its activities.

b. product and service design in view of addressing water-related issues and the preservation of marine resources; and

c. commitment to reduce material *water consumption* in *areas at water risk* in its own operations and along the upstream and downstream *value chain*.

13. If at least one of the *sites* of the undertaking is located in an area of high-water stress and it is not covered by a *policy*, the undertaking shall state this to be the case and provide reasons for not having adopted such a policy. The undertaking may disclose a timeframe in which it aims to adopt such a policy.⁶

14. The undertaking shall specify whether it has adopted *policies* or practices related to sustainable oceans and seas⁷.

Disclosure Requirement E3-2 – Actions and resources related to water and marine resources

AR 19. When disclosing information required under paragraph 15, the undertaking shall consider the *actions*, or action plans, contributing to address the material impacts, risks and opportunities identified. Useful guidance is provided by the Alliance for Water Stewardship (AWS).

AR 20. Considering that water and **marine resources** are shared resources which may require collective **actions**, or action plans, involving other **stakeholders**, the undertaking may provide information on those specific collective actions, including information on other parties (competitors, **suppliers**, retailers, customers, other business partners, local communities and authorities, government agencies...) and specific information on the project, its specific contribution, its sponsors and other participants.

AR 21. When providing information on capital expenditures, the undertaking may consider expenditures related, for example, to stormwater drain rehabilitation, pipelines, or machinery used to manufacture new low water-use products.

[303020] E3-2 Actions and resources related to water and marine resources

DisclosureOfWaterAndMarineResourcesRelatedActionsAndResourcesAllocatedToTheirImplementationExplanatory

15. The undertaking shall disclose its water and marine resources-related actions and the resources allocated to their implementation.
16. The objective of this Disclosure Requirement is to enable an understanding of the key actions taken and planned to achieve the water and marine resources-related policy objectives and targets.

MinimumDisclosureRequirementActionsRelatedToWaterAndMarineResourcesAbstract

MinimumDisclosureRequirementActionsRelatedToWaterAndMarineResourcesTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementActionsRelatedToWaterAndMarineResourcesLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

LayerInMitigationHierarchyToWhichActionCanBeAllocatedToWaterAndMarineResources

ActionRelatesToAreasAtWaterRisk

ActionRelatesToAreasOfHighwaterStress

InformationAboutSpecificCollectiveActionForWaterAndMarineResourcesExplanatory

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesAbstract

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesLineItems

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory

NameOrIdentifierOfActionPlan

DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory

AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesDetailedAbstract

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

RestatedCorrectedOrRevisedMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementResourcesRelatedToWaterAndMarineResourcesDetailedLineItems

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

LayerInMitigationHierarchyToWhichResourcesCanBeAllocatedToWaterAndMarineResources

ResourcesRelateToAreasAtWaterRisk

ResourcesRelateToAreasOfHighwaterStress

17. The description of the actions and resources shall follow the principles defined in ESRS 2 MDR- A Actions and resources in relation to material sustainability matters. In addition to ESRS 2 MDR- A, the undertaking may specify to which layer in the mitigation hierarchy an action and
18. Resources can be allocated to:
 - a. avoid the use of water and **marine resources**;
 - b. reduce the use of water and marine resources such as through efficiency measures;
 - c. reclaiming and reuse of water; or
 - d. restoration and **regeneration** of aquatic ecosystem and water bodies.
19. The undertaking shall specify **actions** and resources in relation to **areas at water risk**, including *areas of high-water stress*.

⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #8 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Exposure to areas of high water stress”).

⁷ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #12 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without sustainable oceans/seas practices”).

Metrics and targets

Disclosure Requirement E3-3 – Targets related to water and marine resources

AR 22. If the undertaking refers to **ecological thresholds** when setting **targets**, it may refer to the guidance provided by the Science-Based Targets Initiative for Nature (SBTN) in its interim guidance (Initial Guidance for Business, September 2020). It may also refer to any other guidance with a scientifically acknowledged methodology that enables the setting of science-based targets by identifying ecological thresholds and, if applicable, organisationspecific allocations. Ecological thresholds can be local, national and/or global.

AR 23. The undertaking may provide **targets** relating to:

- (a) the reduction of **water withdrawals**; and (b)
- the reduction of **water discharges**.

AR 24. If the undertaking provides **targets** on withdrawals, it may include **water withdrawal** from polluted **soils** and aquifers, and water withdrawn and treated for **remediation** purposes.

AR 25. If the undertaking provides **targets** on **discharges**, it may include **water discharges** to **groundwater** such as reinjection to aquifers, or water returning to a groundwater source via a soakaway or a swale.

AR 26. The **targets** may cover its own operations and/or its upstream and downstream value chain.

AR 27. The undertaking may specify whether the **target** addresses shortcomings related to the Substantial Contribution criteria for Water and Marine Resources as defined in the Commission delegated acts adopted pursuant to Article 12(2) of Regulation (EU) 2020/852. Where the Do No Significant Harm (DNSH) criteria for Water and Marine Resources as defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 13(2), Article 14(2), and Article 15(2) of Regulation (EU) 2020/852 are not met, the undertaking may specify whether the target addresses shortcomings related those DNSH criteria.

[303030] E3-3 Targets related to water and marine resources

DisclosureOfWaterAndMarineResourcesrelatedTargetsExplanatory

20. The undertaking shall disclose the water and marine resources-related targets it has set.
21. The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has adopted to support its water and marine resources-related policies and address its material water and marine resources-related impacts, risks and opportunities.

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesAbstract

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesTable

IdentifierOfTargetTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

TargetRelatedToEnvironmentalMattersIsBasedOnConclusiveScientificEvidence

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

TargetRelatesToManagementOfMaterialImpactsRisksAndOpportunitiesRelatedToAreasAtWaterRiskIncludingImprovementOfWaterQuality

DisclosureOfHowTargetRelatesToManagementOfMaterialImpactsRisksAndOpportunitiesRelatedToAreasAtWaterRiskIncludingImprovementOfWaterQualityExplanatory

TargetRelatesToResponsibleManagementOfMarineResourcesImpactsRisksAndOpportunitiesIncludingNatureAndQuantityOfMarineResourcesrelatedCommoditiesUsedByUndertaking

DisclosureOfHowTargetRelatesToResponsibleManagementOfMarineResourcesImpactsRisksAndOpportunitiesIncludingNatureAndQuantityOfMarineResourcesrelatedCommoditiesUsedByUndertakingExplanatory

TargetRelatesToReductionOfWaterConsumptionIncludingInAreasAtWaterRiskAndInAreasOfHighWaterstress

DisclosureOfHowTargetRelatesToReductionOfWaterConsumptionIncludingInAreasAtWaterRiskAndInAreasOfHighWaterstressExplanatory

EcologicalThresholdsAndEntityspecificAllocationsWereTakenIntoConsiderationWhenSettingWaterAndMarineResourcesTarget

DisclosureOfEcologicalThresholdsIdentifiedAndMethodologyUsedToIdentifyEcologicalThresholdsWaterAndMarineResourcesExplanatory

EcologicalThresholdsAreEntityspecificWaterAndMarineResources

DisclosureOfHowEcologicalEntityspecificThresholdsWereDeterminedWaterAndMarineResourcesExplanatory

DisclosureOfHowResponsibilityForRespectingIdentifiedEcologicalThresholdsIsAllocatedWaterAndMarineResourcesExplanatory

WaterAndMarineResourcesrelatedTargetIsMandatoryRequiredByLegislation

TargetRelatesToReductionOfWaterWithdrawals

TargetRelatesToReductionOfWaterDischarges

WaterAndMarineResourcesrelatedTargetAddressesShortcomingsRelatedToSubstantialContributionCriteriaForWaterAndMarineResources

WaterAndMarineResourcesrelatedTargetAddressesShortcomingsRelatedToDoNoSignificantHarmCriteriaForWaterAndMarineResources

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE3WaterAndMarineResourcesMember

MinimumDisclosureRequirementTargetsRelatedToWaterAndMarineResourcesTargetsNotAdoptedLineItems

MeasurableOutcomeorientedTargetsHaveNotBeenSet

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

MeasurableOutcomeorientedTargetsWillBeSet

DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory

DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory

EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity

DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory

DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory

BaseYearFromWhichProgressIsMeasured

BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue

BaselineValueAgainstWhichProgressIsConsideredPercentage

22. The description of the targets shall contain the information requirements defined in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets.

23. The disclosure required by paragraph 20 shall indicate whether and how its **targets** relate to:

- a. the management of material impacts, risks and opportunities related to areas at water risk, including improvement of the water quality;
 - b. the responsible management of **marine resources** impacts, risks and opportunities including the nature and quantity of marine resources-related commodities (such as gravels, deep-sea minerals, seafood) used by the undertaking; and
 - c. the reduction of **water consumption**, including an explanation of how those targets relate to areas at water risk, including areas of high water-stress.
24. In addition to ESRS 2 MDR-T, the undertaking may specify whether **ecological thresholds** and entity-specific allocations were taken into consideration when setting **targets**. If so, the undertaking may specify:
- a. the ecological thresholds identified, and the methodology used to identify such thresholds;
 - b. whether or not the thresholds are entity-specific and if so, how they were determined; and
 - c. how responsibility for respecting identified ecological thresholds is allocated in the undertaking.
25. The undertaking shall specify as part of the contextual information, whether the **targets** it has set and presented are mandatory (required by legislation) or voluntary.

Disclosure Requirement E3-4 – Water consumption

AR 28. The undertaking may operate in various **areas at water risk**. When disclosing information under paragraph 28 (b), the undertaking shall include such information only for those areas that have been identified as material in accordance with ESRS2 IRO-1 and ESRS2 SBM-3.

AR 29. When disclosing contextual information on water consumption performance required by paragraph 26, the undertaking shall explain the calculation methodologies and more specifically the share of the measure obtained from direct measurement, from sampling and extrapolation, or from best estimates.

AR 30. The undertaking may provide information on other breakdowns (i.e., per sector or segments).

AR 31. When disclosing information required by paragraph 29 the undertaking may provide additional intensity ratios based on other denominators.

AR 32. The undertaking may also provide information on its **water withdrawals** and **water discharges**.

[303040] E3-4 Water consumption

WaterConsumptionGeneralAbstract

DisclosureOfInformationAboutWaterConsumptionPerformanceRelatedToMaterialImpactsRisksAndOpportunitiesExplanatory

WaterConsumptionAbstract

WaterConsumptionTbale

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

WaterConsumptionLineItems

WaterConsumption

WaterConsumptionInAreasAtWaterRisk

WaterConsumptionInAreasOfHighwaterStress

WaterRecycledAndReused

WaterStored

ChangesInWaterStorage

DisclosureOfContextualInformationRelatedToWaterConsumptionWaterRecycledAndReusedWaterStoredAndChangesInWaterStorageAndHowDataHaveBeenCompiledExplanatory

DataSourcesWaterConsumption

DataSourcesWaterRecycledAndReused

DataSourcesWaterStored

PercentageOfDataSourcedFromDirectMeasurementWaterConsumption

PercentageOfDataFromSamplingAndExtrapolationWaterConsumption

PercentageOfDataFromBestEstimatesWaterConsumption

WaterIntensityTotalWaterConsumptionPerNetRevenue

DisclosureOfAdditionalWaterIntensityRatioExplanatory

WaterWithdrawals

WaterDischarges

WaterConsumptionAdditionalBreakdownsAbstract

WaterConsumptionAdditionalBreakdownsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

OperatingSegmentTypedAxis

SectorsAndEconomicActivitiesAxis

SectorsAndEconomicActivitiesMember

WaterConsumptionAdditionalBreakdownsLineItems

WaterConsumption

WaterConsumptionInAreasAtWaterRisk

WaterConsumptionInAreasOfHighwaterStress

WaterRecycledAndReused

WaterStored

ChangesInWaterStorage

WaterIntensityTotalWaterConsumptionPerNetRevenue

DisclosureOfAdditionalWaterIntensityRatioExplanatory

WaterWithdrawals

WaterDischarges

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

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

28. The disclosure required by paragraph 26 relates to own operations and shall include:
- total water consumption in m³;
 - total water consumption in m³ in areas at water risk, including areas of high-water stress;
 - total water recycled and reused in m³;8
 - total water stored and changes in storage in m³; and
 - any contextual information necessary regarding points (a) to (d), including the water 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.
29. The undertaking shall provide information on its **water intensity**: total **water consumption** in its own operations in m³ per million EUR net revenue⁷⁶.

⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #6.2 in Table II of

Disclosure Requirement E3-5 – Anticipated financial effects from material water and marine resources-related risks and opportunities

AR 33. The undertaking may include an assessment of its related products and services at risk over the short-, medium- and long-term, explaining how these are defined, how financial amounts are estimated, and which critical assumptions are made.

AR 34. The quantification of the **anticipated financial effects** in monetary terms under paragraph 39(a) may be a single amount or a range.

[303050] E3-5 Anticipated financial effects from material water and marine resources-related risks and opportunities

DisclosureOfAnticipatedFinancialEffectsOfMaterialWaterAndMarineResourcesrelatedRisksAndOpportunitiesExplanatory

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromWaterAndMarineResourcesrelatedImpactsExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromWaterAndMarineResourcesrelatedImpactsExplanatory

DisclosureOfCriticalAssumptionsUsedToQuantifyAnticipatedFinancialEffectsSourcesAndLevelOfUncertaintyOfAssumptionsWaterAndMarineResourcesExplanatory

30. The undertaking shall disclose the anticipated financial effects of material water and marine resources-related risks and opportunities.
31. The information required by paragraph 30 is in addition to the information on current financial effects on the entity's financial position, financial performance and cash flows for the reporting period required under ESRS 2 SBM-3 para 48 (d).
32. The objective of this Disclosure Requirement is to provide an understanding of:
- anticipated financial effects** due to material risks arising from water and **marine resources**-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows, over the short-, medium- and long-term; and

g. **anticipated financial effects** due to material opportunities related to water and marine resources.

AnticipatedFinancialEffectsFromMaterialWaterAndMarineResourcesRelatedRisksAndOpportunitiesTimeHorizonsAbstract

AnticipatedFinancialEffectsFromMaterialWaterAndMarineResourcesrelatedRisksAndOpportunitiesTimeHorizonsTable

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

AnticipatedFinancialEffectsFromMaterialWaterAndMarineResourcesRelatedRisksAndOpportunitiesTimeHorizonsLineItems

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromWaterAndMarineResourcesrelatedImpactsExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromWaterAndMarineResourcesrelatedImpactsExplanatory

DescriptionOfEffectsConsideredRelatedImpactsAndDependenciesAndTimeHorizonsInWhichTheyAreLikelyToMaterialiseWaterAndMarineResourcesExplanatory

33. The disclosure shall include:

- a. a quantification of the **anticipated financial effects** in monetary terms before considering water and marine resources-related actions or where not possible without undue cost or effort, qualitative information. For **financial effects** arising from opportunities, a quantification is not required if it would result in disclosure that does not meet the qualitative characteristics of information (see ESRS 1 Appendix B *Qualitative characteristics of information*);
- b. a description of the effects considered, the impacts and dependencies to which they relate, and the time horizons in which they are likely to materialise; and
- c. the critical assumptions used to quantify the anticipated financial effects, as well as the sources and level of uncertainty of those assumptions.

Annex I of Commission Delegated Regulation (EU) 2022/1288 regarding disclosure rules on sustainable investments (“Water usage and recycling”, 2. Weighted average percentage of water recycled and reused by investee companies). ⁷⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #6.1 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Water usage and recycling”, 1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies).

ESRS E4 Biodiversity and ecosystems

Objective

Interaction with other ESRS

ESRS 2 General disclosures

The requirements of this section shall be read in conjunction with the disclosures required by ESRS 2 *Chapter 2 Governance, Chapter 3 Strategy and Chapter 4 Impact, risk and opportunity management*.

Strategy

Disclosure Requirement E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

The objective of this Disclosure Requirement is to enable an understanding of the resilience of the undertaking's strategy and *business model* in relation to *biodiversity* and *ecosystems*, and of the compatibility of the undertaking's strategy and business model with regard to relevant local, national and global public policy *targets* related to biodiversity and ecosystems.

Disclosure Requirement SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

The undertaking shall describe its process to identify material impacts, risks, dependencies and opportunities. The description of the process shall include whether and how the undertaking:

Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material *biodiversity* and *ecosystem*- related *impacts, dependencies, risks* and *opportunities*.

Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems

The objective of this Disclosure Requirement is to enable an understanding of the key *actions* taken and planned that significantly contribute to the achievement of *biodiversity* and *ecosystems*-related *policy* objectives and *targets*.

Metrics and targets

Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems

The objective of this Disclosure Requirement is to allow an understanding of the *targets* the undertaking has adopted to support its *biodiversity* and *ecosystems policies* and address its material related *impacts, dependencies, risks* and *opportunities*.

Disclosure Requirement E4-5 – Impact metrics related to biodiversity and ecosystems change

The objective of this Disclosure Requirement is to enable an understanding of the performance of the undertaking against impacts identified as material in the *materiality* assessment on *biodiversity* and *ecosystems* change.

Disclosure Requirement E4-6 – Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

The objective of this Disclosure Requirement is to provide an understanding of:

- a. **anticipated financial effects** due to material risks arising from biodiversity- and ecosystem-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows over the short-, medium- and long-term; and

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS E4 Biodiversity and ecosystems

Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of the **sustainability statement** to understand:
 - a. how the undertaking affects **biodiversity** and **ecosystems**, in terms of material positive and negative, actual and potential impacts, including the extent to which it contributes to the drivers of biodiversity and ecosystem loss and degradation;
 - b. any **actions** taken, and the result of such actions, to prevent or mitigate material negative actual or potential impacts and to protect and restore biodiversity and ecosystems, and to address risks and opportunities; and
 - c. the plans and capacity of the undertaking to adapt its strategy and **business model** in line with:
 - i. respecting **planetary boundaries** related to **biosphere integrity** and **land system change**;
 - ii. the vision of the Kunming-Montreal Global Biodiversity Framework and its relevant goals and **targets**;
 - iii. relevant aspects of the EU Biodiversity Strategy for 2030¹;
 - iv. Directive 2009/147/EC of the European Parliament and of the Council and Council Directive 92/43/EEC (EU Birds and Habitats Directives)²; and
 - v. Directive 2008/56/EC of the European Parliament and of the Council (Marine Strategy Framework Directive)³ ;
2. This Standard sets out Disclosure Requirements related to the undertaking's relationship to terrestrial, **freshwater** and marine **habitats, ecosystems** and populations of related fauna and flora species, including diversity within species, between species and of ecosystems and their interrelation with **indigenous peoples** and other affected communities.
3. The terms "**biodiversity**" and "**biological diversity**" refer to the variability among living organisms from all sources including, inter alia, terrestrial, **freshwater**, marine and other aquatic **ecosystems** and the ecological complexes of which they are part.

¹ EU Biodiversity Strategy for 2030- Bringing nature back into our lives, COM/2020/380 final.

² Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds (OJ L 20, 26.1.2010, p. 7) and Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora (OJ L 206, 22.7.1992, p. 7).

³ Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) (OJ L 164, 25.6.2008, p. 19).

Interaction with other ESRS

4. '**Biodiversity** and **ecosystems**' are closely connected to other environmental matters. The main direct drivers of biodiversity and ecosystems change are climate change, **pollution**, land- use change, **freshwater**-use change and sea-use change, direct exploitation of organisms and invasive alien species. These drivers are covered in this standard, except for climate change (covered by ESRS E1) and pollution (covered by ESRS E2).

5. To obtain a comprehensive understanding of material **impacts** and **dependencies** on **biodiversity** and **ecosystems**, the Disclosure Requirements of other environmental ESRS should be read and interpreted in conjunction with the specific disclosure requirements of this Standard. The relevant disclosure requirements covered in other environmental ESRS are:
 - a. ESRS E1 *Climate change*, which addresses in particular GHG **emissions** and energy resources (energy consumption);
 - b. ESRS E2 *Pollution*, which addresses **pollution** to air, water and **soil**;
 - c. ESRS E3 *Water and marine resources* which addresses in particular water resources (water consumption) and **marine resources**;
 - d. ESRS E5 *Resource use and circular economy* addresses in particular the transition away from extraction of non-renewable resources and the implementation of practices that prevent **waste** generation, including pollution generated by waste.
6. The undertaking's impacts on **biodiversity** and **ecosystems** affect people and communities. When reporting on material negative impacts on **affected communities** from biodiversity and ecosystem change under ESRS E4, the undertaking shall consider the requirements of ESRS S3 *Affected communities*.
7. This Standard should be read in conjunction with ESRS 1 *General requirements* and ESRS 2 *General disclosures*.

Disclosure Requirements

ESRS 2 General disclosures

8. The requirements of this section shall be read in conjunction with the disclosures required by ESRS 2 *Chapter 2 Governance, Chapter 3 Strategy and Chapter 4 Impact, risk and opportunity management*.
9. The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for ESRS 2 SBM-3, for which the undertaking has an option to present the disclosures alongside the topical disclosures.
10. In addition to the requirements in ESRS 2, this Standard also includes the topic specific Disclosure Requirement E4-1 *Transition plan and consideration of biodiversity and ecosystems in strategy and business model*.

Strategy

Disclosure Requirement E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

AR 1. If disclosing a transition plan, the undertaking may:

- (a) explain how it will adjust its strategy and **business model** to improve and, ultimately, achieve alignment with relevant local, national and global public policy goals and **targets** related to **biodiversity** and **ecosystems** including the vision of the Kunming Montreal Global Biodiversity Framework and its relevant goals and targets, the EU Biodiversity Strategy for 2030, and Directive 2009/147/EC Council Directive 92/43/EEC (the EU Birds and Habitats Directives) and, as appropriate, **planetary boundaries** related to biosphere integrity and **land-system change**;
- (b) include information about its own operations and also explain how it is responding to material impacts in its upstream and downstream value chain identified in its materiality assessment in accordance with ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities;
- (c) explain how its strategy interacts with its transition plan;
- (d) explain how it contributes to addressing biodiversity and ecosystem impact drivers and its possible mitigation actions following the mitigation hierarchy and the main path-dependencies and locked-in assets and resources (e.g., plants, raw materials) that are associated with biodiversity and ecosystems change;

- (e) explain and quantify its investments and funding supporting the implementation of its transition plan, with a reference to the key performance indicators of taxonomy aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178;
- (f) if it has economic activities that are covered by delegated regulations on biodiversity under the Taxonomy Regulation, explain any objective or plans (CapEX, CapEx plans) that it has for aligning its economic activities (revenues, CapEx) with the criteria established in those delegated regulations;
- (g) explain how biodiversity offsets are used as part of the transition plan, and if so, where the offsets are planned to be used, the extent of use in relation to the overall transition plan, and whether the mitigation hierarchy was considered;
- (h) explain how the process of implementing and updating the transition plan is managed;
- (i) explain how it measures progress, namely indicate the metrics and methodologies it uses for that purpose;
- (j) indicate whether the administrative, management and supervisory bodies have approved the transition plan; and
- (k) indicate current challenges and limitations to draft a plan in relation to areas of significant impact and how the company is addressing those challenges.

AR 2. If disclosing a transition plan, the undertaking may, for example, refer to the following targets from the EU Biodiversity Strategy for 2030:

- (a) The decline of pollinators is reversed.
- (b) The risk and use of chemical pesticides is reduced by 50%, and the use of more hazardous pesticides is reduced by 50%.
- (c) At least 25% of agricultural land is under organic farming management, and the uptake of agro-ecological practices is significantly increased.
- (d) Three billion additional trees are planted in the EU, in full respect of ecological principles.
- (e) Significant progress in the remediation of contaminated soil sites.
- (f) At least 25,000 km of free-flowing rivers are restored.
- (g) The losses of nutrients from fertilisers are reduced by 50%, resulting in the reduction of the use of fertilisers by at least 20%.
- (h) The negative impacts on sensitive species and habitats, including on the seabed through fishing and extraction activities, are substantially reduced to achieve good environmental status.

AR 3. If disclosing a transition plan, the undertaking may also refer to the Sustainable Development Goals, in particular:

- (a) SDG 2 - End hunger, achieve food security and improved nutrition and promote sustainable agriculture;
- (b) SDG 6 - Ensure availability and sustainable management of water and sanitation for all;
- (c) SDG 14 - Conserve and sustainably use the oceans, seas and **marine resources** for sustainable development; and

SDG 15 - Protect, restore and promote sustainable use of terrestrial **ecosystems**, sustainably manage forests, combat **desertification**, and halt and reverse **land degradation** and halt **biodiversity loss**.

[301041] E1-4.1 Targets related to climate change mitigation and adaptation - Minimum Disclosure Requirement

DisclosureOfTransitionPlanAndHowBiodiversityAndEcosystemImpactsDependenciesRisksAndOpportunitiesOriginateFromAndTriggerAdaptationOfStrategyAndBusinessModelExplanatory

11. The undertaking shall disclose how its biodiversity and ecosystem impacts, dependencies, risks and opportunities originate from and trigger adaptation of its strategy and business model.
12. The objective of this Disclosure Requirement is to enable an understanding of the resilience of the undertaking's strategy and *business model* in relation to *biodiversity* and *ecosystems*, and of the compatibility of the undertaking's strategy and business model with regard to relevant local, national and global public policy *targets* related to biodiversity and ecosystems.

InformationAboutResilienceOfStrategyAndBusinessModelRegardingCapacityToAddressMaterialImpactsAndRisksAndToTakeAdvantageOfMaterialOpportunitiesExplanatory

DisclosureOfResilienceOfCurrentBusinessModelAndStrategyToBiodiversityAndEcosystemsrelatedPhysicalTransitionAndSystemicRisksExplanatory

DisclosureOfScopeOfResilienceAnalysisInRelationToOwnOperationsAndUpstreamAndDownstreamValueChainAndInRelationToRisksConsideredInThatAnalysisExplanatory

DisclosureOfKeyAssumptionsMadeInResilienceAnalysisBiodiversityAndEcosystemsExplanatory

TimeHorizonsUsedInResilienceAnalysisBiodiversityAndEcosystems

DisclosureOfResultsOfResilienceAnalysisBiodiversityAndEcosystemsExplanatory

DisclosureOfInvolvementOfStakeholdersInResilienceAnalysisBiodiversityAndEcosystemsExplanatory

DisclosureOfTransitionPlanToImproveAndAchieveAlignmentOfBusinessModelAndStrategyWithVisionOfKunmingmontrealGlobalBiodiversityFrameworkAndRelevantGoalsAndTargetsEuBiodiversityStrategyFor2030AndWithRespectingPlanetaryBoundariesRelatedToBiosphereIntegrityAndLandSystemChangeExplanatory

MitigationHierarchyWasConsideredBiodiversityAndEcosystems

AdministrativeManagementAndSupervisoryBodiesHaveApprovedTransitionPlanBiodiversityAndEcosystems

EUBiodiversityStrategyFor2030TargetsToWhichTransitionPlanIsConnectedBiodiversityAndEcosystems

SustainableDevelopmentGoalsToWhichTransitionPlanIsConnectedBiodiversityAndEcosystems

13. The undertaking shall describe the resilience of its strategy and *business model* in relation to *biodiversity* and *ecosystems*. The description shall include:
 - a. an assessment of the resilience of the current business model and strategy to biodiversity and ecosystems-related physical, transition and systemic risks;
 - b. the scope of the resilience analysis in relation to the undertaking's own operations and its upstream and downstream value chain and in relation to the risks considered in that analysis;
 - c. the key assumptions made;
 - d. the time horizons used;
 - e. the results of the resilience analysis; and
 - f. the involvement of stakeholders, including, where appropriate, holders of indigenous and local knowledge.
14. If information specified in this disclosure requirement is disclosed by the undertaking as part of the information required under ESRS 2 SBM-3, the undertaking may refer to the information it has disclosed under ESRS 2 SBM-3.
15. The undertaking may disclose its **transition plan** to improve and, ultimately, achieve alignment of its **business model** and strategy with the vision of the Kunming-Montreal Global Biodiversity Framework and its relevant goals and targets, the EU Biodiversity Strategy for 2030, and with respecting **planetary boundaries** related to biosphere integrity and **land-system change**.

Disclosure Requirement SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model

[304002] E4.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE4GeneralAbstract
DescriptionOfMaterialImpactsResultingFromMaterialityAssessmentExplanatory
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE4Abstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE4Table
IdentifierOfImpactRiskAndOpportunityTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE4BiodiversityAndEcosystemsMember
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelE4LineItems
DisclosureOfListOfMaterialSitesInOwnOperationsBasedOnResultsOfIdentificationAndAssessmentOfActualAndPotentialImpactsOnBiodiversityAndEcosystemsExplanatory
DisclosureOfActivitiesNegativelyAffectingBiodiversitySensitiveAreasExplanatory
DisclosureOfBiodiversitysensitiveAreasImpactedExplanatory
MaterialNegativeImpactsWithRegardsToLandDegradationDesertificationOrSoilSealingHaveBeenIdentified
OwnOperationsAffectThreatenedSpecies
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelBreakdownOfSitesAbstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelBreakdownOfSitesTable
IdentifierOfImpactRiskAndOpportunityTypedAxis
EcologicalStatusOfAreasTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE4BiodiversityAndEcosystemsMember
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelBreakdownOfSitesLineItems
DisclosureOfListOfMaterialSitesInOwnOperationsBasedOnResultsOfIdentificationAndAssessmentOfActualAndPotentialImpactsOnBiodiversityAndEcosystemsExplanatory

16. The undertaking shall disclose:

- a. a list of material **sites** in its own operations, including sites under its operational control, based on the results of paragraph 17(a). The undertaking shall disclose these locations by:
 - i. specifying the activities negatively affecting **biodiversity sensitive areas⁴**;
 - ii. providing a breakdown of sites according to the **impacts** and **dependencies** identified, and to the ecological status of the areas (with reference to the specific ecosystem baseline level) where they are located; and
 - iii. specifying the **biodiversity-sensitive areas** impacted, for users to be able to determine the location and the responsible competent authority with regards to the activities specified in paragraph 16(a) i.

- a. whether it has identified material negative impacts with regards to **land degradation, desertification or soil sealing**⁵; and
- b. whether it has operations that affect **threatened species**⁶.

⁴ This information supports the information needs of financial markets participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #7 in Table 1 Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Activities negatively affecting biodiversity-sensitive areas").

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #10 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Land degradation, desertification, soil sealing").

⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #14 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Natural species and protected areas").

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities

AR 4. The **materiality** assessment under ESRS E4 includes the undertaking's:

- (a) contribution to direct **impact drivers** on **biodiversity loss**¹²:
 - i. climate change;
 - ii. **land-use change** (e.g., land artificialisation), **freshwater**-use change and sea- use change;
 - iii. direct exploitation;
 - iv. invasive alien species;
 - v. pollution; and
 - vi. others.
- (b) impacts on the state of species (i.e., species population size, species global extinction risk);
- (c) impacts on the extent and condition of ecosystems including through land degradation, desertification and soil sealing); and
- (d) impacts and dependencies on ecosystem services.

¹² The direct driver climate change is to be reported under ESRS E1 Climate Change and pollution under ESRS E2 Pollution.

AR 5. When assessing the materiality of impacts, dependencies, risks and opportunities the undertaking shall consider the provisions in ESRS 2 IRO-1 and ESRS 1 Chapter 3 Double materiality as the basis for sustainability disclosures and describe its considerations.

AR 6. The undertaking shall assess the materiality of biodiversity and ecosystems in its own operations and its upstream and downstream value chain, and may conduct its materiality assessment in line with the first three phases of the LEAP approach: Locate (paragraph AR 7), Evaluate (paragraph AR 8) and Assess (paragraph AR 9).

AR 7. Phase 1 relates to the localisation of relevant **sites** regarding its interface with **biodiversity** and **ecosystems**. To identify these relevant sites the undertaking may:

- (a) develop a list of locations of direct assets and operations and related upstream and downstream **value chain** that are relevant to the undertakings business activities. Furthermore, the undertaking may provide information about sites for which future operations have been formally announced;
- (b) list the biomes and ecosystems it is interfacing with based on the list of locations identified under paragraph AR 7(a);
- (c) identify the current integrity and importance of biodiversity and ecosystem at each location taking into consideration the information provided in paragraphs 16 and 17;
- (d) develop a list of locations where the undertaking is interfacing with locations in or near **biodiversity-sensitive areas** taking into consideration the information provided in paragraphs 16 and 17; and identify which sectors, business units, value chains or asset classes are interfacing with biodiversity and ecosystems in these material sites. Instead of identifying these interfaces per site, the undertaking may choose to identify them per **raw material** procured or sold by weight in tons, if such practice offers greater transparency.

AR 8. In Phase 2, to evaluate its actual or potential impacts and **dependencies on biodiversity** and **ecosystems** for relevant **sites**, the undertaking may:

- (a) identify business processes and activities that interface with biodiversity and ecosystems;
- (b) identify actual and potential impacts and dependencies;
- (c) indicate the size, scale, frequency of occurrence and timeframe of the impacts on biodiversity and ecosystems taking into consideration the disclosures under paragraphs 16 and 17. Furthermore, the undertaking may disclose:
 - i. the percentage of its **suppliers'** facilities which are located in risk prone areas (with **threatened species** on the IUCN Red List of Species, the Birds and Habitats Directive or nationally list of threatened species, or in officially recognised Protected Areas, the Natura 2000 network of protected areas and Key Biodiversity Areas);
 - ii. the percentage of its procurement spend from suppliers with facilities which are located in risk prone areas (with threatened species on the IUCN Red List of Species, the Birds and Habitats Directive or nationally list of threatened species, or in officially recognised Protected Areas, the Natura 2000 network of protected areas and Key Biodiversity Areas); and
- (d) indicate the size and scale of the dependencies on biodiversity and ecosystems, including on raw materials, **natural resources** and **ecosystem services**. The undertaking may rely on the international classifications such as the Common International Classification of Ecosystem Services (CICES).

AR 9. In Phase 3, to assesses its material **risks** and **opportunities** based on the results of Phases 1 and 2, the undertaking may consider the following categories:

- (a) **physical risks:**
 - i. acute risks (e.g., natural disasters exacerbated by loss of coastal protection from **ecosystems**, leading to costs of storm damage to coastal infrastructure, disease or pests affecting the species or variety of crop the undertaking relies on, especially in the case of no or low genetic diversity, species loss and ecosystem **degradation**); and
 - ii. chronic risks (e.g., loss of crop yield due to decline in pollination services, increasing scarcity or variable production of key natural inputs, ecosystem degradation due to operations leading to, for example, coastal erosion and forest fragmentation, ocean acidification, land loss to **desertification** and **soil degradation** and consequent loss of soil fertility, species loss).
- (b) **transition risks**, including:
 - i. **policy** and legal: e.g. introduction of regulation or policy (e.g. changes such as increased land protection); exposure to sanctions and litigation (e.g. spills of polluting effluents that damage human and ecosystem health; or violation of biodiversity-

related rights, permits or allocations; or negligence towards or killing of **threatened species**); enhanced reporting obligations on biodiversity, ecosystems and related services;

- ii. technology: e.g. substitution of products or services by products or services with a lower impact on **biodiversity** or dependence on **ecosystem services**, lack of access to data or access to poor quality data that hamper biodiversity-related assessments, transition to more efficient and cleaner technologies (i.e. with lower impacts on biodiversity), new monitoring technologies (e.g. satellite), requirements to use certain technologies (e.g. climate resistant crops, mechanical pollinators, water purification, flood protection);
- iii. market: e.g., shifting supply, demand and financing, volatility or increased costs of raw materials (e.g., biodiversity-intense inputs for which price has risen due to ecosystem **degradation**);
- iv. reputation: e.g., changing societal, customer or community perceptions as a result of an organisation’s role in loss of biodiversity, violation of nature-related rights through operations, negative media coverage due to impacts on critical species and/or ecosystems, biodiversity-related social conflicts over endangered species, protected areas, resources or **pollution**.

(c) **systemic risks**, including:

- i. ecosystem collapse risks that a critical natural system no longer functions, e.g., tipping points are reached and the collapse of ecosystems resulting in wholesale geographic or sector losses (summing physical risks);
- ii. aggregated risk linked to fundamental impacts of **biodiversity loss** to levels of transition and physical risk across one or more sectors in a portfolio (corporate or financial); and
- iii. contagion risks that financial difficulties of certain corporations or financial institutions linked to failure to account for exposure to biodiversity-related risks spill over to the economic system as a whole.

(d) opportunities, including for example:

- i. business performance categories: resource efficiency; products and services; markets; capital flow and financing; reputational capital; and
- ii. sustainability performance categories: ecosystem protection, restoration and **regeneration**; sustainability use of natural resources.

Presentation of information:

AR 10. The undertaking may consider the tables below to facilitate its **materiality** assessment of material **sites** identified under paragraph AR 7:

Ecosystem service...	Actual or potential dependencies	
...	Change of functionality	Financial loss
...	Limited, moderate or significant	Limited, moderate or significant
...

Site location	Threatened species, protected areas, key biodiversity areas	Actual or potential impacts			
...	...	Frequency of occurrence	Speed of impact	Severity of impact	Potential for mitigation
...	...	High, medium or low	<1 year or 1-3 years or >3 years	High, medium or low	High, medium or low
...

With regard to AR 7(e), the undertaking may consider using the table below:

Where are the raw materials produced or sourced from?	Absolute weight of raw materials (and percentage of the raw material weight)
In areas with species listed on the IUCN Red List of Threatened Species, the Birds and Habitats Directive or on national lists of threated species	...
In officially recognised protected Areas	...
In other Key Biodiversity Areas	...

[304006] E4.IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities (E4)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory
ActualAndPotentialImpactsOnBiodiversityAndEcosystemsAtOwnSiteLocationsAndInUpstreamAndDownstreamValueChainHaveBeenIdentifiedAndAssessed
DisclosureOfHowActualAndPotentialImpactsOnBiodiversityAndEcosystemsAtOwnSiteLocationsAndInUpstreamAndDownstreamValueChainHaveBeenIdentifiedAndAssessedExplanatory
DependenciesOnBiodiversityAndEcosystemsAndTheirServicesHaveBeenIdentifiedAndAssessedAtOwnSiteLocationsAndInUpstreamAndDownstreamValueChain
DisclosureOfHowDependenciesOnBiodiversityAndEcosystemsAndTheirServicesHaveBeenIdentifiedAndAssessedAtOwnSiteLocationsAndInUpstreamAndDownstreamValueChainExplanatory
AssessmentIncludesEcosystemServicesThatAreDisruptedOrLikelyToBeDisrupted
TransitionAndPhysicalRisksAndOpportunitiesRelatedToBiodiversityAndEcosystemsHaveBeenIdentifiedAndAssessed
DisclosureOfHowTransitionAndPhysicalRisksAndOpportunitiesRelatedToBiodiversityAndEcosystemsHaveBeenIdentifiedAndAssessedExplanatory
SystemicRisksHaveBeenConsideredBiodiversityAndEcosystems
DisclosureOfHowSystemicRisksHaveBeenConsideredBiodiversityAndEcosystemsExplanatory

ConsultationsWithAffectedCommunitiesOnSustainabilityAssessmentsOfSharedBiologicalResourcesAndEcosystemsHaveBeen Conducted

DisclosureOfHowConsultationsWithAffectedCommunitiesOnSustainabilityAssessmentsOfSharedBiologicalResourcesAndEcosystemsHaveBeenConductedExplanatory

SiteRawMaterialProductionOrSourcingIsLikelyToNegativelyImpactBiodiversityAndEcosystems

DisclosureOfSpecificSitesRawMaterialsProductionOrSourcingWithNegativeOrPotentialNegativeImpactsOnAffectedCommunitiesExplanatory

DisclosureOfHowAffectedCommunitiesWereInvolvedInMaterialityAssessmentExplanatory

DisclosureOfHowNegativeImpactsOnEcosystemServicesOfRelevanceToAffectedCommunitiesMayBeAvoidedExplanatory

NegativeImpactsOnEcosystemServicesOfRelevanceToAffectedCommunitiesAreUnavoidable

DisclosureOfPlansToMinimiseUnavoidableNegativeImpactsAndImplementMitigationMeasuresThatAimToMaintainValueAndFunctionalityOfPriorityServicesExplanatory

BiodiversityAndEcosystemsScenarioAnalysisHasBeenUsedToInformIdentificationAndAssessmentOfMaterialRisksAndOpportunitiesOverShortMediumAndLongtermTimeHorizons

DisclosureOfHowBiodiversityAndEcosystemsScenarioAnalysisHasBeenUsedToInformIdentificationAndAssessmentOfMaterialRisksAndOpportunitiesOverShortMediumAndLongtermTimeHorizonsExplanatory

DisclosureOfWhyConsideredScenariosWereSelectedBiodiversityAndEcosystemsExplanatory

DisclosureOfHowConsideredScenariosAreUpdatedAccordingToEvolvingConditionsAndEmergingTrendsBiodiversityAndEcosystemsExplanatory

ScenariosAreInformedByExpectationsPublishedByAuthoritativeIntergovernmentalBodiesAndByScientificConsensus

UndertakingHasSitesLocatedInOrNearBiodiversitysensitiveAreas

ActivitiesRelatedToSitesLocatedInOrNearBiodiversitysensitiveAreasNegativelyAffectTheseAreasByLeadingToDeteriorationOfNaturalHabitatsAndHabitatsOfSpeciesAndToDisturbanceOfSpeciesForWhichProtectedAreaHasBeenDesignated

ItHasBeenConcludedThatItIsNecessaryToImplementBiodiversityMitigationMeasures

17. The undertaking shall describe its process to identify material impacts, risks, dependencies and opportunities. The description of the process shall include whether and how the undertaking:
- a. identified and assessed actual and potential impacts on **biodiversity** and **ecosystems** at own **site** locations and in the upstream and downstream value chain, including assessment criteria applied;
 - b. identified and assessed **dependencies** on biodiversity and ecosystems and their services at own site locations and in the upstream and downstream value chain, including assessment criteria applied, and, if this assessment includes **ecosystem services** that are disrupted or likely to be;
 - c. identified and assessed **transition** and **physical risks** and opportunities related to biodiversity and ecosystems, including assessment criteria applied based on its impacts and dependencies;
 - d. considered **systemic risks**;
 - e. conducted consultations with **affected communities** on sustainability assessments of shared biological resources and **ecosystems** and, in particular:
 - i. when a site, a **raw material** production or sourcing is likely to negatively impact biodiversity and ecosystems, the identification of the specific sites, raw materials production or sourcing with negative or potentially negative impacts on affected communities;
 - ii. when affected communities are likely to be impacted, the undertaking, shall disclose how these communities were involved in the **materiality** assessment; and
 - iii. with respect to impacts on **ecosystem services** of relevance to affected communities in its own operations, the undertaking shall indicate how negative impacts may be avoided. If these impacts are unavoidable, the undertaking may indicate its plans to minimise them and implement mitigation measures that aim to maintain the value and functionality of priority services.

18. The undertaking may disclose whether and how it has used **biodiversity** and **ecosystems scenario analysis** to inform the identification and assessment of material risks and opportunities over short-, medium- and long-term time horizons. If the undertaking has used such scenario analysis, it may disclose the following information:
- why the considered **scenarios** were selected;
 - how the considered scenarios are updated according to evolving conditions and emerging trends; and
 - whether the scenarios are informed by expectations published by authoritative intergovernmental bodies, such as the Convention for Biological Diversity and, where relevant, by scientific consensus, such as that expressed by the Intergovernmental Science-policy Platform on Biodiversity and Ecosystem Services (IPBES).
19. The undertaking shall specifically disclose:
- whether or not it has **sites** located in or near **biodiversity-sensitive areas** and whether activities related to these sites negatively affect these areas by leading to the deterioration of natural **habitats** and the habitats of species and to the disturbance of the species for which a **protected area** has been designated; and
 - whether it has been concluded that it is necessary to implement biodiversity mitigation measures, such as those identified in: Directive 2009/147/EC of the European Parliament and of the Council on the conservation of wild birds; Council Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora; an Environmental Impact Assessment (EIA) as defined in Article 1(2), point (g), of Directive 2011/92/EU of the European Parliament and of the Council⁷ on the assessment of the effects of certain public and private projects on the environment; and for activities located in third countries, in accordance with equivalent national provisions or international standards, such as the International Finance Corporation (IFC) Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

⁷ Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (OJ L 26, 28.1.2012, p. 1).

Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems

- AR 11. The **policies** described under this Disclosure Requirement may be integrated in broader environmental or sustainability policies covering different subtopics.
- AR 12. The undertaking may also provide information on how the **policy** refers to the production, sourcing or consumption of raw materials, and in particular how it:
- limits procurement from **suppliers** that cannot demonstrate that they are not contributing to significant damage to protected areas or key **biodiversity** areas (e.g., through certification);
 - refers to recognised standards or third-party certifications overseen by regulators; and
 - addresses raw materials originating from **ecosystems** that have been managed to maintain or enhance conditions for biodiversity, as demonstrated by regular monitoring and reporting of biodiversity status and gains or losses.
- AR 13. The undertaking may disclose connections and alignment with other global goals and agreements such as the SDGs 2, 6, 14 and 15 or any other well established global convention related to biodiversity and ecosystems.
- AR 14. When disclosing **policies** related to social consequences of **biodiversity** and **ecosystems** related **dependencies** and **impacts** under 23 (f), the undertaking may notably refer to the Nagoya Protocol and the Convention for Biological Diversity (CBD).

AR 15. When disclosing information about whether and how its **policies** address the social consequences of biodiversity and ecosystems-related **impacts** under paragraph 23(f), the undertaking may provide information in relation to:

- (a) the fair and equitable sharing of the benefits arising from the utilisation of genetic resources; and
- (b) the **free, prior and informed consent** for access to genetic resources. AR 16.

The undertaking may also explain how its **policy** enables it to:

- (a) avoid negative impacts on **biodiversity** and **ecosystems** in its own operations and related upstream and downstream **value chain**;
- (b) reduce and minimise its negative impacts on biodiversity and ecosystems in its operations and throughout the upstream and downstream value chain that cannot be avoided;
- (c) restore and rehabilitate degraded ecosystems or restore cleared ecosystems following exposure to impacts that cannot be completely avoided and/or minimised; and
- (d) mitigate its contribution to material **biodiversity loss** drivers.

AR 17. When disclosing its **policies**, if referring to third-party standards of conduct, the undertaking may disclose whether the standard used:

- (a) is objective and achievable based on a scientific approach to identifying issues, and realistic in assessing how these issues can be addressed on the ground under a variety of practical circumstances;
- (b) is developed or maintained through a process of ongoing consultation with **stakeholders** with balanced input from all relevant stakeholder groups, including producers, traders, processors, financiers, local people and communities, **indigenous peoples**, and civil society organisations representing **consumer**, environmental and social interests, with no group holding undue authority or veto power over the content;
- (c) encourages a step-wise approach and continuous improvement, both in the standard and its application of better management practices, and requires the establishment of meaningful **targets** and specific milestones to indicate progress against principles and criteria over time;
- (d) is verifiable through independent certifying or verifying bodies, which have defined and rigorous assessment procedures that avoid conflicts of interest, and are compliant with ISO guidance on accreditation and verification procedures or Article 5(2) of Regulation (EC) No 765/2008; and

conforms to the ISEAL Code of Good Practice.

[304020] E4-2 Policies related to biodiversity and ecosystems

DisclosureOfAdoptedPoliciesToManageMaterialImpactsRisksDependenciesAndOpportunitiesRelatedToBiodiversityAndEcosystemsExplanatory

- 20. The undertaking shall describe its adopted policies to manage its material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems.
- 21. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of its material **biodiversity** and **ecosystem**- related **impacts, dependencies, risks** and **opportunities**.

MinimumDisclosureRequirementPoliciesRelatedToBiodiversityAndEcosystemsAbstract

MinimumDisclosureRequirementPoliciesRelatedToBiodiversityAndEcosystemsTable

IdentifierOfPolicyTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE4BiodiversityAndEcosystemsMember

MinimumDisclosureRequirementPoliciesRelatedToBiodiversityAndEcosystemsLineItems

NameOrIdentifierOfPolicy

SustainabilityMattersAddressedByPolicyForBiodiversityAndEcosystems

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

DescriptionOfKeyContentsOfPolicyExplanatory

DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory

DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory

DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory

DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory

PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt

ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory

DisclosureOfHowPolicyRelatesToSustainabilityMattersForBiodiversityAndEcosystemsExplanatory

BiodiversityAndEcosystemsrelatedPolicyRelatesToMaterialBiodiversityAndEcosystemsrelatedImpacts

DisclosureOfHowBiodiversityAndEcosystemsrelatedPolicyRelatesToMaterialBiodiversityAndEcosystemsrelatedImpactsExplanatory

BiodiversityAndEcosystemsrelatedPolicyRelatesToMaterialDependenciesAndMaterialPhysicalAndTransitionRisksAndOpportunities

DisclosureOfHowBiodiversityAndEcosystemsrelatedPolicyRelatesToMaterialDependenciesAndMaterialPhysicalAndTransitionRisksAndOpportunitiesExplanatory

BiodiversityAndEcosystemsrelatedPolicySupportsTraceabilityOfProductsComponentsAndRawMaterialsWithMaterialActualOrPotentialImpactsOnBiodiversityAndEcosystemsAlongValueChain

DisclosureOfHowBiodiversityAndEcosystemsrelatedPolicySupportsTraceabilityOfProductsComponentsAndRawMaterialsWithMaterialActualOrPotentialImpactsOnBiodiversityAndEcosystemsAlongValueChainExplanatory

BiodiversityAndEcosystemsrelatedPolicyAddressesProductionSourcingOrConsumptionFromEcosystemsThatAreManagedToMaintainOrEnhanceConditionsForBiodiversity

DisclosureOfHowBiodiversityAndEcosystemsrelatedPolicyAddressesProductionSourcingOrConsumptionFromEcosystemsThatAreManagedToMaintainOrEnhanceConditionsForBiodiversityExplanatory

BiodiversityAndEcosystemsrelatedPolicyAddressesSocialConsequencesOfBiodiversityAndEcosystemsrelatedImpacts

DisclosureOfHowBiodiversityAndEcosystemsRelatedPolicyAddressesSocialConsequencesOfBiodiversityAndEcosystemsrelatedImpactsExplanatory

DisclosureOfHowPolicyRefersToProductionSourcingOrConsumptionOfRawMaterialsExplanatory

DisclosureOfHowPolicyLimitsProcurementFromSuppliersThatCannotDemonstrateThatTheyAreNotContributingToSignificantDamageToProtectedAreasOrKeyBiodiversityAreasExplanatory

DisclosureOfHowPolicyRefersToRecognisedStandardsOrThirdpartyCertificationsOverseenByRegulatorsExplanatory

DisclosureOfHowPolicyAddressesRawMaterialsOriginatingFromEcosystemsThatHaveBeenManagedToMaintainOrEnhanceConditionsForBiodiversityExplanatory

SustainableDevelopmentGoalsToWhichPolicyIsConnectedBiodiversityAndEcosystems

DisclosureOfHowPolicyEnablesToAvoidNegativeImpactsOnBiodiversityAndEcosystemsInOwnOperationsAndRelatedUpstreamAndDownstreamValueChainExplanatory

DisclosureOfHowPolicyEnablesToReduceAndMinimiseNegativeImpactsOnBiodiversityAndEcosystemsInOwnOperationsAndThroughoutUpstreamAndDownstreamValueChainThatCannotBeAvoidedExplanatory

DisclosureOfHowPolicyEnablesToRestoreAndRehabilitateDegradedEcosystemsOrRestoreClearedEcosystemsFollowingExposureToImpactsThatCannotBeCompletelyAvoidedAndOrMinimisedExplanatory

DisclosureOfHowPolicyEnablesToMitigateContributionToMaterialBiodiversityLossDriversExplanatory

ThirdpartyStandardOfConductUsedInPolicyIsObjectiveAndAchievableBasedOnScientificApproachToIdentifyingIssuesAndRealisticInAssessingHowTheseIssuesCanBeAddressedUnderVarietyOfPracticalCircumstances

ThirdpartyStandardOfConductUsedInPolicyIsDevelopedOrMaintainedThroughProcessOfOngoingConsultationWithRelevantStakeholdersWithBalancedInputFromAllRelevantStakeholderGroupsWithNoGroupHoldingUndueAuthorityOrVetoPowerOverContent

ThirdpartyStandardOfConductUsedInPolicyEncouragesStepwiseApproachAndContinuousImprovementInStandardAndItsApplicationOfBetterManagementPracticesAndRequiresEstablishmentOfMeaningfulTargetsAndSpecificMilestonesToIndicateProgressAgainstPrinciplesAndCriteriaOverTime

ThirdpartyStandardOfConductUsedInPolicyIsVerifiableThroughIndependentCertifyingOrVerifyingBodiesWhichHaveDefinedAndRigorousAssessmentProceduresThatAvoidConflictsOfInterestAndAreCompliantWithIsoGuidanceOnAccreditationAndVerificationProceduresOrArticle52OfRegulationEcNo765NO2008

ThirdpartyStandardOfConductUsedInPolicyConformsToIsealCodeOfGoodPractice

BiodiversityAndEcosystemProtectionPolicyCoveringOperationalSitesOwnedLeasedOrManagedInOrNearBiodiversitysensitiveAreaHasBeenAdopted

SustainableLandOrAgriculturePracticesOrPoliciesHaveBeenAdopted

SustainableOceansOrSeasPracticesOrPoliciesHaveBeenAdopted

PoliciesToAddressDeforestationHaveBeenAdopted

22. The disclosure required by paragraph 20 shall contain the information on the *policies* the undertaking has in place to manage its material *impacts, risks, dependencies* and *opportunities* related to *biodiversity* and *ecosystems* in accordance with *ESRS 2 MDR-P Policies adopted to manage material sustainability matters*).
23. In addition to the provisions of ESRS 2 MDR-P the undertaking shall describe whether and how its *biodiversity* and *ecosystems*-related *policies*:
- relate to the matters specified in ESRS E4 AR 4;
 - relate to its material biodiversity and ecosystems-related impacts;
 - relate to material dependencies and material physical and transition risks and opportunities;
 - support traceability of products, components and raw materials with material actual or potential impacts on biodiversity and ecosystems along the ***value chain***;
 - address production, sourcing or consumption from ecosystems that are managed to maintain or enhance conditions for biodiversity, as demonstrated by regular monitoring and reporting of biodiversity status and gains or losses; and
 - address social consequences of biodiversity and ecosystems-related impacts.
24. The undertaking shall specifically disclose whether it has adopted:
- biodiversity* and *ecosystem* protection *policy* covering operational *sites* owned, leased, or managed in or near a ***biodiversity sensitive area***;**
 - sustainable land / agriculture practices or policies⁸; (c) sustainable oceans / seas practices or policies⁹; and
 - (d) policies to address ***deforestation***¹⁰.

⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #11 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without sustainable land/agriculture practices”).

⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #12 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without sustainable oceans/seas practices”).

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #15 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Deforestation”).

Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems

AR 18. The undertaking may relate significant monetary amounts of CapEx and OpEx required to implement the actions taken or planned to:

- (a) the relevant line items or notes in the financial statements;
- (b) the key performance indicators required under article 8 of Regulation (EU) 2020/852 and under Commission Delegated Regulation (EU) 2021/2178; and
- (c) if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178.

AR 19. The undertaking may disclose whether it considers an “avoidance” action plan, which prevents damaging **actions** before they take place. Avoidance often involves a decision to deviate from the business-as-usual project development path. An example of avoidance is altering the **biodiversity** and ecosystem footprint of a project to avoid destruction of natural **habitat** on the **site** and/or establishing set-asides where priority biodiversity values are present and will be conserved. At a minimum, avoidance should be considered where there are biodiversity and ecosystem-related values that are in one of the following categories: particularly vulnerable and irreplaceable, of particular concern to **stakeholders**, or where a cautious approach is warranted due to uncertainty about impact assessment or about the efficacy of management measures. The three main types of avoidance are defined below:

- (a) avoidance through site selection (Locate the entire project away from areas recognised for important biodiversity values);
- (b) avoidance through project design (Configure infrastructure to preserve areas at the project site with important biodiversity values); and
- (c) avoidance through scheduling (Time project activities to account for patterns of species behaviour (e.g., breeding, migration) or ecosystem functions (e.g., river dynamics)).

AR 20. With regard to key **actions**, the undertaking may disclose:

- (a) a list of key **stakeholders** involved (e.g., competitors, suppliers, retailers, other business partners, affected communities and authorities, government agencies) and how they are involved, mentioning key stakeholders negatively or positively impacted by actions and how they are impacted, including impacts or benefits created for affected communities, smallholders, **indigenous peoples** or other persons in vulnerable situations;
- (b) where applicable, an explanation of the need for appropriate consultations and the need to respect the decisions of affected communities;
- (c) a brief assessment of whether the key actions may induce significant negative sustainability **impacts**;
- (d) an explanation of whether the key action is intended to be a one-time initiative or systematic practice;
- (e) an explanation of whether the key action plan is carried out only by the undertaking, using the undertaking’s resources, or whether it is part of a wider initiative to which the undertaking significantly contributes. If the key action plan is part of a wider initiative, the undertaking may provide more information on the project, its sponsors and other participants;
- (f) a description of how it contributes to systemwide change, notably to alter the drivers

of biodiversity and ecosystem change, e.g., through technological, economic, institutional, and social factors and changes in underlying values and behaviours;

AR 21. In the context of this Disclosure Requirement, “local and indigenous knowledge” refer to the understandings, skills and philosophies developed by societies with long histories of interaction with their natural surroundings. For rural and *indigenous peoples*, local knowledge informs decision-making about fundamental aspects of day-to-day life.

[304030] E4-3 Actions and resources related to biodiversity and ecosystems

DisclosureOfBiodiversityAndEcosystemsrelatedActionsAndResourcesAllocatedToTheirImplementationExplanatory

25. The undertaking shall disclose its biodiversity and ecosystems-related actions and the resources allocated to their implementation.
26. The objective of this Disclosure Requirement is to enable an understanding of the key *actions* taken and planned that significantly contribute to the achievement of *biodiversity* and *ecosystems*-related *policy* objectives and *targets*.

MinimumDisclosureRequirementActionsRelatedToBiodiversityAndEcosystemsAbstract

MinimumDisclosureRequirementActionsRelatedToBiodiversityAndEcosystemsTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE4BiodiversityAndEcosystemsMember

MinimumDisclosureRequirementActionsRelatedToBiodiversityAndEcosystemsLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

LayerInMitigationHierarchyToWhichActionCanBeAllocatedToBiodiversityAndEcosystems

DisclosureOfHowMitigationHierarchyHasBeenAppliedWithRegardToActionsBiodiversityAndEcosystemsExplanatory

BiodiversityOffsetsWereUsedInActionPlan

DisclosureOfAimOfBiodiversityOffsetAndKeyPerformanceIndicatorsUsedExplanatory

FinancingEffectsDirectAndIndirectCostsOfBiodiversityOffsets

DescriptionOfBiodiversityOffsetsExplanatory

LocalAndIndigenousKnowledgeAndNaturebasedSolutionsHaveBeenIncorporatedIntoBiodiversityAndEcosystemsrelatedAction

DescriptionOfHowLocalAndIndigenousKnowledgeAndNatureBasedSolutionsHaveBeenIncorporatedIntoBiodiversityAndEcosystemsrelatedActionExplanatory

DisclosureOfListOfKeyStakeholdersInvolvedInKeyActionAndHowTheyAreInvolvedKeyStakeholdersNegativelyOrPositivelyImpactedByKeyActionAndHowTheyAreImpactedExplanatory

ExplanationOfNeedForAppropriateConsultationsAndNeedToRespectDecisionsOfAffectedCommunitiesExplanatory

DescriptionOfWhetherKeyActionMayInduceSignificantNegativeSustainabilityImpactsBiodiversityAndEcosystemsExplanatory

KeyActionOccurrenceBiodiversityAndEcosystems

KeyActionPlanIsCarriedOutOnlyByUndertakingUsingItsResourcesBiodiversityAndEcosystems

KeyActionPlanIsPartOfWiderInitiativeToWhichUndertakingSignificantlyContributesBiodiversityAndEcosystems

DisclosureOfAdditionalInformationAboutProjectItsSponsorsAndOtherParticipantsBiodiversityAndEcosystemsExplanatory

DescriptionOfHowKeyActionContributesToSystemwideChangeBiodiversityAndEcosystemsExplanatory

MinimumDisclosureRequirementResourcesRelatedToBiodiversityAndEcosystemsAbstract

MinimumDisclosureRequirementResourcesRelatedToBiodiversityAndEcosystemsTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE4BiodiversityAndEcosystemsMember

MinimumDisclosureRequirementResourcesRelatedToBiodiversityAndEcosystemsLineItems

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory

NameOrIdentifierOfActionPlan

DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory

AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToRelevantLineItemsOrNotesInFinancialStatementsExplanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToKeyPerformanceIndicatorsRequiredUnderCommissionDelegatedRegulationEU2021NO2178Explanatory

ExplanationOfRelationshipOfSignificantCapExAndOpExRequiredToImplementActionsTakenOrPlannedToCapExPlanRequiredByCommissionDelegatedRegulationEU2021NO2178Explanatory

MinimumDisclosureRequirementResourcesRelatedToBiodiversityAndEcosystemsDetailedAbstract

MinimumDisclosureRequirementResourcesRelatedToBiodiversityAndEcosystemsDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

LayerInMitigationHierarchyToWhichResourcesCanBeAllocatedToBiodiversityAndEcosystems

27. The description of key *actions* and resources shall follow the mandatory content defined in ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.
28. In addition, the undertaking :
- a. may disclose how it has applied the mitigation hierarchy with regard to its actions (avoidance, minimisation, restoration/rehabilitation, and compensation or offsets);
 - b. shall disclose whether it used **biodiversity** offsets in its action plans. If the **actions** contain biodiversity offsets, the undertaking shall include the following information:
 - i. the aim of the offset and key performance indicators used;
 - ii. the financing effects (direct and indirect costs) of biodiversity offsets in monetary terms; and;
 - iii. a description of offsets including area, type, the quality criteria applied and the standards that the biodiversity offsets comply with;
 - c. shall describe whether and how it has incorporated local and indigenous knowledge and nature- based solutions into biodiversity and **ecosystems**-related actions.

Metrics and targets

Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems

AR 22. The undertaking may specify whether the **target** addresses shortcomings related to the Substantial Contribution criteria for Biodiversity as defined in the delegated acts adopted pursuant to Article 15(2) of Regulation (EU) 2020/852. Where the Do No Significant Harm (DNSH) criteria for Biodiversity as defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), and Article 14(2) of Regulation (EU) 2020/852 are not met, the undertaking may specify whether the target addresses shortcomings related those DNSH criteria.

AR 23. When disclosing information required under paragraph 29 for the purpose of setting **targets** the undertaking shall consider the need for an informed and willing consent of local and **indigenous peoples**, the need for appropriate consultations and the need to respect the decisions of these communities. AR 24. The **targets** related to material impacts may be presented in a table as illustrated below:

Type of target according to mitigation hierarchy	Baseline value and base year	Target value and geographical scope			Connected policy or legislation relevant if
		2025	2030	Up to 2050	
Avoidance					

Minimisation					
Rehabilitation and restoration					
Compensation or offsets					

AR 25. The **targets** related to the potentially material sustainability matters listed in paragraph AR 4 of this Standard, may be presented in a table as illustrated below:

Type of target according to sustainability matter	Baseline value and base year	Target value and geographical scope			Connected policy or legislation if relevant
		2025	2030	Up to 2050	

AR 26. Measurable **targets** related to **biodiversity** and **ecosystems** may be expressed as:

- (a) size and location of all **habitat** areas protected or restored, whether directly or indirectly controlled by the undertaking, and whether the success of the restoration measure was or is approved by independent external professionals;
- (b) recreated surfaces (environments in which management initiatives are implemented so as to create a habitat on a **site** where it did not exist initially); or number or percentage of projects / sites whose ecological integrity was improved (e.g., installation of fish passes, wildlife corridors).

[304040] E4-4 Targets related to biodiversity and ecosystems

DisclosureOfBiodiversityAndEcosystemrelatedTargetsExplanatory

- 29. The undertaking shall disclose the biodiversity and ecosystem-related targets it has set.
- 30. The objective of this Disclosure Requirement is to allow an understanding of the **targets** the undertaking has adopted to support its **biodiversity** and **ecosystems policies** and address its material related **impacts, dependencies, risks** and **opportunities**.
- 31. The description of the **targets** shall follow the mandatory content defined in ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets*.

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsAbstract

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsTable

IdentifierOfTargetTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE4BiodiversityAndEcosystemsMember

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

TargetRelatedToEnvironmentalMattersIsBasedOnConclusiveScientificEvidence

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

EcologicalThresholdsAndEntityspecificAllocationsWereTakenIntoConsiderationWhenSettingBiodiversityAndEcosystemrelatedTarget

DisclosureOfEcologicalThresholdsIdentifiedAndMethodologyUsedToIdentifyEcologicalThresholdsBiodiversityAndEcosystemsExplanatory

EcologicalThresholdsAreEntityspecificBiodiversityAndEcosystems

DisclosureOfHowEcologicalEntityspecificThresholdsWereDeterminedBiodiversityAndEcosystemsExplanatory

DisclosureOfHowResponsibilityForRespectingIdentifiedEcologicalThresholdsIsAllocatedBiodiversityAndEcosystemsExplanatory

TargetIsInformedByAndOrAlignedWithKunmingmontrealGlobalBiodiversityFramework

TargetIsInformedByAndOrAlignedWithRelevantAspectsOfEuBiodiversityStrategyFor2030

TargetIsInformedByAndOrAlignedWithOtherBiodiversityAndEcosystemrelatedNationalPoliciesAndLegislation

DisclosureOfHowTargetRelatesToBiodiversityAndEcosystemImpactsDependenciesRisksAndOpportunitiesIdentifiedInRelationToOwnOperationsAndUpstreamAndDownstreamValueChainExplanatory

DisclosureOfGeographicalScopeOfTargetExplanatory

BiodiversityOffsetsWereUsedInSettingTarget

LayerInMitigationHierarchyToWhichTargetCanBeAllocatedBiodiversityAndEcosystems

BiodiversityAndEcosystemsrelatedTargetAddressesShortcomingsRelatedToSubstantialContributionCriteriaForBiodiversity

BiodiversityAndEcosystemsrelatedTargetAddressesShortcomingsRelatedToDoNoSignificantHarmCriteriaForBiodiversity

SustainabilityMattersAddressedByTargetForBiodiversityAndEcosystems

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE4BiodiversityAndEcosystemsMember

MinimumDisclosureRequirementTargetsRelatedToBiodiversityAndEcosystemsTargetsNotAdoptedLineItems

MeasurableOutcomeorientedTargetsHaveNotBeenSet

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

MeasurableOutcomeorientedTargetsWillBeSet

DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory

DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory

EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity

DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory

DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory

BaseYearFromWhichProgressIsMeasured

BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue

BaselineValueAgainstWhichProgressIsConsideredPercentage

32. The disclosure required by paragraph 29 shall include the following information:

- a. whether **ecological thresholds** and allocations of impacts to the undertaking were applied when setting **targets**. If so, the undertaking shall specify:
 - i. the ecological thresholds identified and the methodology used to identify such thresholds;
 - ii. whether or not the thresholds are entity-specific and if so, how they were determined; and
 - iii. how responsibility for respecting identified ecological thresholds is allocated in the undertaking;
- b. whether the targets are informed by, and/or aligned with the Kunming-Montreal Global Biodiversity Framework, relevant aspects of the EU Biodiversity Strategy for 2030 and other **biodiversity** and **ecosystem**-related national **policies** and legislation;
- c. how the targets relate to the biodiversity and ecosystem impacts, dependencies, risks and opportunities identified by the undertaking in relation to its own operations and its upstream and downstream value chain;
- d. the geographical scope of the targets, if relevant;
- e. whether or not the undertaking used biodiversity offsets in setting its targets; and
- f. to which of the layers of the mitigation hierarchy the target can be allocated (i.e., avoidance, minimisation, restoration and rehabilitation, compensation or offsets).

Disclosure Requirement E4-5 – Impact metrics related to biodiversity and ecosystems change

AR 27. When preparing the information required under this Disclosure Requirement, the undertaking shall consider and may describe:

- (a) the methodologies and **metrics** used and an explanation for why these methodologies and metrics are selected, as well as their assumptions, limitations and uncertainties, and any changes in methodologies made over time and why they occurred;
- (b) the scope of the metrics and methodologies, for example:
 - i. undertaking, **site**, brand, commodity, corporate business unit, activity;
 - ii. aspects (as set out in paragraph AR 4) covered.
- (c) the **biodiversity** components of the metrics: species specific, ecosystem specific;
- (d) the geographies covered by the methodology and an explanation of why any relevant geographies were omitted;
- (e) how the metrics integrate **ecological thresholds** (e.g., the **biosphere integrity** and **land-system change, planetary boundaries**) and allocations;
- (f) the frequency of monitoring, key metrics being monitored, and the baseline condition/value and baseline year/period, as well as the reference period;
- (g) whether these metrics rely on primary data, secondary data, modelled data or on expert judgement, or a mixture of these;
- (h) an indication of which action is measured and monitored via the metrics and how they relate to the achievement of **targets**;
- (i) whether metrics are mandatory (required by legislation) or voluntary. If they are mandatory, the undertaking may indicate the relevant legislation; if voluntary, the undertaking may refer to any voluntary standard or procedure used; and
- (j) whether the metrics are informed by or correspond to expectations or recommendations of relevant and authoritative national, EU-level or intergovernmental guidelines, **policies**, legislation or agreements, such as the Convention for Biological Diversity (CBD) or IPBES.

AR 28. The undertaking shall disclose **metrics** that are verifiable and that are technically and scientifically robust considering the appropriate time scales geographies, and may disclose how its selected metrics correspond to those criteria. To ensure that the metric is relevant there should be a clear relationship between the indicator and the purpose of the measurement. Uncertainties should be reduced as far as possible. Data or mechanisms used should be supported by well-established organisations and updated over time. Robust modelled data and expert judgment can be used where data gaps exist. The methodology shall be sufficiently detailed to allow for meaningful comparison of impacts and mitigation activities over time. Information gathering processes and definitions must be systematically applied. This enables a meaningful review of the undertaking's performance over time and helps internal and peer comparison.

AR 29. If a metric corresponds to a target, the baseline for both shall be aligned. The **biodiversity** baseline is an essential component of the larger biodiversity and **ecosystems** management process. The baseline is necessary to inform impact assessment and management planning, as well as monitoring and adaptive management.

AR 30. Methodologies available to collect data and measure the undertakings' impacts on **biodiversity** and **ecosystems** may be separated into three categories as follows:

- (a) primary data: collected in-situ using on the ground surveys;
- (b) secondary data: including geospatial data layers that are overlaid with geographic location data of business activities.

- i. At the species level, data layers on the ranges of different species can be used to predict the species that may be present at different locations. This includes operation **sites** and sourcing locations. Different range layers will have different levels of accuracy depending on certain factors (e.g., whether species ranges have been refined based on availability of **habitat**). Information on the threat status of the species, and the activities that threaten them, can provide an indication of the likely contribution that business activities may be having on driving population trends and threat status.
 - ii. At the ecosystem level, data layers reflecting change in the extent and condition of ecosystems can be applied, including levels of **habitat fragmentation** and connectivity.
- (c) modelled biodiversity state data: Model-based approaches are commonly used for measuring ecosystem level indicators (e.g., extent, condition, or function). Models quantify how the magnitude of different pressures affects the state of biodiversity. These are referred to as pressure-state relationships and are based on globally collected data. Modelling results are applied locally to estimate how undertaking level pressures will cause changes in ecosystem condition. An impact driver generally has three main characteristics: magnitude (e.g., amount of contaminant, noise intensity), spatial extent (e.g., area of land contaminated) and temporal extent (duration of persistence of contaminant).

AR 31. With regard to life cycle assessment for land-use, the undertaking may refer to the “Land use related environmental indicators for Life Cycle Assessment” by the Joint Research Center.

AR 32. With regard to the introduction of invasive alien species, the undertaking may disclose the pathways and number of **invasive alien species** and the extent of surface covered by invasive alien species.

AR 33. With regard to metrics on the extent and condition of **ecosystems**, useful guidance can be found in the work of the United Nations System of Environmental Economic Accounting Ecosystem Accounting (UN SEEA EA).

AR 34. The undertaking may disclose in units of area (e.g., m² or ha) on land-use using guidance provided by the Eco-Management and Audit Scheme (EMAS)¹³:

- (a) total use of land;
- (b) total sealed area;
- (c) total nature-oriented area on **site**; and (d) total nature-oriented area off site.

AR 35. The undertaking may disclose, for example, land cover change, which is the physical representation of the drivers “habitat modification” and “industrial and domestic activities”, i.e., the man-made or natural change of the physical properties of the earth’s surface at a specific location.

AR 36. Land cover is a typical variable that can be assessed with earth observation data.

AR 37. When reporting on material impacts related to the **ecosystems**, the undertaking may, in addition to the extent and condition of ecosystems, also consider the functioning of ecosystems by using:

- (a) a metric that measures a process or function that the ecosystem completes, or that reflects the ability of the ecosystem to undertake that specific process or function:
e.g. net primary productivity, which is a measure of plant productivity based on the rate at which energy is stored by plants and made available to other species in the ecosystem. It is a core process that occurs for ecosystems to function. It is related to many factors, such as species diversity, but does not measure these factors directly; or
- (b) A metric that measures changes to the population of scientifically identified species under threat.

AR 38. At the ecosystem level, data layers reflecting change in the extent and condition of **ecosystems** may be applied, including levels of **habitat fragmentation** and connectivity.

[304050] E4-5 Impact metrics related to biodiversity and ecosystems change

ImpactMetricsRelatedToBiodiversityAndEcosystemsChangeGeneralAbstract

DisclosureOfMetricsRelatedToMaterialImpactsOnBiodiversityAndEcosystemsExplanatory

33. The undertaking shall report metrics related to its material impacts on *biodiversity* and *ecosystems*.
34. The objective of this Disclosure Requirement is to enable an understanding of the performance of the undertaking against impacts identified as material in the *materiality* assessment on *biodiversity* and *ecosystems* change.

ImpactMetricsRelatedToBiodiversityAndEcosystemsChangeAbstract

ImpactMetricsRelatedToBiodiversityAndEcosystemsChangeTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

ImpactMetricsRelatedToBiodiversityAndEcosystemsChangeLineItems

NumberOfSitesOwnedLeasedOrManagedInOrNearProtectedAreasOrKeyBiodiversityAreasThatUndertakingIsNegativelyAffecting

AreaOfSitesOwnedLeasedOrManagedInOrNearProtectedAreasOrKeyBiodiversityAreasThatUndertakingIsNegativelyAffecting

DisclosureOfLanduseBasedOnLifeCycleAssessmentExplanatory

DisclosureOfMetricsConsideredRelevantForLanduseChangeFreshwateruseChangeAndOrSeauseChangeExplanatory

DisclosureOfMetricsThatMeasureConversionOverTimeOfLandCoverExplanatory

DisclosureOfMetricsThatMeasureChangesOverTimeInManagementOfEcosystemExplanatory

DisclosureOfMetricsThatMeasureChangesInSpatialConfigurationOfLandscapeExplanatory

DisclosureOfMetricsThatMeasureChangesInEcosystemStructuralConnectivityExplanatory

DisclosureOfMetricsThatMeasureFunctionalConnectivityExplanatory

UseOfLandArea

SealedArea

NatureorientedAreaOnSite

NatureorientedAreaOffSite

DisclosureOfPathwaysOfIntroductionAndSpreadOfInvasiveAlienSpeciesExplanatory

DisclosureOfMetricsUsedToManagePathwaysOfIntroductionAndSpreadOfInvasiveAlienSpeciesAndRisksPosedByInvasiveAlienSpeciesExplanatory

NumberOfInvasiveAlienSpecies

AreaCoveredByInvasiveAlienSpecies

DisclosureOfMetricsConsideredRelevantForStateOfSpeciesExplanatory

DisclosureOfPopulationSizeRangeWithinSpecificEcosystemsAndExtinctionRiskExplanatory

DisclosureOfMetricsThatMeasureChangesInNumberOfIndividualsOfSpeciesWithinSpecificAreaExplanatory

DisclosureOfMetricsOnSpeciesAtExtinctionRiskExplanatory

DisclosureOfMetricsThatMeasureThreatStatusOfSpeciesAndHowActivitiesOrPressuresMayAffectThreatStatusExplanatory

DisclosureOfMetricsThatMeasureChangesInRelevantHabitatForThreatenedSpeciesAsProxyForImpactOnLocalPopulationSExtinctionRiskExplanatory

DisclosureOfMetricsConsideredRelevantForExtentAndConditionOfEcosystemsExplanatory

DisclosureOfContextualInformationOnImpactMetricsRelatedToBiodiversityAndEcosystemsChangeExplanatory

DataSourcesBiodiversityAndEcosystemsChange

BiodiversityAndEcosystemsrelatedMetricsAreMandatoryRequiredByLegislation

BiodiversityAndEcosystemsrelatedMetricsAreVoluntary

MetricsAreInformedByOrCorrespondToExpectationsOrRecommendationsOfRelevantAndAuthoritativeNationalEulevelOrIntergovernmentalGuidelinesPoliciesLegislationOrAgreements

StateOfSpeciesMetricsReferredToInE1E2E3OrE5Abstract

StateOfSpeciesMetricsReferredToInE1E2E3OrE5Table

NameOfMetricsTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE1ClimateChangeMember

ESRSE2PollutionMember

ESRSE3WaterAndMarineResourcesMember

ESRSE5ResourceUseAndCircularEconomyMember

StateOfSpeciesMetricsReferredToInE1E2E3OrE5LineItems

DisclosureOfParagraphInOtherEnvironmentrelatedStandardInWhichStateOfSpeciesMetricIsReferredToExplanatory

MaterialImpactsRelatedToEcosystemsAbstract

MaterialImpactsRelatedToEcosystemsTable

EcosystemCategoryTypedAxis

MaterialImpactsRelatedToEcosystemsLineItems

DisclosureOfMetricsThatMeasureAreaCoverageOfEcosystemExplanatory

DisclosureOfMetricsThatMeasureQualityOfEcosystemRelativeToPredeterminedReferenceStateExplanatory

DisclosureOfMetricsThatMeasureMultipleSpeciesWithinEcosystemExplanatory

DisclosureOfMetricsThatMeasureStructuralComponentsOfEcosystemConditionExplanatory

DisclosureOfMetricsThatMeasureProcessOrFunctionThatEcosystemCompletesOrThatReflectAbilityOfEcosystemToUndertakeThatSpecificProcessOrFunctionExplanatory

DisclosureOfMetricsThatMeasureChangesToPopulationOfScientificalllyIdentifiedSpeciesUnderThreatExplanatory

35. If the undertaking identified *sites* located in or near *biodiversity-sensitive areas* that it is negatively affecting (see paragraph 19(a)), the undertaking shall disclose the number and area (in hectares) of sites owned, leased or managed in or near these protected areas or key *biodiversity* areas.
36. If the undertaking has identified material impacts with regards to land-use change, or impacts on the extent and condition of ecosystems, it may also disclose their land-use based on a Life Cycle Assessment.
37. For datapoints specified in paragraphs 38 to 41, the undertaking shall consider its own operations.
38. If the undertaking has concluded that it directly contributes to the *impact drivers* of *land-use change*, *freshwater-use change* and/or *sea-use change*, it shall report relevant *metrics*. The undertaking may disclose metrics that measure:
 - a. the conversion over time (e.g. 1 or 5 years) of land cover (e.g. **deforestation** or mining);

- b. changes over time (e.g. 1 or 5 years) in the management of the ecosystem (e.g., through the intensification of agricultural management, or the application of better management practices or forestry harvesting);
 - c. changes in the spatial configuration of the landscape (e.g. fragmentation of **habitats**,
 - d. changes in ecosystem connectivity);
 - e. changes in ecosystem structural connectivity (e.g. habitat permeability based on physical features and arrangements of habitat patches); and
 - f. the functional connectivity (e.g. how well genes or individuals move through land, freshwater and seascape).
39. If the undertaking concluded that it directly contributes to the accidental or voluntary introduction of invasive alien species, the undertaking may disclose the **metrics** it uses to manage pathways of introduction and spread of **invasive alien species** and the risks posed by invasive alien species.
40. If the undertaking identified material impacts related to the state of species, the undertaking may report **metrics** it considers relevant. The undertaking may:
- a. refer to relevant disclosure requirements in ESRS E1, ESRS E2, ESRS E3, and ESRS E5;
 - b. consider population size, range within specific **ecosystems** as well as extinction risk. These aspects provide insight on the health of a single species' population and its relative resilience to human induced and naturally occurring change;
 - c. disclose metrics that measure changes in the number of individuals of a species within a specific area;
 - d. disclose metrics on species at extinction risk¹¹ that measure:
 - i. the threat status of species and how activities/pressures may affect the threat status; or
 - ii. changes in the relevant **habitat** for a **threatened species** as a proxy for the undertaking's impact on the local population's extinction risk.
41. If the undertaking identified material impacts related to ecosystems, it may disclose:
- e. with regard to ecosystems extent, **metrics** that measure area coverage of a particular ecosystem without necessarily considering the quality of the area being assessed, such as **habitat** cover. For example, forest cover is a measure of the extent of a particular ecosystem type, without factoring in the condition of the ecosystem (e.g., provides the area without describing the species diversity within the forest).
 - f. with regard to ecosystems condition:
 - i. metrics that measure the quality of ecosystems relative to a pre-determined reference state;
 - ii. metrics that measure multiple species within an ecosystem rather than the number of individuals within a single species within an ecosystem (for example: scientifically established species richness and abundance indicators that measure the development of (native) species composition within an ecosystem against the reference state at the beginning of the first reporting period as well as the targeted state outlined in the Kunming-Montreal Global Biodiversity Framework, or an aggregation of species' conservation status if relevant); or
 - iii. metrics that reflect structural components of condition such as habitat connectivity (i.e., how linked habitats are to each other).

¹¹ As indicated in the IUCN Red List of Threatened Species and the European Red List published by the European Commission.

Disclosure Requirement E4-6 – Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

AR 39. The undertaking may include an assessment of its related products and services at risk over the short-, medium- and long-term, explaining how these are defined, how financial amounts are estimated, and which critical assumptions are made.

AR 40. The quantification of the anticipated financial effects in monetary terms under paragraph 45(a) may be a single amount or a range.

[304060] E4-6 Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

DisclosureOfAnticipatedFinancialEffectsOfMaterialBiodiversityAndEcosystemrelatedRisksAndOpportunitiesExplanatory

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromBiodiversityAndEcosystemrelatedImpactsAndDependenciesExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromBiodiversityAndEcosystemrelatedImpactsAndDependenciesExplanatory

DisclosureOfCriticalAssumptionsUsedToQuantifyAnticipatedFinancialEffectsSourcesAndLevelOfUncertaintyOfAssumptionsBiodiversityAndEcosystemsExplanatory

42. The undertaking shall disclose its anticipated financial effects of material biodiversity- and ecosystem-related risks and opportunities.
43. The information required by paragraph 42 is in addition to the information on current financial effects on the entity's financial position, financial performance and cash flows for the reporting period required under ESRS 2 SBM-3 para 48 (d).
44. The objective of this Disclosure Requirement is to provide an understanding of:
 - g. **anticipated financial effects** due to material risks arising from biodiversity- and ecosystem-related impacts and **dependencies** and how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows over the short-, medium- and long-term; and
 - h. anticipated financial effects due to material opportunities related to biodiversity- and ecosystem.

AnticipatedFinancialEffectsFromMaterialBiodiversityAndEcosystemrelatedRisksAndOpportunitiesTimeHorizonsAbstract

AnticipatedFinancialEffectsFromMaterialBiodiversityAndEcosystemrelatedRisksAndOpportunitiesTimeHorizonsTable

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

AnticipatedFinancialEffectsFromMaterialBiodiversityAndEcosystemrelatedRisksAndOpportunitiesTimeHorizonsLineItems

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromBiodiversityAndEcosystemrelatedImpactsAndDependenciesExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromBiodiversityAndEcosystemrelatedImpactsAndDependenciesExplanatory

45. The disclosure shall include:
- a. a quantification of the **anticipated financial effects** in monetary terms before considering **biodiversity** and **ecosystems**-related actions or where not possible without undue cost or effort, qualitative information. For **financial effects** arising from material opportunities, a quantification is not required if it would result in disclosure
 - b. that does not meet the qualitative characteristics of information (see ESRS 1 Appendix B *Qualitative characteristics of information*). The quantification of the anticipated financial effects in monetary terms may be a single amount or a range;
 - c. a description of the effects considered, the impacts and **dependencies** to which they relate and the time horizons in which they are likely to materialise; and
 - d. the critical assumptions used to quantify the anticipated financial effects as well as the sources and the level of uncertainty of those assumptions.

ESRS E5 Resources and circular

Objective

Interactions with other ESRS

ESRS 2 General disclosures

The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 Impact, risk and opportunity management

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

The undertaking shall describe the process to identify material **impacts, risks** and **opportunities** related to resource use and circular economy, in particular regarding **resource inflows, resource outflows** and **waste**, and shall provide information on:

- a. whether the undertaking has screened its assets and activities in order to identify its actual and potential **impacts, risks** and **opportunities** in its own operations and its upstream and downstream value chain, and if so, the methodologies, assumptions and tools used in the screening;
- b. whether and how the undertaking has conducted consultations, in particular, with affected communities

Disclosure Requirement E5-1 – Policies related to resource use and circular economy

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has *policies* that address the identification, assessment, management and/or *remediation* of its material *impacts, risks* and *opportunities* related to resource use and *circular economy*.

Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy

The objective of this Disclosure Requirement is to enable an understanding of the key *actions* taken and planned to achieve the resource use and circular economy-related *policy* objectives and *targets*.

Metrics and targets

Disclosure Requirement E5-3 – Targets related to resource use and circular economy

The objective of this Disclosure Requirement is to enable an understanding of the *targets* the undertaking has adopted to support its resource use and *circular economy policy* and to address its material impacts, risks and opportunities.

Disclosure Requirement E5-4 – Resource inflows

The objective of this Disclosure Requirement is to enable an understanding of the resource use in the undertaking's own operations and its upstream value chain.

Disclosure Requirement E5-5 – Resource outflows

The objective of this Disclosure Requirement is to provide an understanding of:

- a. how the undertaking contributes to the **circular economy** by i) designing products and materials in line with **circular economy principles** and ii) increasing or maximising the extent to which products, materials and **waste** processing are recirculated in practice after first use; and
- b. the undertaking's waste reduction and **waste management** strategy, the extent to which the undertaking knows how its pre-consumer waste is managed in its own activities.

Disclosure Requirement E5-6 – Anticipated financial effects from material resource use and circular economy-related risks and opportunities

The undertaking shall disclose the anticipated financial effects of material risks and opportunities arising from resource use and circular economy-related impacts.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS E5 Resources and circular

Objective

1. The objective of this Standard is to specify Disclosure Requirements which will enable users of the **sustainability statement** to understand:
 - a. how the undertaking affects resource use, including resource efficiency, avoiding the depletion of resources and the sustainable sourcing and use of renewable resources (referred to in this Standard as “resource use and circular economy”) in terms of material positive and negative actual or potential **impacts**;
 - b. any **actions** taken, and the result of such actions, to prevent or mitigate actual or potential negative impacts arising from resource use, including its measures to help decoupling its economic growth from the use of materials, and to address risks and opportunities;
 - c. the plans and capacity of the undertaking to adapt its strategy and **business model** in line with **circular economy principles** including but not limited to minimising **waste**, maintaining the value of products, materials and other resources at their highest value and enhancing their efficient use in production and consumption;
 - d. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and **dependencies**, arising from resource use and circular economy, and how the undertaking manages them; and
 - e. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking’s impacts and dependencies on resource use and circular economy.
2. This Standard sets out Disclosure Requirements related to “resource use” and “circular economy” and in particular on:
 - a. **resource inflows** including the circularity of material resource inflows, considering renewable and non-renewable resources; and
 - b. **resource outflows** including information on products and materials; and (c) **waste**.
3. **Circular economy** means an economic system in which the value of products, materials and other resources in the economy is maintained for as long as possible, enhancing their efficient use in production and consumption, thereby reducing the environmental impact of their use, minimising **waste** and the release of hazardous **substances** at all stages of their life cycle, including through the application of the **waste hierarchy**. The goal is to maximise and maintain the value of the technical and biological resources, products and materials by creating a system that allows for **durability**, optimal use or re-use, refurbishment, remanufacturing, **recycling** and nutrient cycling.
4. This Standard builds on relevant EU legislative frameworks and **policies** including the EU Circular Economy Action Plan, Directive 2008/98/EC of the European Parliament and of the Council¹ (Waste Framework Directive) and the EU industrial strategy.
5. To evaluate the transition from business as usual, meaning an economy in which finite resources are extracted to make products that are used and then thrown away (“take-make-waste”), to a circular economic system, this Standard relies on the identification of the physical flows of resources, materials and products used and generated by the undertaking through Disclosure Requirement E5-4 **Resource inflows** and Disclosure Requirement E5-5 **Resource outflows**.

Interactions with other ESRS

6. Resource use is a major driver of other environmental impacts such as climate change, **pollution**, water and **marine resources** and biodiversity. A **circular economy** is a system that tends towards sustainable use of resources in extraction, processing, production, consumption and management of **waste**. Such system brings multiple environmental benefits, in particular, the reduction of material and energy consumption and **emissions** into the air (greenhouse gas emissions or other pollution), the limitation of **water withdrawals** and **discharges** and the **regeneration** of nature limiting the impact on biodiversity.
7. To provide a comprehensive overview of which other environmental matters could be material to resource use and circular economy, relevant disclosure requirements are covered in other environmental ESRS as follows:

- a. ESRS E1 *Climate change*, which addresses, in particular, GHG **emissions** and energy resources (energy consumption);
- b. ESRS E2 *Pollution*, which addresses, in particular, emissions to water, air and **soil** as well as **substances of concern**;

¹ Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives (OJ L 312, 22.11.2008, p. 3).

- c. ESRS E3 *Water and marine resources*, which addresses, in particular, water resource (water consumption) and marine resources; and
 - d. ESRS E4 *Biodiversity and ecosystems*, which addresses, in particular, ecosystems, species and raw materials.
8. The undertaking's impacts related to resource use and circular economy, in particular impacts related to **waste**, can affect people and communities. Material negative impacts on **affected communities** from resource use and **circular economy** attributable to the undertaking are covered in ESRS S3 *Affected communities*. The efficient and circular use of resources also benefits competitiveness and economic wellbeing
9. This Standard should be read in conjunction with ESRS 1 *General requirements* and ESRS 2 *General disclosures*.

Disclosure Requirements

ESRS 2 General disclosures

10. The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 chapter 4 Impact, risk and opportunity management

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

AR 1. When conducting a **materiality** assessment on environmental subtopics, the undertaking shall assess the materiality of resource use and circular economy in its own operations and its upstream and downstream value chain, and may consider the four phases below, also known as the LEAP approach:

- (a) Phase 1: locate where in the undertaking's own operations and along its upstream and downstream **value chain** the interface with nature takes place;
- (b) Phase 2: evaluate the **dependencies** and impacts;
- (c) Phase 3: assess the material risks and opportunities;
- (d) Phase 4: prepare and report the results of the materiality assessment.

AR 2. With regard to ESRS E5, phases 1 and 2 rely mainly on the **materiality** assessments conducted under ESRS E1 (including energy consumption), ESRS E2 (pollution), ESRS E3 (marine resources, water consumption) and ESRS E4 (biodiversity, ecosystems, raw materials). Indeed, **circular economy** eventually aims at reducing the environmental impact of the use of products, materials and other resources, minimizing **waste** and the release of hazardous **substances** and hence at reducing impacts on nature. This application requirement focuses mainly on the third phase of this LEAP approach, while the fourth phase addresses the outcome of the process.

AR 3. The process to assess the **materiality of impacts, dependencies, risks and opportunities** shall consider the provisions in ESRS 2 IRO-1 *Description of the processes*

to identify and assess material impacts, risks and opportunities and IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement.

AR 4. The sub-topics related to resource use and **circular economy** covered by the **materiality** assessment include:

- (a) **resource inflows** including the circularity of material resource inflows, considering resource use optimisation, intensity of materials and products and renewable and non-renewable resources;
- (b) **resource outflows** related to products and services; and
- (c) **waste, including hazardous waste and non-hazardous waste management.**

AR 5. In Phase 3, to assess its material **risks** and **opportunities** based on the results of Phases 1 and 2, the undertaking may:

- (d) **(a) identify transition risks and opportunities in its own operations and its upstream and downstream value chain, including the risk of staying in a business-as-usual scenario:**
 - i. policy and legal, e.g., bans on the extraction and use of non-renewable resources, regulations on waste treatment;
 - ii. technology, e.g., introduction on the market of new technologies to replace existing use of products and materials;
 - iii. market, e.g., shifting supply, demand and financing; iv. reputation, e.g. changing societal, customer or community perceptions.
- (b) identify **physical risks** including depletion of stock and use of virgin and non-virgin renewable resources, and of non-renewable resources;
- (c) identify opportunities categorised by:
 - i. resource efficiency: e.g., transition to more efficient services and processes requiring less resources, eco-design for **longevity**, repair, reuse, recycle, by-products, take-back systems, decoupling activity from extraction of materials, intensifying circular material use, creation of a system that allows for dematerialization (e.g., digitisation, improving utilisation rates, weight reduction); practices to ensure products and materials are collected, sorted, and reused, repaired, refurbished, remanufactured;
 - ii. markets: e.g., demand for less resource-intense products and services, and new consumption models such as product-as-a-service, pay-per-use, sharing, leasing;
 - iii. financing: e.g., access to green funds, bonds or loans; iv. resilience: e.g., diversification of resources and business activities (e.g., start a new business unit to recycle new materials), investing in green infrastructures, adopting recycling and circularity mechanisms that reduce the dependencies, capability of the undertaking to safeguard future stocks and flows of resources; and
 - iv. v. reputation.

AR 6. The undertaking may consider the following methodologies to assess its **impacts, risks** and **opportunities** in its own operations and along its upstream and downstream **value chain**:

- (a) Commission Recommendation 2021/2279 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organizations (Annex I – Product Environmental Footprint; Annex III – Organisation Environmental Footprint); and

Material Flow Analysis (MFA) from the European Environment Agency.

AR 7. When providing information on the outcome of the **materiality** assessment, the undertaking shall consider:

- (a) a list of business units associated to resource use and **circular economy** material impacts, risks and opportunities in the context of the products and services of the undertaking and the **waste** it generates;
- (b) a list and prioritisation of the material resources used by the undertaking;

- (c) the material impacts and risks of staying in business as usual;
- (d) the material opportunities related to a circular economy;
- (e) the material impacts and risks of a transition to a circular economy; and the stages of the **value chain** where resource use, risks and negative impacts are concentrated.

[305006] E5.IRO-1 Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities (E5)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory

AssetsAndActivitiesHaveBeenScreenedInOrderToIdentifyActualAndPotentialImpactsRisksAndOpportunitiesInOwnOperationsAndUpstreamAndDownstreamValueChain

InformationAboutMethodologiesAssumptionsAndToolsUsedToScreenAssetsAndActivitiesInOrderToIdentifyActualAndPotentialImpactsRisksAndOpportunitiesInOwnOperationsAndValueChainResourceUseAndCircularEconomyExplanatory

ConsultationsHaveBeenConductedResourceUseAndCircularEconomy

DisclosureOfHowConsultationsHaveBeenConductedResourceUseAndCircularEconomyExplanatory

11. The undertaking shall describe the process to identify material **impacts, risks and opportunities** related to resource use and circular economy, in particular regarding **resource inflows, resource outflows** and **waste**, and shall provide information on:
- a. whether the undertaking has screened its assets and activities in order to identify its actual and potential **impacts, risks and opportunities** in its own operations and its upstream and downstream value chain, and if so, the methodologies, assumptions and tools used in the screening;
 - b. whether and how the undertaking has conducted consultations, in particular, with affected communities.

Disclosure Requirement E5-1 – Policies related to resource use and circular economy

AR 8. The policies described under this Disclosure Requirement may be integrated in broader environmental or sustainability policies covering different subtopics.

AR 9. When providing information on its policies, the undertaking shall consider whether and how its policies address:

- (a) the **waste hierarchy**: (a) prevention; (b) preparing for re-use; (c) **recycling**; (d) other **recovery**, e.g., energy recovery; and (e) disposal. In this context, the **waste** treatment cannot be considered as a recovery;
- (b) the prioritisation of the avoidance or minimisation waste (Re-use, Repair, Refurbish, Remanufacture and Repurpose) over waste treatment (Recycling). The concepts of eco-design⁴, waste as a resource or post-consumer waste (at the end of a **consumer**- product lifecycle), should also be taken into consideration.

AR 10. When defining its policies, the undertaking may consider the Paper on “Categorisation system for the circular economy”, which describes circular design and production models, circular use models, circular value **recovery** models and circular support along the principles of the nine **circular economy** “R” strategies or principles: refuse, rethink, reduce, re-use, repair, refurbish, remanufacture, repurpose and recycle.

⁴ As established by Directive 2009/125/EC. Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products (OJ L 285, 31.10.2009, p. 10).

[305010] E5-1 Policies related to resource use and circular economy

DisclosureOfPoliciesAdoptedToManageMaterialImpactsRisksAndOpportunitiesRelatedToResourceUseAndCircularEconomyExplanatory	
MinimumDisclosureRequirementPoliciesRelatedToResourceUseAndCircularEconomyAbstract	
MinimumDisclosureRequirementPoliciesRelatedToResourceUseAndCircularEconomyTable	
IdentifierOfPolicyTypedAxis	
TopicalESRSAxis	
TopicTopicUnspecifiedMember	
ESRSE5ResourceUseAndCircularEconomyMember	
MinimumDisclosureRequirementPoliciesRelatedToResourceUseAndCircularEconomyLineItems	
NameOrIdentifierOfPolicy	
SustainabilityMattersAddressedByPolicyForResourceUseAndCircularEconomy	
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities	
DescriptionOfKeyContentsOfPolicyExplanatory	
DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory	
DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory	
DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory	
DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory	
PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt	
ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory	
PolicyAddressesTransitioningAwayFromUseOfVirginResources	
DisclosureOfHowPolicyAddressesTransitioningAwayFromUseOfVirginResourcesExplanatory	
PolicyAddressesSustainableSourcingAndUseOfRenewableResources	
DisclosureOfHowPolicyAddressesSustainableSourcingAndUseOfRenewableResourcesExplanatory	
LayerInWasteHierarchyThatPolicyAddresses	
DescriptionOfHowPolicyAddressesWasteHierarchyExplanatory	
PolicyAddressesPrioritisationOfAvoidanceOrMinimisationWasteOverWasteTreatment	
DisclosureOfHowPolicyAddressesPrioritisationOfAvoidanceOrMinimisationWasteOverWasteTreatmentExplanatory	
12.	The undertaking shall describe its policies adopted to manage its material impacts, risks and opportunities related to resource use and circular economy.
13.	The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has <i>policies</i> that address the identification, assessment, management and/or <i>remediation</i> of its material <i>impacts, risks</i> and <i>opportunities</i> related to resource use and <i>circular economy</i> .
14.	The disclosure required by paragraph 12 shall contain the information on the <i>policies</i> the undertaking has in place to manage its material <i>impacts, risks</i> and <i>opportunities</i> related to resource use and <i>circular economy</i> in accordance with ESR 2 MDR-P <i>Policies adopted to manage material sustainability matters</i> .
15.	In the summary, the undertaking shall indicate whether and how its policies address the following matters where material:

- a. transitioning away from use of virgin resources, including relative increases in use of secondary (recycled) resources;
 - b. sustainable sourcing and use of renewable resources.
16. Policies shall address material impacts, risks and opportunities in its own operations and along its upstream and downstream value chain.

Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy

AR 11. When providing information under paragraph 17 and considering that resources are shared and that **circular economy** strategies may require collective actions, the undertaking may specify the **actions** taken to engage with its upstream and downstream **value chain** and/or its local network on the development of collaborations or initiatives increasing the circularity of products and materials.

AR 12. In particular, the undertaking may specify the following:

- (a) how it contributes to circular economy, including for instance smart **waste** collection systems;
- (b) the other **stakeholders** involved in the collective **actions**: competitors, **suppliers**, retailers, customers, other business partners, local communities and authorities, government agencies;
- (c) a description of the organisation of the collaboration or initiative, including the specific contribution of the undertaking and the roles of the different stakeholders in the project.

AR 13. The **actions** may cover the undertaking’s own operations and/or its upstream and downstream value chain.

[305020] E5-2 Actions and resources related to resource use and circular economy

DisclosureOfResourceUseAndCircularEconomyActionsAndResourcesAllocatedToTheirImplementationExplanatory

DisclosureOfActionsTakenToEngageWithUpstreamAndDownstreamValueChainAndOrLocalNetworkOnDevelopmentOfCollaborationsOrInitiativesIncreasingCircularityOfProductsAndMaterialsExplanatory

MinimumDisclosureRequirementActionsRelatedToResourceUseAndCircularEconomyAbstract

MinimumDisclosureRequirementActionsRelatedToResourceUseAndCircularEconomyTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE5ResourceUseAndCircularEconomyMember

MinimumDisclosureRequirementActionsRelatedToResourceUseAndCircularEconomyLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted
YearWhenKeyActionIsToBeCompleted
DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory
DescriptionOfScopeOfKeyActionExplanatory
KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts
DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory
ActionCoversHigherLevelsOfResourceEfficiencyInUseOfTechnicalAndBiologicalMaterialsAndWater
DisclosureOfHowActionCoversHigherLevelsOfResourceEfficiencyInUseOfTechnicalAndBiologicalMaterialsAndWaterExplanatory
ActionCoversHigherRatesOfUseOfSecondaryRawMaterialsRecyclates
DisclosureOfHowActionCoversHigherRatesOfUseOfSecondaryRawMaterialsRecyclatesExplanatory
ActionCoversApplicationOfCircularDesignAndHigherRatesOfReuseRepairRefurbishingRemanufactureRepurposingAndRecycling
DisclosureOfHowActionCoversApplicationOfCircularDesignAndHigherRatesOfReuseRepairRefurbishingRemanufactureRepurposingAndRecyclingExplanatory
ActionCoversApplicationOfCircularBusinessPractices
DisclosureOfHowActionCoversApplicationOfCircularBusinessPracticesExplanatory
ActionCoversActionsTakenToPreventWasteGenerationInUpstreamAndDownstreamValueChain
DisclosureOfHowActionCoversActionsTakenToPreventWasteGenerationInUpstreamAndDownstreamValueChainExplanatory
ActionCoversOptimisationOfWasteManagementInLineWithWasteHierarchy
DisclosureOfHowActionCoversOptimisationOfWasteManagementInLineWithWasteHierarchyExplanatory
MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyAbstract
MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE5ResourceUseAndCircularEconomyMember
IdentifierOfActionPlanTypedAxis
MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyLineItems
DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory
NameOrIdentifierOfActionPlan
DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory
AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions
ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory
ResourcesCoverHigherLevelsOfResourceEfficiencyInUseOfTechnicalAndBiologicalMaterialsAndWater
DisclosureOfHowResourcesCoverHigherLevelsOfResourceEfficiencyInUseOfTechnicalAndBiologicalMaterialsAndWaterExplanatory
ResourcesCoverHigherRatesOfUseOfSecondaryRawMaterialsRecyclates
DisclosureOfHowResourcesCoverHigherRatesOfUseOfSecondaryRawMaterialsRecyclatesExplanatory
ResourcesCoverApplicationOfCircularDesignAndHigherRatesOfReuseRepairRefurbishingRemanufactureRepurposingAndRecycling
DisclosureOfHowResourcesCoverApplicationOfCircularDesignAndHigherRatesOfReuseRepairRefurbishingRemanufactureRepurposingAndRecyclingExplanatory

ResourcesCoverApplicationOfCircularBusinessPractices

DisclosureOfHowResourcesCoverApplicationOfCircularBusinessPracticesExplanatory

ResourcesCoverActionsTakenToPreventWasteGenerationInUpstreamAndDownstreamValueChain

DisclosureOfHowResourcesCoverActionsTakenToPreventWasteGenerationInUpstreamAndDownstreamValueChainExplanatory

ResourcesCoverOptimisationOfWasteManagementInLineWithWasteHierarchy

DisclosureOfHowResourcesCoverOptimisationOfWasteManagementInLineWithWasteHierarchyExplanatory

MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyDetailedAbstract

MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

RestatedCorrectedOrRevisedMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE5ResourceUseAndCircularEconomyMember

MinimumDisclosureRequirementResourcesRelatedToResourceUseAndCircularEconomyDetailedLineItems

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

17. The undertaking shall disclose its resource use and circular economy actions and the resources allocated to their implementation.
18. The objective of this Disclosure Requirement is to enable an understanding of the key *actions* taken and planned to achieve the resource use and circular economy-related *policy* objectives and *targets*.
19. The description of the resource use and circular economy-related *actions* and resources allocated shall follow the principles defined in ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.
20. In addition to ESRS 2 MDR-A, the undertaking may specify whether and how an action and resources cover:
 - a. higher levels of resource efficiency in use of technical and biological materials and water, particularly in relation to critical raw materials and rare earths as listed in the Raw Materials Information System;
 - b. higher rates of use of secondary raw materials (recyclates);
 - c. application of circular design, leading to increased product **durability** and optimisation of use, and higher rates of: Reuse, Repair, Refurbishing, Remanufacture, Repurposing and Recycling.
 - d. application of circular business practices such as (i) value retention **actions** (maintenance, repair, refurbishing, remanufacturing, component harvesting, upgrading and reverse logistics, closed loop systems, second-hand retailing), (ii) value maximisation actions (product-service systems, collaborative and sharing economy business models), (iii) end-of-life actions (**recycling**, upcycling, extended producer responsibility), and (iv) systems efficiency actions (industrial symbiosis);
 - e. actions taken to prevent **waste** generation in the undertaking's upstream and downstream value chain; and
 - f. optimisation of **waste management** in line with the **waste hierarchy**.

Disclosure Requirement E5-3 – Targets related to resource use and circular economy

- AR 14. If the undertaking refers to **ecological thresholds** to set **targets**, it may refer to the guidance provided by the Science-Based Targets Initiative for Nature (SBTN) in its interim guidance (Initial Guidance for Business, September 2020) or any other guidance with a scientifically acknowledged methodology that allows to set science-based targets by identifying ecological thresholds and, if applicable, organisation-specific allocations. Ecological thresholds can be local, national and/or global.
- AR 15. When providing information on **targets**, the undertaking shall prioritise targets in absolute value.
- AR 16. When providing information **targets** according to paragraph 24, the undertaking shall consider the production phase, the use phase, and the end of functional life of products and materials.
- AR 17. When providing information on **targets** related to virgin renewable **raw material** under paragraph 24(c), the undertaking shall consider how those targets may impact **biodiversity loss**, also in light of ESRS E4.
- AR 18. The undertaking may disclose other **targets** under paragraph 24(f) including in relation to sustainable sourcing. If so, the undertaking shall explain the definition of sustainable sourcing it has adopted and how it relates to the objective set out in paragraph 22.
- AR 19. The **targets** may cover the undertaking’s own operations and/or its upstream and downstream value chain.
- AR 20. The undertaking may specify whether the target addresses shortcomings related to the Substantial Contribution criteria for Circular Economy as defined in the delegated acts adopted pursuant to Article 13(2) of Regulation (EU) 2020/852. Where the Do No Significant Harm (DNSH) criteria for Circular Economy as defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 14(2), and Article 15(2) of Regulation (EU) 2020/852 are not met, the undertaking may specify whether the target addresses shortcomings related those DNSH criteria.

[305030] E5-3 Targets related to resource use and circular economy

DisclosureOfResourceUseAndCircularEconomyrelatedTargetsExplanatory
MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyAbstract
MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
IdentifierOfTargetTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSE5ResourceUseAndCircularEconomyMember
MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyLineItems
DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory
NameOrIdentifierOfTarget
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

TargetRelatedToEnvironmentalMattersIsBasedOnConclusiveScientificEvidence

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

TargetRelatesToResourceInflowsResourceUseAndCircularEconomy

DisclosureOfHowTargetRelatesToResourceInflowsResourceUseAndCircularEconomyExplanatory

TargetRelatesToResourceOutflowsResourceUseAndCircularEconomy

DisclosureOfHowTargetRelatesToResourceOutflowsResourceUseAndCircularEconomyExplanatory

TargetRelatesToIncreaseOfCircularProductDesign

DisclosureOfHowTargetRelatesToIncreaseOfCircularProductDesignExplanatory

TargetRelatesToIncreaseOfCircularMaterialUseRate

DisclosureOfHowTargetRelatesToIncreaseOfCircularMaterialUseRateExplanatory

TargetRelatesToMinimisationOfPrimaryRawMaterial

DisclosureOfHowTargetRelatesToMinimisationOfPrimaryRawMaterialExplanatory

TargetRelatesToSustainableSourcingAndUseOfRenewableResources

DisclosureOfHowTargetRelatesToSustainableSourcingAndUseOfRenewableResourcesExplanatory

TargetRelatesToWasteManagement

DisclosureOfHowTargetRelatesToWasteManagementExplanatory

TargetRelatesToOtherMattersRelatedToResourceUseOrCircularEconomy

DisclosureOfHowTargetRelatesToOtherMattersRelatedToResourceUseOrCircularEconomyExplanatory

LayerInWasteHierarchyToWhichTargetRelates

EcologicalThresholdsAndEntityspecificAllocationsWereTakenIntoConsiderationWhenSettingResourceUseAndCircularEconomyTarget

DisclosureOfEcologicalThresholdsIdentifiedAndMethodologyUsedToIdentifyEcologicalThresholdsResourceUseAndCircularEconomyExplanatory

EcologicalThresholdsAreEntityspecificResourceUseAndCircularEconomy

DisclosureOfHowEcologicalEntityspecificThresholdsWereDeterminedResourceUseAndCircularEconomyExplanatory

DisclosureOfHowResponsibilityForRespectingIdentifiedEcologicalThresholdsIsAllocatedResourceUseAndCircularEconomyExplanatory

ResourceUseAndCircularEconomyTargetIsMandatoryRequiredByLegislation

ResourceUseAndCircularEconomyRelatedTargetAddressesShortcomingsRelatedToSubstantialContributionCriteriaForCircularEconomy

ResourceUseAndCircularEconomyRelatedTargetAddressesShortcomingsRelatedToDoNoSignificantHarmCriteriaForCircularEconomy

MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSE5ResourceUseAndCircularEconomyMember

MinimumDisclosureRequirementTargetsRelatedToResourceUseAndCircularEconomyTargetsNotAdoptedLineItems

MeasurableOutcomeorientedTargetsHaveNotBeenSet

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

MeasurableOutcomeorientedTargetsWillBeSet

DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory

DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory

EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity

DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory

DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory

BaseYearFromWhichProgressIsMeasured

BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue

BaselineValueAgainstWhichProgressIsConsideredPercentage

21. The undertaking shall disclose the resource use and circular economy-related targets it has set.
22. The objective of this Disclosure Requirement is to enable an understanding of the *targets* the undertaking has adopted to support its resource use and *circular economy policy* and to address its material impacts, risks and opportunities.
23. The description of the *targets* shall contain the information requirements defined in ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets*.
24. The disclosure required by paragraph 21 shall indicate whether and how the undertaking's *targets* relate to *resource inflows* and *resource outflows*, including *waste* and products and materials, and, more specifically to:
 - a. the increase of circular product design (including for instance design for **durability**, dismantling, reparability, recyclability etc);
 - b. the increase of **circular material use rate**;
 - c. the minimisation of primary raw material;
 - d. sustainable sourcing and use (in line with the cascading principle) of renewable resources;
 - e. the **waste management**, including preparation for proper treatment; and
 - f. other matters related to resource use or circular economy.

25. The undertaking shall specify to which layer of the **waste hierarchy** the target relates.
26. In addition to ESRS 2 MDR-T, the undertaking may specify whether **ecological thresholds** and entity-specific allocations were taken into consideration when setting **targets**. If so, the undertaking may specify:
 - a. the ecological thresholds identified, and the methodology used to identify such thresholds;
 - b. whether or not the thresholds are entity-specific and if so, how they were determined; and
 - c. how responsibility for respecting identified ecological thresholds is allocated in the undertaking.
27. The undertaking shall specify as part of the contextual information, whether the **targets** it has set and presented are mandatory (required by legislation) or voluntary.

Disclosure Requirement E5-4 – Resource inflows

AR 21. **Resource inflows** may cover the following categories: IT equipment, textiles, furniture, buildings, heavy machinery, mid-weight machinery, light machinery, heavy transport, midweight transport, light transport and warehousing equipment. With regard to materials, resource inflow indicators include raw materials, **associated process materials**, and semimanufactured goods or parts.

AR 22. When the undertaking is subject to paragraph 31, it may also provide transparency on the materials that are sourced from **by-products/waste** stream (e.g., offcuts of a material that has not previously been in a product).

AR 23. The denominator of the percentage indicator required under paragraphs 31(b) and 31(c) is the overall total weight of materials used during the reporting period.

AR 24. The reported usage data are to reflect the material in its original state, and not to be presented with further data manipulation, such as reporting it as “dry weight”.

AR 25. In cases where there is an overlap between categories of reused, recycled, the undertaking shall specify how double counting was avoided and the choices that were made.

[305040] E5-4 Resource inflows

ResourceInflowsGeneralAbstract

DisclosureOfInformationOnResourceInflowsRelatedToMaterialImpactsRisksAndOpportunitiesExplanatory

ResourceInflowsAbstract

ResourceInflowsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

ResourceInflowsLineItems

DescriptionOfResourceInflowsForProductsAndMaterialsWaterAndPropertyPlantAndEquipmentUsedInOwnOperationsAndAlongUpstreamValueChainExplanatory

InformationAboutMaterialsUsedToManufactureProductsAndServicesExplanatory

ProductsAndTechnicalAndBiologicalMaterialsUsed

PercentageOfBiologicalMaterialsUsedToManufactureProductsAndServicesThatAreSustainablySourced

InformationAboutCertificationSchemeUsedAndApplicationOfCascadingPrincipleResourceInflowsExplanatory

SecondaryReusedOrRecycledComponentsSecondaryIntermediaryProductsAndSecondaryMaterialsUsedToManufactureProductsAndServices

PercentageOfSecondaryReusedOrRecycledComponentsSecondaryIntermediaryProductsAndSecondaryMaterialsUsedToManufactureProductsAndServices

DescriptionOfMaterialsThatAreSourcedFromByproductsOrWasteStreamExplanatory

DescriptionOfHowDoubleCountingWasAvoidedForReusedRecycledCategoriesAndChoicesMadeExplanatory

DescriptionOfMethodologiesUsedToCalculateDataAndKeyAssumptionsUsedResourceInflowsExplanatory

28. The undertaking shall disclose information on its resource inflows related to its material impacts, risks and opportunities.
29. The objective of this Disclosure Requirement is to enable an understanding of the resource use in the undertaking's own operations and its upstream value chain.
30. The disclosure required by paragraph 28 shall include a description of its *resource inflows* where material: products (including *packaging*) and materials (specifying critical raw materials and rare earths), water and property, plant and equipment used in the undertaking's own operations and along its upstream value chain.
31. When an undertaking assesses that resource inflows is a material sustainability matter, it shall disclose the following information about the materials used to manufacture the undertaking's products and services during the reporting period, in tonnes or kilogrammes:
- the overall total weight of products and technical and biological materials used during the reporting period;
 - the percentage of biological materials (and biofuels used for non-energy purposes) used to manufacture the undertaking's products and services (including *packaging*) that is sustainably sourced, with the information on the certification scheme used and on the application of the cascading principle; and
 - the weight in both absolute value and percentage, of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture the undertaking's products and services (including packaging).
32. The undertaking shall provide information on the methodologies used to calculate the data. It shall specify whether the data is sourced from direct measurement or estimations, and disclose the key assumptions used.

Disclosure Requirement E5-5 – Resource outflows

AR 26. Products and materials information to be provided under paragraph 35 refers to all materials and products that come out of the undertaking's production process and that a company puts on the market (including *packaging*).

AR 27. When compiling the rate, the undertaking shall use as denominator the overall total weight of materials used during the reporting period.

AR 28. The undertaking may disclose its engagement in product end-of-life *waste management*, for example through extended producer responsibility schemes or take-back schemes.

AR 29. Type of *waste* is to be understood as *hazardous waste* or non-hazardous waste. Some specific waste, such as radioactive waste, may also be presented as a separate type.

AR 30. When considering the *waste* streams relevant to its sectors or activities, the undertaking may consider the list of waste descriptions from the European Waste Catalogue.

AR 31. Examples of other types of *recovery* operations under paragraph 37(b)iii may be found in Annex II of Directive 2008/98/EC (Waste Framework Directive).

AR 32. Examples of other types of disposal operations under paragraph 37(c)iii may be found in Annex I of Directive 2008/98/EC (Waste Framework Directive).

AR 33. When providing contextual information under paragraph 40 the undertaking may:

- (a) explain the reasons for high weights of **waste** directed to disposal (e.g., local regulations that prohibit landfill of specific types of waste);
- (b) describe sector practices, sector standards, or external regulations that mandate a specific disposal operation; and
- (c) specify whether the data has been modelled or sourced from direct measurements, such as waste transfer notes from contracted waste collectors.

[305050] E5-5 Resource outflows - general

ResourceOutflowsGeneralAbstract
DisclosureOfInformationOnResourceOutflowsRelatedToMaterialImpactsRisksAndOpportunitiesExplanatory
ResourceOutflowsAbstract
ResourceOutflowsTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
ResourceOutflowsLineItems
DescriptionOfKeyProductsAndMaterialsThatComeOutOfProductionProcessAndThatAreDesignedAlongCircularPrinciples Explanatory
WasteGenerated
WasteGeneratedDivertedFromDisposal
WasteGeneratedDirectedToDisposal
NonrecycledWaste
PercentageOfNonrecycledWaste
DisclosureOfCompositionOfWasteExplanatory
DisclosureOfEngagementInProductEndoflifeWasteManagementExplanatory
HazardousWaste
RadioactiveWaste
DescriptionOfMethodologiesUsedToCalculateDataAndKeyAssumptionsUsedResourceOutflowsExplanatory
DataSourcesResourceOutflows
ResourceOutflowsProductsAbstract
ResourceOutflowsProductsTable
NameOfProductTypedAxis
ResourceOutflowsProductsLineItems
DisclosureOfExpectedDurabilityOfProductPlacedOnMarketInRelationToIndustryAverageExplanatory
DisclosureOfReparabilityOfProductExplanatory
DisclosureOfRatesOfRecyclableContentInProductAndItsPackagingExplanatory
ResourceOutflowsWasteDivertedFromDisposalAbstract
ResourceOutflowsWasteDivertedFromDisposalTable

TypeOfWasteAxis

TypeOfWasteMember

HazardousWasteMember

NonhazardousWasteMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

TypeOfRecoveryOperationsAxis

TypeOfRecoveryOperationsMember

PreparationForReuseMember

RecyclingMember

OtherRecoveryMember

ResourceOutflowsWasteDivertedFromDisposalLineItems

WasteGeneratedDivertedFromDisposal

ResourceOutflowsWasteDirectedToDisposalAbstract

ResourceOutflowsWasteDirectedToDisposalTable

TypeOfWasteAxis

TypeOfWasteMember

HazardousWasteMember

NonhazardousWasteMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

TypeOfWasteTreatmentAxis

TypeOfWasteTreatmentMember

IncinerationMember

LandfillMember

OtherDisposalMember

ResourceOutflowsWasteDirectedToDisposalLineItems

WasteGeneratedDirectedToDisposal

33. The undertaking shall disclose information on its resource outflows, including waste, related to its material impacts, risks and opportunities.
34. The objective of this Disclosure Requirement is to provide an understanding of:
- d. how the undertaking contributes to the **circular economy** by i) designing products and materials in line with **circular economy principles** and ii) increasing or maximising the extent to which products, materials and **waste** processing are recirculated in practice after first use; and
 - e. the undertaking's waste reduction and **waste management** strategy, the extent to which the undertaking knows how its pre-consumer waste is managed in its own activities.

Products and materials

35. The undertaking shall provide a description of the key products and materials that come out of the undertaking's production process and that are designed along circular principles, including **durability**, reusability, repairability, disassembly, remanufacturing, refurbishment, **recycling**, recirculation by the biological cycle, or optimisation of the use of the product or material through other circular business models.
36. Undertakings for which outflows are material shall disclose:
- a. The expected **durability** of the products placed on the market by the undertaking, in relation to the industry average for each product group;
 - b. The reparability products, using an established rating system, where possible;
 - c. The rates of recyclable content in products and their **packaging**.

Waste

37. The undertaking shall disclose the following information on its total amount of **waste** from its own operations, in tonnes or kilogrammes:
- a. the total amount of waste generated ;
 - b. the total amount by weight diverted from disposal, with a breakdown between **hazardous waste** and non-hazardous waste and a breakdown by the following **recovery** operation types:
 - i. preparation for reuse;
 - ii. **recycling**; and
 - iii. other recovery operations.
 - c. the amount by weight directed to disposal by waste treatment type and the total amount summing all three types, with a breakdown between **hazardous waste** and non-hazardous waste. The waste treatment types to be disclosed are:
 - i. **incineration**;
 - ii. landfill; and iii. other disposal operations;
 - d. the total amount and percentage of non-recycled waste².

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #13 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Non-recycled waste ratio").

³ Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste (OJ L 199, 2.8.2011, p. 48). This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #9 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Hazardous waste and radioactive waste ratio").

38. When disclosing the composition of the **waste**, the undertaking shall specify:
- a. the waste streams relevant to its sector or activities (e.g. tailings for the undertaking in the mining sector, electronic waste for the undertaking in the **consumer** electronics sector, or food waste for the undertaking in the agriculture or in the hospitality sector); and
 - b. the materials that are present in the waste (e.g. biomass, metals, non-metallic minerals, plastics, textiles, critical raw materials and rare earths).
39. The undertaking shall also disclose the total amount of **hazardous waste** and radioactive waste generated by the undertaking, where radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom³.
40. The undertaking shall provide contextual information on the methodologies used to calculate the data and in particular the criteria and assumptions used to determine and classify products designed along circular principles under paragraph 35. It shall specify whether the data is sourced from direct measurement or estimations; and disclose the key assumptions used.

Disclosure Requirement E5-6 – Anticipated financial effects from material resource use and circular economy-related risks and opportunities

AR 34. When providing information under paragraph 42(b), the undertaking may illustrate and describe how it intends to strengthen value retention.

AR 35. The undertaking may include an assessment of its related products and services at risk over the short-, medium- and long-term, explaining how these are defined, how financial amounts are estimated, and which critical assumptions are made.

AR 36. The quantification of the **anticipated financial effects** in monetary terms under paragraph 43(a) may be a range.

[305060] E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities

DisclosureOfAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromResourceUseAndCircularEconomyrelatedImpactsExplanatory

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromResourceUseAndCircularEconomyrelatedImpactsExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromResourceUseAndCircularEconomyrelatedImpactsExplanatory

DisclosureOfCriticalAssumptionsUsedToQuantifyAnticipatedFinancialEffectsSourcesAndLevelOfUncertaintyOfAssumptionsResourceUseAndCircularEconomyExplanatory

AnticipatedFinancialEffectsFromMaterialResourceUseAndCircularEconomyrelatedRisksAndOpportunitiesTimeHorizonsAbstract

AnticipatedFinancialEffectsFromMaterialResourceUseAndCircularEconomyrelatedRisksAndOpportunitiesTimeHorizonsTable

RangeAxis

EstimatedValueMember

MinimumValueMember

MaximumValueMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

RestatedCorrectedOrRevisedMember

AnticipatedFinancialEffectsFromMaterialResourceUseAndCircularEconomyrelatedRisksAndOpportunitiesTimeHorizonsLineItems

DisclosureOfQuantitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromResourceUseAndCircularEconomyrelatedImpactsExplanatory

DisclosureOfQualitativeInformationAboutAnticipatedFinancialEffectsOfMaterialRisksAndOpportunitiesArisingFromResourceUseAndCircularEconomyrelatedImpactsExplanatory

DescriptionOfEffectsConsideredImpactsAndDependenciesToWhichTheyRelateAndTimeHorizonsInWhichTheyAreLikelyToMaterialiseResourceUseAndCircularEconomyExplanatory

41. The undertaking shall disclose the anticipated financial effects of material risks and opportunities arising from resource use and circular economy-related impacts.

42. The information required by paragraph 41 is in addition the information on current financial effects on the entity's financial position, financial performance and cash flows for the reporting period required under ESRS 2 SBM-3 para 48 (d). The objective of this Disclosure Requirement is to provide an understanding of:
- a. **anticipated financial effects** due to material **risks** arising from material resource use and **circular economy**-related impacts and **dependencies** and how these risks
 - b. have or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance performance, and cash flows over the short-, medium- and long-term; and
 - c. anticipated financial effects due to material opportunities related to resource use and circular economy.
43. The disclosure shall include:
- a. a quantification of the **anticipated financial effects** in monetary terms before considering resource use and circular economy-related actions, or where not possible without undue cost or effort, qualitative information. For **financial effects** arising from material opportunities, a quantification is not required if it would result in disclosure that does not meet the qualitative characteristics of information (see ESRS
 - b. 1 Appendix B *Qualitative characteristics of information*);
 - c. a description of the effects considered, the impacts and dependencies to which they relate and the time horizons in which they are likely to materialise;
 - d. the critical assumptions used to quantify the **anticipated financial effects**, as well as the sources and level of uncertainty of those assumptions.

ESRS S - Social

ESRS S1 Own workforce

Objective

Interaction with other ESRS

ESRS 2 General disclosures

The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for ESRS 2 SBM-3, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

When responding to ESRS 2 SBM-2, the undertaking shall disclose how the interests, views, and rights of people in its own workforce, including respect for their human rights, inform its strategy and **business model**. The undertaking's **own workforce** is a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- a. whether and how actual and potential **impacts** on its **own workforce** as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*:
 - i. (i) originate from or are connected to the undertaking's strategy and **business models**, and (
 - ii) inform and contribute to adapting the undertaking's strategy and business model; and
- b. the relationship between its material **risks** and **opportunities** arising from impacts and **dependencies** on own workforce and its strategy and business model

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on the undertaking's **own workforce** specifically, as well as policies that cover material impacts, **risks** and **opportunities** related to its own workforce.

Disclosure Requirement S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

The objective of this Disclosure Requirement is to enable an understanding of how the undertaking engages, as part of its ongoing due diligence process, with people in its **own workforce** and **workers' representatives** about material, actual and potential, positive and/or negative **impacts** that do or are likely to affect them, and whether and how perspectives of its own workforces are taken into account in the decision-making processes of the undertaking.

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

The objective of this Disclosure Requirement is to enable an understanding of the formal means by which the undertaking's **own workforce** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, **grievance mechanisms**) in the workplace, and how follow up is carried out with the people concerned regarding the issues raised and the effectiveness of these channels.

Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The objective of this Disclosure Requirement is twofold.

Firstly, it is to enable an understanding of any actions and initiatives through which the undertaking seeks to:

- c. to prevent, mitigate and remediate negative material **impacts** on its **own workforce**; and/or
- d. to achieve positive material impacts for its own workforce.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to its own workforce.

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using outcome-oriented targets to drive and measure its progress in addressing its material negative impacts and/or advancing positive impacts on its own workforce, and/or in managing material risks and opportunities related to its own workforce.

Disclosure Requirement S1-6 – Characteristics of the undertaking’s employees

The objective of this Disclosure Requirement is to provide insight into the undertaking’s approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard.

Disclosure Requirement S1-7 – Characteristics of non-employee workers in the undertaking’s own workforce

The objective of this Disclosure Requirement is to provide insight into the undertaking’s approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids the understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard. It also allows an understanding of how much the undertaking relies on *non-employees* as part of its workforce.

Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue

The objective of this Disclosure Requirement is to enable an understanding of the coverage of *collective bargaining* agreements and *social dialogue* for the undertaking’s own *employees*.

Disclosure Requirement S1-9 – Diversity indicators

The objective of this Disclosure Requirement is to enable an understanding of gender diversity at top management level and the age distribution of its employees

Disclosure Requirement S1-10 – Adequate wages

The objective of this Disclosure Requirement is to enable an understanding of whether or not all the undertaking’s *employees* are paid an *adequate wage*, in line with applicable benchmarks.

Disclosure Requirement S1-11 – Social protection

The objective of this Disclosure Requirement is to enable an understanding of whether the undertaking’s *employees* are covered by *social protection* against loss of income due to major life events, and, if not, the countries where this is not the case.

Disclosure Requirement S1-12– Persons with disabilities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which *persons with disabilities* are included among the undertaking’s *employees*.

Disclosure Requirement S1-13 – Training and skills development metrics

The objective of this Disclosure Requirement is to enable an understanding of the *training* and *skills development* -related activities that have been offered to *employees*, within the context of continuous professional growth, to upgrade employees’ skills and facilitate continued employability.

Disclosure Requirement S1-14 – Health and safety metrics

The objective of this Disclosure Requirement is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent work-related injuries.

Disclosure Requirement S1-15 – Work-life balance metrics

The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking’s **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.

Disclosure Requirement S1-16 – Remuneration metrics (pay gap and total remuneration)

The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking’s **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts and incidents

The objective of this Disclosure Requirement is to allow an understanding of the extent to which *work-related incidents* and severe cases of human rights *impacts* are affecting its *own workforce*.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS S1 Own workforce

Interests and views of stakeholders

When responding to ESRS 2 SBM-2, the undertaking shall disclose how the interests, views, and rights of people in its own workforce, including respect for their human rights, inform its strategy and **business model**. The undertaking's **own workforce** is a key group of affected **stakeholders**.

Material impacts, risks and opportunities and their interaction with strategy and business model

When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- a. whether and how actual and potential **impacts** on its **own workforce** as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and **business models**, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
- b. the relationship between its material **risks** and **opportunities** arising from impacts and **dependencies** on own workforce and its strategy and business model.

Policies related to own workforce

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on the undertaking's **own workforce** specifically, as well as policies that cover material impacts, **risks** and **opportunities** related to its own workforce.

Processes for engaging with own workers and workers' representatives about impact

The objective of this Disclosure Requirement is to enable an understanding of how the undertaking engages, as part of its ongoing due diligence process, with people in its **own workforce** and **workers' representatives** about material, actual and potential, positive and/or negative **impacts** that do or are likely to affect them, and whether and how perspectives of its own workforces are taken into account in the decision-making processes of the undertaking.

Processes to remediate negative impacts and channels for own workers to raise concerns

The objective of this Disclosure Requirement is to enable an understanding of the formal means by which the undertaking's **own workforce** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, **grievance mechanisms**) in the workplace, and how follow up is carried out with the people concerned regarding the issues raised and the effectiveness of these channels.

Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The objective of this Disclosure Requirement is twofold.

Firstly, it is to enable an understanding of any actions and initiatives through which the undertaking seeks to:

- (a) to prevent, mitigate and remediate negative material **impacts** on its **own workforce**; and/or
- (b) to achieve positive material impacts for its own workforce.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to its own workforce.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using outcome-oriented targets to drive and measure its progress in addressing its material negative impacts and/or advancing positive impacts on its own workforce, and/or in managing material risks and opportunities related to its own workforce.

Characteristics of undertaking's employees

The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard.

Characteristics of non-employee workers in the undertaking's own workforce

The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids the understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard. It also allows an understanding of how much the undertaking relies on *non-employees* as part of its workforce.

Collective bargaining coverage and social dialogue

The objective of this Disclosure Requirement is to enable an understanding of the coverage of collective bargaining agreements and social dialogue for the undertaking's own employees.

Diversity indicators

The objective of this Disclosure Requirement is to enable an understanding of gender diversity at top management level and the age distribution of its employees

Adequate wages

The objective of this Disclosure Requirement is to enable an understanding of whether or not all the undertaking's *employees* are paid an *adequate wage*, in line with applicable benchmarks.

Social protection

The objective of this Disclosure Requirement is to enable an understanding of whether the undertaking's *employees* are covered by *social protection* against loss of income due to major life events, and, if not, the countries where this is not the case.

Persons with disabilities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which *persons with disabilities* are included among the undertaking's *employees*.

Training and skills development metrics

The objective of this Disclosure Requirement is to enable an understanding of the *training* and *skills development* -related activities that have been offered to *employees*, within the context of continuous professional growth, to upgrade employees' skills and facilitate continued employability.

Health and safety indicators

The objective of this Disclosure Requirement is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent work-related injuries.

Work-life balance metrics

The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking's **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.

Remuneration metrics (pay gap and total remuneration)

The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking's **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.

Incidents, complaints and severe human rights impacts and incidents

The objective of this Disclosure Requirement is to allow an understanding of the extent to which *work-related incidents* and severe cases of human rights *impacts* are affecting its *own workforce*.

Objective

1. The objective of this Standard is to specify disclosure requirements which will enable **users** of the **sustainability statement** to understand the undertaking's material **impacts** on its **own workforce**, as well as related material **risks** and **opportunities**, including:
 - a. how the undertaking affects its **own workforce**, in terms of material positive and negative actual or potential impacts;
 - b. any **actions** taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;
 - c. the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and **dependencies** on its own workforce, and how the undertaking manages them; and
 - d. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking's impacts and dependencies on its own workforce.
2. In order to meet the objective, this Standard also requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential **impacts** on its **own workforce** in relation to the following social, including human rights, factors or matters:
 - a. working conditions, including:
 - i. secure employment;
 - ii. working time;
 - iii. **adequate wages**;
 - iv. **social dialogue**;
 - v. freedom of association, the existence of works councils and the information, consultation and participation rights of workers;
 - vi. **collective bargaining**, including the rate of the undertaking's workforce covered by collective agreements;
 - vii. work-life balance; and viii. health and safety.
 - b. equal treatment and opportunities for all, including:
 - i. gender equality and equal **pay** for work of equal value;
 - ii. **training** and skills **development**;
 - iii. employment and inclusion of **persons with disabilities**;
 - iv. measures against violence and **harassment** in the workplace; and
 - v. diversity.
 - c. other work-related rights, including those that relate to:
 - i. child labour;
 - ii. **forced labour**;
 - iii. adequate housing; and
 - iv. privacy.
3. This Standard also requires an explanation of how such **impacts**, as well as the undertaking's **dependencies** on its **own workforce**, can create material **risks** or **opportunities** for the undertaking. For example, on the matter of equal opportunities, **discrimination** in hiring and promotion against women can reduce the undertaking's access to qualified labour and harm its reputation. Conversely, policies to

increase the representation of women in the workforce and in upper levels of management can have positive effects, such as increasing the pool of qualified labour and improving the undertaking's reputation.

4. This Standard covers an undertaking's **own workforce**, which is understood to include both people who are in an employment relationship with the undertaking ("**employees**") and **nonemployees** who are either people with contracts with the undertaking to supply labour ("self employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78). See Application Requirement 3 for examples of who falls under own workforce. The information required to be disclosed with regard to non-employees shall not affect their status pursuant to applicable labour law.
5. This Standard does not cover workers in the undertaking's upstream or downstream **value chain**; these categories of workers are covered in ESRS S2 *Workers in the value chain*.
6. The Standard requires undertakings to describe their **own workforce**, including key characteristics of the **employees** and **non-employees** that are part of it. This description provides **users** with an understanding of the structure of the undertaking's **own workforce** and helps to contextualise information provided through other disclosures.
7. The objective of the Standard is also to enable **users** to understand the extent to which the undertaking aligns or complies with international and European human rights instruments and conventions, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, the UN Convention on Persons with Disabilities, the European Convention of Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union, the EU **policy** priorities as set out by the European Pillar of Social Rights, and Union legislation, including the EU labour law acquis

AR 1. In addition to the issues listed in paragraph 2, the undertaking may also consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of its own workforce during a pandemic.

AR 2. The overview of social matters provided in paragraph 2 is not meant to imply that all of these issues should be reported on in each Disclosure Requirement in this Standard. Rather, they provide a list of matters derived from the sustainability reporting requirements set out in Directive 2013/34/EU that the undertaking shall consider for the ESRS 2 materiality assessment related to its own workforce and, as appropriate, report as material impacts, risks and opportunities within the scope of this Standard.

AR 3. Examples of people that fall within the scope of "Own workforce" are:

- (a) Examples of contractors (self-employed persons) in the undertaking's **own workforce** include:
 - i. Contractors hired by the undertaking to perform work that would otherwise be carried out by an **employee**
 - ii. Contractors hired by the undertaking to perform work in a public area (e.g., on a road, on the street).
 - iii. Contractors hired by the undertaking to deliver the work/service directly at the workplace of a client of the undertaking.
- (b) Examples of people employed by a third party engaged in 'employment activities' include people who perform the same work that employees carry out, such as:
 - i. people who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.);

- ii. people performing work additional to regular employees; iii. people who are dispatched temporarily from another EU member state to work for the undertaking ('posted workers').

Interaction with other ESRS

8. This Standard shall be read in conjunction with ESRS 1 *General principles* and ESRS 2 *General requirements*.
9. This Standard shall be read in conjunction with ESRS S2 *Workers in the value chain*, ESRS S3 *Affected communities* and ESRS S4 *Consumers and end-users*.
10. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's **own workforce** under ESRS S2, in order to ensure effective reporting.

Disclosure requirements

ESRS 2 General disclosures

11. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for ESRS 2 SBM-3, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

12. When responding to ESRS 2 SBM-2, the undertaking shall disclose how the interests, views, and rights of people in its own workforce, including respect for their human rights, inform its strategy and **business model**. The undertaking's **own workforce** is a key group of affected **stakeholders**.

AR 4. ESRS 2 SBM-2 requires the undertaking to provide an understanding of whether and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on its own workforce, and whether and how the business model and strategy are adapted to address such material impacts.

AR 5. While the undertaking's own workforce may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking shall consider the views of workers' representatives when applicable to fulfil this disclosure.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

AR 6. Impacts on the undertaking’s own workforce can originate in its strategy or business model in a number of different ways. For example, impacts may relate to the undertaking’s value proposition (such as providing lowest cost products or services, or high-speed delivery, in ways that put pressure on labour rights in its own operations), or its cost structure and the revenue model (such as shifting inventory risk to suppliers, with knock-on effects on the labour rights of people who work for them).

AR 7. Impacts on the undertaking’s own workforce that originate in the strategy or business model can also bring material risks to the undertaking. For example, risks arise if some people in the workforce are at risk of forced labour, and the undertaking is importing products into countries where the law allows for the confiscation of imported goods that are suspected of being made with forced labour. An example of opportunities for the undertaking may result from providing opportunities for the workforce such as job creation and upskilling in the context of a “just transition”. Another example, in the context of a pandemic or other severe health crisis, relates to the undertaking potentially relying on contingent labour with little to no access to sick care and health benefits that may face severe operational and business continuity risks as workers have no choice but to keep working while sick, further exacerbating the spread of the disease and causing major supply chain breakdowns. Reputational and business opportunity risks linked to the exploitation of lowskilled, low-paid workers in sourcing geographies with minimal protections for them are also increasing with media backlash and consumer preferences moving to more ethically sourced or sustainable goods.

AR 8. Examples of particular characteristics of people in the undertaking’s own workforce that may be considered by the undertaking when responding to paragraph 15 relate to young people that may be more susceptible to impacts on their physical and mental development, or women in a context where women are routinely discriminated against in the terms and conditions of work, or migrants in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some people in the workforce, the inherent nature of the activity that they are required to undertake may put them at risk (for example, people required to handle chemicals or operate certain equipment or low paid employees who are on “zero hours” contracts).

AR 9. With regard to paragraph 16, material *risks* could also arise because of the undertaking’s *dependency* on its *own workforce* where low-likelihood but high-impact events may trigger *financial effects*; for example, where a global pandemic leads to severe health impacts on the undertaking’s workforce resulting in major disruptions to production and distribution. Other examples of risk related to the undertaking’s dependency on its workforce include a shortage in skilled workers or political decisions or legislation affecting its own operations and *own workforce*.

[401002] S1.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1GeneralAbstract
DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1Abstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1Table
IdentifierOfImpactRiskAndOpportunityTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1LineItems	
DescriptionOfMaterialImpactsResultingFromMaterialityAssessmentExplanatory	
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOriginateFromOrAreConnectedToStrategyAndBusinessModels	
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOriginateFromOrAreConnectedToStrategyAndBusinessModelsExplanatory	
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModel	
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModelExplanatory	
13.	When responding to ESRs 2 SBM-3 paragraph 48, the undertaking shall disclose:
d.	whether and how actual and potential impacts on its own workforce as identified in ESRs 2 IRO-1 <i>Description of the processes to identify and assess material impacts, risks and opportunities</i> :
iii.	(i) originate from or are connected to the undertaking's strategy and business models , and (
iv.	ii) inform and contribute to adapting the undertaking's strategy and business model; and
e.	the relationship between its material risks and opportunities arising from impacts and dependencies on own workforce and its strategy and business model.

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1Table	
IdentifierOfImpactRiskAndOpportunityTypedAxis	
TopicalESRSAxis	
TopicTopicUnspecifiedMember	
ESRS1OwnWorkforceMember	
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1LineItems	
DescriptionOfTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersSubjectToMaterialImpactsExplanatory	
TypeOfEmployeesAndNonemployeesInOwnWorkforceSubjectToMaterialImpactsByOwnOperations	
UnderstandingOfHowPeopleInOwnWorkforceNOValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDeveloped	
DisclosureOfHowUnderstandingOfHowPeopleInOwnWorkforceValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDevelopedExplanatory	
MaterialNegativeImpactsOccurrenceOwnWorkforce	
DescriptionOfActivitiesThatResultInPositiveImpactsAndTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersThatArePositivelyAffectedOrCouldBePositivelyAffectedExplanatory	
DisclosureOfSpecificCountriesOrRegionsWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOccurExplanatory	
CountriesWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOccur	
DescriptionOfMaterialImpactsOnOwnWorkforceThatMayAriseFromTransitionPlansForReducingNegativeImpactsOnEnvironmentAndAchievingGreenerAndClimateNeutralOperationsExplanatory	
InformationAboutTypeOfOperationsAtSignificantRiskOfIncidentsOfForcedLabourOrCompulsoryLabourExplanatory	
InformationAboutCountriesOrGeographicAreasWithOperationsConsideredAtSignificantRiskOfIncidentsOfForcedLabourOrCompulsoryLabourExplanatory	
CountriesWithOperationsConsideredAtSignificantRiskOfIncidentsOfForcedLabourOrCompulsoryLabour	
InformationAboutTypeOfOperationsAtSignificantRiskOfIncidentsOfChildLabourExplanatory	
InformationAboutCountriesOrGeographicAreasWithOperationsConsideredAtSignificantRiskOfIncidentsOfChildLabourExplanatory	

CountriesWithOperationsConsideredAtSignificantRiskOfIncidentsOfChildLabour

14. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all people in its **own workforce** who could be materially impacted by the undertaking are included in the scope of its disclosure under ESRS 2. These material **impacts** shall include impacts that are connected with the undertaking's own operations and its **value chain**, including through its products or services, as well as through its business relationships. In addition, the undertaking shall provide the following information:
- a. a brief description of the types of **employees** and **non-employees** in its own workforce subject to material impacts by its operations, and specify whether they are **employees**, self-employed people, or people provided by third party undertakings primarily engaged in employment activities;
 - b. in the case of material negative impacts, whether they are either
 - i. widespread or systemic in contexts where the undertaking operates (for example, **child labour** or **forced labour** or compulsory labour in specific countries or regions outside the EU), or
 - ii. related to individual incidents (for example, an industrial accident or an oil spill);
 - c. in the case of material positive impacts, a brief description of the activities that result in the positive impacts, the types of employees and non-employees in its own workforce that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions;
 - d. any material **risks** and **opportunities** for the undertaking arising from impacts and **dependencies** on its own workforce;
 - e. any material impacts on its **own workforce** that may arise from **transition plans** for reducing negative impacts on the environment and achieving greener and climate-neutral operations, including information on the impacts on own workforce caused by the undertaking's plans and **actions** to reduce carbon **emissions** in line with international agreements. Impacts, risks and opportunities include restructuring and employment loss as well as opportunities arising from job creation and reskilling or upskilling;
 - f. operations at significant risk of incidents of forced labour or compulsory labour¹ either in terms of:
 - i. type of operation (such as manufacturing plant); or
 - ii. countries or geographic areas with operations considered at risk;
 - g. operations at significant risk of incidents of **child labour**² either in terms of:
 - i. type of operation (such as manufacturing plant); or
 - ii. countries or geographic areas with operations considered at risk.

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from additional indicators related to principal adverse impacts as set out by indicator #13 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Operations and suppliers at significant risk of incidents of forced or compulsory labour").

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from additional indicators related to principal adverse impacts as set out by indicator #12 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Operations and suppliers at significant risk of incidents of child labour").

<p>TopicalESRSAxis</p> <p>TopicTopicUnspecifiedMember</p> <p>ESRSS1OwnWorkforceMember</p> <p>MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1LineItems</p>
<p>DescriptionOfMaterialRisksAndOrOpportunitiesResultingFromMaterialityAssessmentExplanatory</p> <p>DisclosureOfRelationshipBetweenMaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndStrategyAndBusinessModelExplanatory</p>
<p>MaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersRelateToSpecificGroups</p>
<p>15. In describing the main types of people in its own workforce who are or could be negatively affected, based on the materiality assessment set out in ESRS 2 IRO 1, the undertaking shall disclose whether and how it has developed an understanding of how people with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm.</p>
<p>MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1Table</p> <p>IdentifierOfImpactRiskAndOpportunityTypedAxis</p> <p>TopicalESRSAxis</p> <p>TopicTopicUnspecifiedMember</p> <p>ESRSS1OwnWorkforceMember</p> <p>MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS1LineItems</p>
<p>MaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersRelateToSpecificGroups</p>
<p>16. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and dependencies on people in its own workforce relate to specific groups of people (for example, particular age groups, or people working in a particular factory or country) rather than to all of its own workforce (for example, a general pay cut, or training offered to all people in its own workforce).</p>

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

AR 10. The undertaking shall consider whether explanations of significant changes to the policies adopted during the reporting year (for example, new expectations for foreign subsidiaries, new or additional approaches to due diligence and remedy) provide contextual information for users and may disclose such explanations. This includes policies and commitments of the undertaking to prevent or mitigate the **risks** and negative **impacts** on people in its **own workforce** of reducing carbon **emissions** and transitioning to greener and climate-neutral operations as well as to provide **opportunities** for the workforce such as job creation and upskilling, including explicit commitments to a 'just transition'.

AR 11. The **policy** may take the form of a stand-alone policy regarding the undertaking's own workforce or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.

AR 12. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Human Rights, which consist of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, and may report on alignment with these instruments.

AR 13. When explaining how external-facing policies are embedded, the undertaking may, for example, consider internal policies of responsible sourcing, and alignment with other policies relevant to own workers, for example, regarding forced labour. With regard to supplier codes of conduct that the undertaking may have, it shall indicate whether they include provisions addressing the safety of workers, precarious work (i.e., use of workers on short-term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of forced labour or child labour, and whether such provisions are fully in line with applicable ILO standards.

AR 14. The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's **employees**, contractors and **suppliers**), or because they have a direct interest in their implementation (for example, people in its **own workforce**, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives), aimed at ensuring that the **policy** is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.

AR 15. Discrimination in employment and occupation occurs when someone is treated differently or less favourably because of characteristics that are not related to merit or the inherent requirements of the job. These characteristics are commonly defined in national laws. Besides the grounds mentioned in the Disclosure Requirement, the undertaking shall consider other grounds for discrimination prohibited under national legislation.

AR 16. **Discrimination** can arise in a variety of work-related activities. These include access to employment, particular occupations, **training** and vocational guidance and social security. Moreover, it can occur with respect to the terms and conditions of employment, such as: recruitment, remuneration, hours of work and rest, paid holidays, maternity protection, security of tenure, job assignments, performance assessment and advancement, training opportunities, promotion prospects, occupational safety and health, termination of employment. The undertaking may address these areas specifically when disclosing its policies and underlying procedures to fulfil the disclosure requirement.

AR 17. The undertaking may disclose whether it:

- (a) has policies and procedures which make qualifications, skills and experience the basis for the recruitment, placement, **training** and advancement at all levels, while accounting for the fact that some individuals may have more difficulty than others to acquire such qualifications, skills and experience;
- (b) assigns responsibility at top management level for **equal treatment** and **opportunities** in employment, issue clear company-wide policies and procedures to guide equal employment practices, and link advancement to desired performance in this area;
- (c) provides staff training on non-**discrimination** policies and practices, with a particular focus on middle and upper management to raise awareness and address resolution strategies for preventing and addressing systemic and incidental discrimination;
- (d) makes adjustments to the physical environment to ensure health and safety for workers, customers and other visitors with disabilities;
- (e) evaluates whether job requirements have been defined in a way that could systematically disadvantage certain groups;
- (f) keeps up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for **employees** and their progression within the undertaking;

- (g) puts in place grievance procedures to address complaints, handle appeals and provide recourse for employees (especially in the context of negotiations and collective agreements) when discrimination is identified, and is alert to formal structures and informal cultural issues that can prevent employees from raising concerns and grievances; and (h) has programs to promote access to skills **development**.

[401010] S1-1 Policies related to own workforce

PoliciesRelatedToOwnWorkforceGeneralAbstract
PoliciesRelatedToOwnWorkforceAbstract
PoliciesRelatedToOwnWorkforceTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
DisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEnd usersLineItems
DisclosureOfPoliciesAdoptedToManageMaterialImpactsOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAsWellAsAssociatedMaterialRisksAndOpportunitiesExplanatory
MinimumDisclosureRequirementPoliciesRelatedToOwnWorkforceAbstract
MinimumDisclosureRequirementPoliciesRelatedToOwnWorkforceTable
IdentifierOfPolicyTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
MinimumDisclosureRequirementPoliciesRelatedToOwnWorkforceLineItems
NameOrIdentifierOfPolicy
SustainabilityMattersAddressedByPolicyForOwnWorkforce
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
DescriptionOfKeyContentsOfPolicyExplanatory
DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory
DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory
DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory
DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory
PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt
ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory
GroundsForDiscriminationThatAreSpecificallyCoveredByPolicy
SpecificPolicyCommitmentsRelatedToInclusionOrPositiveActionForPeopleFromGroupsAtParticularRiskOfVulnerabilityInOwnWorkforceAreInPlace
DisclosureOfSpecificPolicyCommitmentsRelatedToInclusionOrPositiveActionForPeopleFromGroupsAtParticularRiskOfVulnerabilityInOwnWorkforceExplanatory
DisclosureOfAspectsOfPolicyThatSatisfyRequirementsOfDisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
DisclosureOfCommunicationToolsAndChannelsAimedAtEnsuringThatPolicyIsAccessibleAndThatDifferentAudiencesUnderstandItsImplicationsExplanatory

17. The undertaking shall describe its policies adopted to manage its material impacts on its own workforce, as well as associated material risks and opportunities.
18. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on the undertaking's **own workforce** specifically, as well as policies that cover material impacts, **risks** and **opportunities** related to its own workforce.
19. The disclosure required by paragraph 17 shall contain the information on the undertaking's policies to manage its material **impacts, risks** and **opportunities** related to its **own workforce** in accordance with ESRS 2 MDR-P *Policies adopted to manage material sustainability matters*. In addition, the undertaking shall specify if such policies cover specific groups within its own workforce or all of its own workforce.

PoliciesRelatedToOwnWorkforceTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
DisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersLineItems
DescriptionOfRelevantHumanRightsPolicyCommitmentsExplanatory
DescriptionOfProcessesAndMechanismsToMonitorComplianceWithUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFundamentalPrinciplesAndRightsAtWorkAndOecdGuidelinesForMultinationalEnterprisesExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToRespectForHumanRightsIncludingLabourRightsExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToEngagementWithPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToMeasuresToProvideAndOrEnableRemedyForHumanRightsImpactsExplanatory

20. The undertaking shall describe its human rights **policy** commitments³ that are relevant to its **own workforce**, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises⁴. In its disclosure it shall focus on those matters that are material in relation to, as well as its general approach to:
- h. respect for the human rights, including labour rights, of people in its own workforce;
 - i. engagement with people in its **own workforce**; and
 - j. measures to provide and/or enable **remedy** for human rights impacts.

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #9 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of a human rights policy”).

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments.

PoliciesRelatedToOwnWorkforceTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
DisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersLineItems
PoliciesAreAlignedWithRelevantInternationallyRecognisedInstruments
DescriptionOfHowPoliciesAreAlignedWithRelevantInternationallyRecognisedInstrumentsExplanatory

21. The undertaking shall disclose whether and how its policies with regard to its own workforce are aligned with relevant internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights⁵.

⁵ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8” in section 1 and 2 of Annex II. ⁹⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #11 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of processes and measures for preventing trafficking in human beings”).

PoliciesRelatedToOwnWorkforceTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
DisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersLineItems

our PoliciesExplicitlyAddressTraffickingInHumanBeingsForcedLabourOrCompulsoryLabourAndChildLabour
PoliciesExplicitlyAddressTraffickingInHumanBeings
PoliciesExplicitlyAddressForcedLabourOrCompulsoryLabour
PoliciesExplicitlyAddressChildLabour

22. The undertaking shall state whether its policies in relation to its **own workforce** explicitly address trafficking in human beings⁹⁹, **forced labour** or compulsory labour and **child labour**.

⁶This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by indicator #1 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without workplace accident prevention policies”)

PoliciesRelatedToOwnWorkforceTable	
TopicalESRSAxis	
Topic	TopicUnspecifiedMember
ESRSS1OwnWorkforceMember	
DisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersLineItems	
WorkplaceAccidentPreventionPolicyOrManagementSystemAreInPlace	
SpecificPoliciesAimedAtEliminationOfDiscriminationAreInPlace	
PoliciesAimedAtEliminationOfHarassmentAreInPlace	
PoliciesAimedAtPromotingEqualOpportunitiesAreInPlace	
PoliciesAimedAtOtherWaysToAdvanceDiversityAndInclusionAreInPlace	
PoliciesAreImplementedThroughSpecificProceduresToEnsureDiscriminationIsPreventedMitigatedAndActedUponOnceDetectedAsWellAsToAdvanceDiversityAndInclusion	
DisclosureOfHowPoliciesAreImplementedThroughSpecificProceduresToEnsureDiscriminationIsPreventedMitigatedAndActedUponOnceDetectedAsWellAsToAdvanceDiversityAndInclusionExplanatory	
ExplanationsOfSignificantChangesToPoliciesAdoptedDuringReportingYearProvideContextualInformationForUsers	
DisclosureOfExplanationsForSignificantChangesToPoliciesAdoptedDuringReportingYearExplanatory	
SupplierCodesOfConductIncludeProvisionsAddressingSafetyOfWorkers	
SupplierCodesOfConductIncludeProvisionsAddressingPrecariousWork	
SupplierCodesOfConductIncludeProvisionsAddressingHumanTrafficking	
SupplierCodesOfConductIncludeProvisionsAddressingUseOfForcedLabourOrChildLabour	
SupplierCodesOfConductProvisionsAreFullyInLineWithApplicableILOStandards	
PoliciesAndProceduresWhichMakeQualificationsSkillsAndExperienceBasisForRecruitmentPlacementTrainingAndAdvancementAtAllLevelsAreInPlace	
UndertakingAssignsResponsibilityAtTopManagementLevelForEqualTreatmentAndOpportunitiesInEmploymentIssueClearCompanywidePoliciesAndProceduresToGuideEqualEmploymentPracticesAndLinkAdvancementToDesiredPerformanceInThisArea	
StaffTrainingOnNondiscriminationPoliciesAndPracticesHasBeenProvided	
AdjustmentsToPhysicalEnvironmentToEnsureHealthAndSafetyForWorkersCustomersAndOtherVisitorsWithDisabilitiesHaveBeenMade	
UndertakingEvaluatesWhetherJobRequirementsHaveBeenDefinedInWayThatCouldSystematicallyDisadvantageCertainGroups	
UptodateRecordsOnRecruitmentTrainingAndPromotionThatProvideTransparentViewOfOpportunitiesForEmployeesAndTheirProgressionWithinUndertakingHaveBeenKept	
UndertakingPutsInPlaceGrievanceProceduresToAddressComplaintsHandleAppealsAndProvideRecourseForEmployeesWhenDiscriminationIsIdentifiedAndIsAlertToFormalStructuresAndInformalCulturalIssuesThatCanPreventEmployeesFromRaisingConcernsAndGrievances	
ProgramsToPromoteAccessToSkillsDevelopmentAreInPlace	

23. The undertaking shall state whether it has a workplace accident prevention **policy** or management system⁶.

24. The undertaking shall disclose:

- a. whether it has specific policies aimed at the elimination of **discrimination**, including **harassment**, promoting **equal opportunities** and other ways to advance diversity and inclusion;
- b. whether the following grounds for **discrimination** are specifically covered in the **policy**: racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, or other forms of discrimination covered by Union regulation and national law;

- c. whether the undertaking has specific **policy** commitments related to inclusion or positive action for people from groups at particular risk of vulnerability in its **own workforce** and, if so, what these commitments are; and
- d. whether and how these policies are implemented through specific procedures to ensure **discrimination** is prevented, mitigated and acted upon once detected, as well as to advance diversity and inclusion in general.

Disclosure Requirement S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

AR 18. When describing what function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake engagement. If it cannot identify such a position or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 *The role of the administrative, management and supervisory bodies*.

AR 19. When preparing the disclosures described in paragraph 27 b) and c), the following illustrations may be considered:

- (a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluating the effectiveness of mitigation;
- (b) for type of engagement, these could be participation, consultation and/or information;
- (c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process, (for example, when a new harvest season begins or a new production line is opened), as well as whether it occurs in response to legal requirements and/or in response to **stakeholder** requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and
- (d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or whether it provides **training** or capacity building to relevant staff to undertake engagement.

AR 20. Global Framework Agreements (GFA) serve to establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the undertaking adheres to the same standards in every country in which it operates.

AR 21. To illustrate how the perspectives of its **own workforce** have informed specific decisions or activities, the undertaking may provide examples from the current reporting period.

AR 22. Where the undertaking has agreements with national, European or international trade unions or works councils related to the rights of people its own workforce, this can be disclosed to illustrate how the agreement enables the undertaking to gain insight into the perspectives of such people.

AR 23. Where possible, the undertaking may disclose examples from the reporting period to illustrate how the perspectives of its **own workforce** and **workers' representatives** have informed specific decisions or activities of the undertaking.

AR 24. The undertaking shall consider the following aspects when fulfilling this Disclosure Requirement:

- (a) The type of engagement (for example, information, consultation or participation) and its frequency (for example, ongoing, quarterly, annually);

- (b) how feedback is recorded and integrated into decision-making, and how people in the workforce are informed about the way in which their feedback has influenced decisions;
- (c) whether engagement activities take place at the organisational level or at a lower level, such as at the **site** or project level, and in the latter case, how information from engagement activities is centralised;
- (d) the resources (for example, financial or human resources) allocated to engagement; and
- (e) how it engages with people in its workforce and **workers' representatives** on the impacts on its **own workforce** that may arise from reducing carbon **emissions** and transitioning to greener and climate-neutral operations, in particular restructuring, employment loss or creation, training and up/reskilling, gender and social equity, and health and safety.

AR 25. The undertaking may also disclose the following information in relation to paragraph 24 on diversity:

- (a) how it engages with at-risk or persons in vulnerable situations (for example whether it takes specific approaches and gives special attention to potential barriers);
- (b) how it takes into account potential barriers to engagement with people in its workforce (for example, language and cultural differences, gender and power imbalances, divisions within a community or group);
- (c) how it provides people in its workforce with information that is understandable and accessible through appropriate communication channels;
- (d) any conflicting interests that have arisen among its workforce and how the undertaking has resolved these conflicting interests; and how it seeks to respect the human rights of all stakeholders engaged, for example, their rights to privacy, freedom of expression, and peaceful assembly and protest.

AR 26. The undertaking may also report information about the effectiveness of processes for engaging with its **own workforce** from previous reporting periods. This applies in cases where the undertaking has assessed the effectiveness of these processes or derived lessons during the current reporting period. Processes used to track effectiveness can include internal or external auditing or verification, impact assessments, measurement systems, **stakeholder** feedback, **grievance mechanisms**, external performance ratings, and benchmarking.

[401020] S1-2 Processes for engaging with own workers and workers' representatives about impact

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsGeneralAbstract

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsAbstract

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsLineItems

DisclosureOfGeneralProcessesForEngagingWithPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndTheirRepresentativesAboutActualAndPotentialImpactsExplanatory

- 25. The undertaking shall disclose its general processes for engaging with people in its own workforce and workers' representatives about actual and potential impacts on its own workforce.
- 26. The objective of this Disclosure Requirement is to enable an understanding of how the undertaking engages, as part of its ongoing due diligence process, with people in its **own workforce** and **workers' representatives** about material, actual and potential, positive and/or negative **impacts** that do or are

likely to affect them, and whether and how perspectives of its own workforces are taken into account in the decision-making processes of the undertaking.

27. The undertaking shall disclose whether and how the perspectives of its *own workforce* inform its decisions or activities aimed at managing the actual and potential *impacts* on its own workforce. This shall include, where relevant, an explanation of:

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsGeneralAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS1OwnWorkforceMember
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsLineItems
 PerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpacts
 DisclosureOfHowPerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpactsExplanatory
 GroupsForWhichEngagementOccursOwnWorkforce
 DisclosureOfStagesAtWhichEngagementOccursTypeOfEngagementAndFrequencyOfEngagementExplanatory
 DisclosureOfFunctionAndMostSeniorRoleWithinUndertakingThatHasOperationalResponsibilityForEnsuringThatEngagementHappensAndThatResultsInformUndertakingSAApproachExplanatory
 DisclosureOfGlobalFrameworkAgreementOrOtherAgreementsWithWorkersRepresentativesRelatedToRespectOfHumanRightsOfOwnWorkforceExplanatory
 DisclosureOfHowEffectivenessOfEngagementWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsAssessedExplanatory

- a. whether engagement occurs directly with the undertaking's own workforce or workers' representatives;
- b. the stage(s) at which engagement occurs, the type of engagement and frequency of the engagement;
- c. the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens and that the results inform the undertaking's approach;
- d. where applicable, a Global Framework Agreement or other agreements that the undertaking has with **workers' representatives** related to the respect of human rights of its **own workforce**, including an explanation of how the agreement enables the undertaking to gain insight into the perspectives of its own workforce; and
- e. where applicable, how the undertaking assesses the effectiveness of its engagement with its own workforce, including, where relevant, any agreements or outcomes that result.

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsGeneralAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS1OwnWorkforceMember
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsLineItems
 DisclosureOfStepsTakenToGainInsightIntoPerspectivesOfPeopleInOwnWorkforceNOValueChainWorkersNOConsumersAndEndusersThatMayBeParticularlyVulnerableToImpactsAndOrMarginalisedExplanatory

28. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of people in its **own workforce** who may be particularly vulnerable to impacts and/or marginalised (for example, women, migrants, people with disabilities).

ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsGeneralAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsAbstract
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS1OwnWorkforceMember
 ProcessesForEngagingWithOwnWorkforceAndWorkersRepresentativesAboutImpactsLineItems
 GeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumers
 AndEndusersHasNotBeenAdopted
 DisclosureOfTimeframeForAdoptionOfGeneralProcessToEngageWithOwnWorkforceValueChainW
 orkersAffectedCommunitiesConsumersAndEndusersExplanatory
 DisclosureOfHowUndertakingEngagesWithAtRiskOrPersonsInVulnerableSituationsExplanatory
 DisclosureOfHowPotentialBarriersToEngagementWithPeopleInOwnWorkforceAreTakenIntoAccoun
 tExplanatory
 DisclosureOfHowPeopleInOwnWorkforceAreProvidedWithInformationThatIsUnderstandableAndAc
 cessibleThroughAppropriateCommunicationChannelsExplanatory
 DisclosureOfAnyConflictingInterestsThatHaveArisenAmongOwnWorkforceAndHowTheseConflicin
 gInterestsHaveBeenResolvedExplanatory
 DisclosureOfHowUndertakingSeeksToRespectHumanRightsOfAllStakeholdersEngagedExplanatory
 InformationAboutEffectivenessOfProcessesForEngagingWithOwnWorkforceFromPreviousReportin
 gPeriodsExplanatory

29. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with its **own workforce**, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

AR 27. In fulfilling the requirements set out by the disclosure criteria of Disclosure Requirement ESRS S1-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct focused on **remediation** and **grievance mechanisms**.

AR 28. Channels for raising concerns or needs include **grievance mechanisms**, hotlines, trade unions (where people in the workforce are unionised), works councils, dialogue processes or other means through which the undertaking's **own workforce** or **workers' representatives** can raise concerns about **impacts** or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where their own workforce is working, in addition to any other mechanisms an undertaking may use to gain insight into the management of impacts on its own workforce, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its **business relationships** to answer this requirement, it may state that.

AR 29. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible to all of its **own workforce** (or **workers' representatives** or, in their absence, individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative **impacts**).

AR 30. The undertaking shall consider whether and how people in its **own workforce** that may be affected and their **workers' representatives** are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material **impact**. Relevant channels may include hotlines, trade unions (where people in the workforce are unionised) or works councils, or other **grievance mechanisms** operated by the relevant undertaking or by a third party.

AR 31. In explaining whether and how the undertaking knows that people in its own workforce are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the

effectiveness of these channels from the perspective of the people concerned. Examples of sources of information are surveys of people in the undertaking's workforce that have used such channels and their levels of satisfaction with the process and outcomes.

AR 32. In describing the effectiveness of channels for its **own workforce** and **workers' representatives** to raise concerns, the undertaking may be guided by the following questions, based on the "effectiveness criteria for non-judicial ***grievance mechanisms***", as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31. The considerations below may be applied to individual channels or to a collective system of channels:

- (a) do the channels have legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?
- (b) are the channels known and accessible to **stakeholders**?
- (c) do the channels have clear and known procedures, with indicative timeframes?
- (d) do the channels ensure reasonable access for **stakeholders** to sources of information, advice and expertise?
- (e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?
- (f) do outcomes achieved through the channels accord with internationally recognised human rights?
- (g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?
- (h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?

[401030] S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsGeneralAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsTable
TopicalESRSAxis

TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsLineItems

DisclosureOfProcessesInPlaceToProvideForOrCooperateInRemediationOfNegativeImpactsOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThatUndertakingIsConnectedWithAsWellAsChannelsAvailableToRaiseConcernsAndHaveThemAddressedExplanatory

30. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on people in its own workforce that the undertaking is connected with, as well as channels available to its own workforce to raise concerns and have them addressed.
31. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which the undertaking's **own workforce** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, ***grievance mechanisms***) in the workplace, and how follow up is carried out with the people concerned regarding the issues raised and the effectiveness of these channels.
32. The undertaking shall describe the processes in place to cover the matters defined within paragraph 2 of the Objective section by disclosing the following information:

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsGeneralAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsLineItems

DisclosureOfProcessesInPlaceToProvideForOrCooperateInRemediationOfNegativeImpactsOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThatUndertakingIsConnectedWithAsWellAsChannelsAvailableToRaiseConcernsAndHaveThemAddressedExplanatory

DisclosureOfGeneralApproachToAndProcessesForProvidingOrContributingToRemedyWhereUndertakingHasCausedOrContributedToMaterialNegativeImpactOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory

UndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffective

DisclosureOfHowUndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffectiveExplanatory

DisclosureOfSpecificChannelsInPlaceForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersToRaiseConcernsOrNeedsDirectlyWithUndertakingAndHaveThemAddressedExplanatory

UndertakingIsRelyingSolelyOnInformationProvidedByItsBusinessRelationshipsAboutExistenceOfChannelsToRaiseConcernsOrNeeds

EstablishmentOfSpecificChannelsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersToRaiseConcernsOrNeeds

AccessibilityOfThirdPartyMechanismsForOwnWorkforce

PeopleInOwnWorkforceNOValueChainWorkersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreEmployedByOrContractedToWorkFor

DisclosureOfHowPeopleInOwnWorkforceNOValueChainWorkersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreEmployedByOrContractedToWorkForExplanatory

GrievanceOrComplaintsHandlingMechanismRelatedToEmployeeMattersIsInPlace

DisclosureOfProcessesThroughWhichUndertakingSupportsAvailabilityOfChannelsInWorkplaceOfItsOwnWorkforceExplanatory

DisclosureOfHowIssuesRaisedAndAddressedAreTrackedAndMonitoredAndHowEffectivenessOfChannelsIsEnsuredIncludingThroughInvolvementOfStakeholdersWhoAreIntendedUsersExplanatory

- a. its general approach to and processes for providing or contributing to **remedy** where it has caused or contributed to a material negative **impact** on people in its **own workforce**, including whether and how the undertaking assesses that the **remedy** provided is effective;
- b. any specific channels it has in place for its **own workforce** to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or through participation in third-party mechanisms;
- c. whether or not the undertaking has a **grievance/complaints handling mechanism** related to employee matters⁷; and
- d. the processes through which the undertaking supports the availability of such channels in the workplace of its own workforce; and
- e. how it tracks and monitors issues raised and addressed, and, how it ensures the effectiveness of the channels, including through the involvement of **stakeholders** who are intended **users**.

⁷ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088

because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #5 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Lack of grievance/complaints handling mechanisms related to employee matters").

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsGeneralAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsLineItems

DisclosureOfHowUndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressedExplanatory
PoliciesRegardingProtectionAgainstRetaliationForIndividualsThatUseChannelsToRaiseConcernsOrNeedsAreInPlace

33. The undertaking shall disclose whether and how it assesses that people in its **own workforce** are aware of, and trust, these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place regarding the protection of individuals that use them, including workers' representatives, against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.

ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsGeneralAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS1OwnWorkforceMember
ProcessesToRemediateNegativeImpactsAndChannelsForOwnWorkforceToRaiseConcernsLineItems
ChannelForRaisingConcernsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted
AvailabilityOfChannelForRaisingConcernsIsNotSupportedForPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusers
DisclosureOfTimeframeForChannelForRaisingConcernsToBeInPlaceExplanatory

34. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of mechanism in the workplace for own workers, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel to be in place.

Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

AR 33. It may take time to understand negative impacts and how the undertaking may be involved with them through its own workforce, as well as to identify appropriate responses and put them into practice). Therefore, the undertaking may disclose:

- (a) its general and specific approaches to addressing material negative impacts;
- (b) its initiatives aimed at contributing to additional material positive impacts;
- (c) how far it has progressed in its efforts during the reporting period; and
- (d) its aims for continued improvement.

AR 34. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact, or whether it is involved because the impact is directly linked to its operations, products or services by a business relationship.

AR 35. Given that material negative impacts affecting its own workforce that have occurred during the reporting period may also be connected with other entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage in its business relationships to manage

those impacts. This may include using commercial leverage (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing training or capacity-building on workers' rights to entities with which the undertaking has a business relationship) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an adequate wage).

AR 36. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its actions to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may report under ESRS S1-5 the relevant targets set by the initiative and progress towards them.

AR 37. When disclosing whether and how the undertaking considers actual and potential impacts on its own workforce in decisions to terminate business relationships and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.

AR 38. Processes used to track the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings, and benchmarking.

AR 39. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by an undertaking and the effective management of impacts. Additional information that the undertaking may provide includes data showing a decrease in the number of incidents identified.

AR 40. With regard to initiatives or processes whose primary aim is to deliver positive impacts for people in the undertaking's own workforce that are based on their needs, and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:

- (a) information about whether and how people in its own workforce and workers' representatives play a role in decisions regarding the design and implementation of these programmes or processes; and
- (b) information about the intended or achieved positive outcomes for the undertaking's own workforce of these programmes or processes.

AR 41. The undertaking may explain whether any such initiatives are designed also to support the achievement of one or more Sustainable Development Goals. For example, an undertaking committing to SDG 8 to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" may be actively working towards eliminating forced labour or compulsory labour or supporting higher levels of productivity on activities in developing countries through technological upgrades and training of local labour, which can benefit both the specific people in its own workforce targeted by the actions, and also their local communities.

AR 42. When disclosing the intended or achieved positive outcomes of its actions for the undertaking's own workforce, a distinction is to be made between evidence of certain activities having occurred (for example, that x number of people have received financial literacy training) from evidence of actual outcomes for the people concerned (for example, that x people report that they are able to better manage their pay and their household budgets).

AR 43. If the undertaking has taken measures to mitigate negative impacts on its own workforce that arise from the transition to a greener, climate-neutral economy, such as training and reskilling, employment guarantees, and in the case of downscaling or mass dismissal, measures such as job counselling, coaching, intra-company placements and early retirement plans, the undertaking shall disclose those measures. This includes measures to comply with prevailing regulation. The undertaking may highlight present and/or expected external developments that influence whether dependencies turn into risks. This includes consideration of impacts that may arise from the transition to greener and climate-neutral operations.

AR 44. When disclosing the material risks and opportunities related to its impacts or dependencies

on its own workforce, the undertaking may consider the following:

- (a) risks related to the undertaking's impacts on its own workforce may include the reputational or legal exposure where people in the undertaking's workforce are found to be subject to forced labour or child labour;
- (b) risks related to the undertaking's dependencies on its own workforce may include disruption of business operations where significant employee turnover or lack of skills/training development threaten the undertaking's business; and
- (c) opportunities related to the undertaking's impacts on its own workforce may include market differentiation and greater customer appeal from guaranteeing decent pay and conditions for non-employees.

AR 45. When explaining whether dependencies turn into risks, the undertaking shall consider external developments.

AR 46. When disclosing policies, actions and resources and targets related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, actions and resources and targets in relation to that impact.

AR 47. The undertaking shall consider whether and how its process(es) to manage material risks related to own workforce are integrated into its existing risk management process(es).

AR 48. When disclosing the resources allocated to the management of material impacts, the undertaking may explain which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.

[401040] S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsGeneralAbstract

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsAbstract

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsLineItems

DisclosureOfHowActionIsTakenToAddressMaterialNegativeAndPositiveImpactsAndToManageMaterialRisksAndPursueMaterialOpportunitiesRelatedToOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndEffectivenessOfThoseActionsExplanatory

35. The undertaking shall disclose how it takes action to address material negative and positive impacts, and to manage material risks and pursue material opportunities related to its own workforce, and the effectiveness of those actions.

36. The objective of this Disclosure Requirement is twofold.

Firstly, it is to enable an understanding of any actions and initiatives through which the undertaking seeks to:

- f. to prevent, mitigate and remediate negative material **impacts** on its **own workforce**; and/or
- g. to achieve positive material impacts for its own workforce.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to its own workforce.

37. The undertaking shall provide a summarised description of the action plans and resources to manage its material **impacts, risks, and opportunities** related to its **own workforce** in accordance with ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsTable	
TopicalESRSAxis	
TopicTopicUnspecifiedMember	
ESRSS1OwnWorkforceMember	
TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsLineItems	
MaterialImpactsRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract	
DescriptionOfActionsTakenPlannedOrUnderwayToPreventOrMitigateMaterialNegativeImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory	
UndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusers	
DisclosureOfHowUndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory	
DisclosureOfHowParticipationInIndustryOrMultistakeholderInitiativeAndUndertakingsOwnInvolvementIsAimingToAddressMaterialImpactsExplanatory	
DisclosureOfMeasuresTakenToMitigateNegativeImpactsOnOwnWorkforceThatAriseFromTransitionToGreenerClimateNeutralEconomyExplanatory	
DescriptionOfAdditionalActionsOrInitiativesWithPrimaryPurposeOfDeliveringPositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory	
PeopleInOwnWorkforceAndWorkersRepresentativesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpacts	
DisclosureOfHowPeopleInOwnWorkforceAndWorkersRepresentativesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpactsExplanatory	
DisclosureOfIntendedOrAchievedPositiveOutcomesOfProgrammesOrProcessesForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory	
SustainableDevelopmentGoalsWhichInitiativesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpactsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreDesignedToSupportAchievementOf	
DescriptionOfHowEffectivenessOfActionsAndInitiativesInDeliveringOutcomesForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersIsTrackedAndAssessedExplanatory	
38.	In relation to the material impacts related to its own workforce , the undertaking shall describe: <ul style="list-style-type: none"> h. actions taken, planned or underway to prevent or mitigate material negative impacts on its own workforce; i. whether and how it has taken action to provide or enable remedy in relation to an actual material impact; j. any additional actions or initiatives it has in place with the primary purpose of delivering positive impacts for its own workforce; and k. how it tracks and assesses the effectiveness of these actions and initiatives in delivering outcomes for its own workforce.

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsTable	
TopicalESRSAxis	
TopicTopicUnspecifiedMember	
ESRSS1OwnWorkforceMember	
TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsLineItems	

DescriptionOfProcessesThroughWhichUndertakingIdentifiesWhatActionIsNeededAndAppropriateInResponseToParticularActualOrPotentialNegativeImpactOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory

39. In relation to paragraph 36, the undertaking shall describe the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative **impact** on its **own workforce**.

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsLineItems

UndertakingEnsuresThatOwnPracticesDoNotCauseOrContributeToMaterialNegativeImpactsOnOwnWorkforce

DisclosureOfHowUndertakingEnsuresThatOwnPracticesDoNotCauseOrContributeToMaterialNegativeImpactsOnOwnWorkforceExplanatory

DisclosureOfResourcesAllocatedToManagementOfMaterialImpactsExplanatory

DescriptionOfInternalFunctionsThatAreInvolvedInManagingImpactsAndTypesOfActionTakenByInternalFunctionsToAddressNegativeAndAdvancePositiveImpactsExplanatory

DisclosureOfGeneralAndSpecificApproachesToAddressingMaterialNegativeImpactsExplanatory

DisclosureOfInitiativesAimedAtContributingToAdditionalMaterialPositiveImpactsExplanatory

DisclosureOfHowFarUndertakingHasProgressedInEffortsDuringReportingPeriodExplanatory

DisclosureOfAimsForContinuedImprovementExplanatory

40. In relation to material risks and opportunities, the undertaking shall describe:
- l. what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and **dependencies** on its **own workforce** and how it tracks effectiveness in practice; and
 - m. what action is planned or underway to pursue material opportunities for the undertaking in relation to its own workforce.
41. The undertaking shall disclose whether and how it ensures that its own practices do not cause or contribute to material negative impacts on own workforce, including, where relevant, its practices in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.
42. When disclosing the information required under paragraph 40, the undertaking shall consider ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets* if it evaluates the effectiveness of an action by setting a target.

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

TakingActionOnMaterialImpactsOnOwnWorkforceAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToOwnWorkforceAndEffectivenessOfThoseActionsLineItems

DisclosureOfHowActionIsTakenToAddressMaterialNegativeAndPositiveImpactsAndToManageMaterialRisksAndPursueMaterialOpportunitiesRelatedToOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndEffectivenessOfThoseActionsExplanatory

MaterialRisksAndOpportunitiesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract

DescriptionOfWhatActionIsPlannedOrUnderwayToMitigateMaterialRisksArisingFromImpactsAndDependenciesOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndHowEffectivenessIsTrackedExplanatory

DescriptionOfWhatActionIsPlannedOrUnderwayToPursueMaterialOpportunitiesInRelationToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

43. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that allows *users* to gain an understanding of how the material impacts are managed.

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceAbstract

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

ActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTaken

DisclosureOfHowActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTakenExplanatory

DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceAbstract

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceLineItems

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory

NameOrIdentifierOfActionPlan

DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory

AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceDetailedAbstract

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

RestatedCorrectedOrRevisedMember

LongtermMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS1OwnWorkforceMember

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToOwnWorkforceDetailedLineItems

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

AR 49. When disclosing information about **targets** in accordance with paragraph 46, the undertaking may disclose:

- (a) the intended outcomes to be achieved in the lives of a certain number of people in its **own workforce**;
- (b) the stability of the **targets** over time in terms of definitions and methodologies to enable comparability over time; and/or
- (c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks, or industry codes).

AR 50. **Targets** related to **risks** and **opportunities** may be the same as or distinct from targets related to **impacts**. For example, a target to reach **adequate wages** for **non-employees** could both reduce impacts on those people and reduce associated risks in terms of the quality and reliability of their output.

AR 51. The undertaking may also distinguish between short-, medium- and long-term **targets** covering the same **policy** commitment. For example, the undertaking may have a long-term target to achieve an 80% reduction in health and safety **incidents** affecting its delivery drivers by 2030 and a near-term target to reduce the **overtime** hours of delivery drivers by x% while maintaining their income by 2024.

AR 52. When modifying or replacing a **target** in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the **business model** or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information as per ESRS 2 BP-2 *Disclosures in relation to specific circumstances*.

[401050] S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesGeneralAbstract
TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAbstract
TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesTable
TopicalESRSAxis

TopicTopicUnspecifiedMember
 ESRSS1OwnWorkforceMember
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesLineItems
 DisclosureOfTimeboundAndOutcomeorientedTargetsExplanatory

44. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:
- a. reducing negative impacts on its own workforce; and/or
 - b. advancing positive impacts on its own workforce; and/or
 - c. managing material risks and opportunities related to its own workforce
45. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using outcome-oriented targets to drive and measure its progress in addressing its material negative impacts and/or advancing positive impacts on its own workforce, and/or in managing material risks and opportunities related to its own workforce.
46. The summarised description of the targets set to manage its material impacts, risks and opportunities related to the undertaking’s own workforce shall contain the information requirements defined in ESR 2 MDR-T.

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesGeneralAbstract
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAbstract
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS1OwnWorkforceMember
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesLineItems
 DisclosureOfProcessForSettingTimeboundAndOutcomeorientedTargetsExplanatory
 StakeholdersHaveBeenInvolvedInTargetSetting
 DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory
 OwnWorkforceOrWorkersRepresentativesWereEngagedDirectlyInTrackingPerformanceAgainstTargets
 DisclosureOfHowOwnWorkforceOrWorkersRepresentativesWereEngagedDirectlyInTrackingPerformanceAgainstTargetsExplanatory
 OwnWorkforceOrWorkersRepresentativesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformance
 DisclosureOfHowOwnWorkforceOrWorkersRepresentativesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformanceExplanatory

47. The undertaking shall disclose the process for setting the targets, including whether and how the undertaking engaged directly with its own workforce or workers’ representatives in:
- a. setting any such targets;
 - b. tracking the undertaking’s performance against them; and
 - c. (c) identifying any lessons or improvements as a result of the undertaking’s performance

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceAbstract
 MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceTable
 IdentifierOfTargetTypedAxis
 ReportingScopeAxis
 CurrentAndRetrospectiveMember
 RestatedCorrectedOrRevisedMember

<p>TopicalESRSAxis</p> <p>TopicTopicUnspecifiedMember</p> <p>ESRSS1OwnWorkforceMember</p> <p>MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceLineItems</p> <p>DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory</p> <p>NameOrIdentifierOfTarget</p> <p>NameOrIdentifierOfRelatedImpactsRisksAndOpportunities</p> <p>TargetRelationshipToImpactsRisksAndOpportunities</p> <p>NameOrIdentifierOfRelatedPolicy</p> <p>MeasurableTargetAbsoluteValue</p> <p>MeasurableTargetPercentage</p> <p>AbsoluteOrRelativeTarget</p> <p>ESRSMetricsUsedForTarget</p> <p>DescriptionOfScopeOfTargetExplanatory</p> <p>BaselineValueOfMeasurableTargetAbsoluteValue</p> <p>BaselineValueOfMeasurableTargetPercentage</p> <p>BaseYearFromWhichProgressIsMeasured</p> <p>PeriodToWhichTargetApplies</p> <p>IndicationOfMilestonesOrInterimTargetsExplanatory</p> <p>DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory</p> <p>StakeholdersHaveBeenInvolvedInTargetSetting</p> <p>DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory</p> <p>DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory</p> <p>DescriptionOfPerformanceAgainstDisclosedTargetExplanatory</p> <p>MeasurableTargetCurrentProgressAbsoluteValue</p> <p>MeasurableTargetCurrentProgressPercentage</p> <p>ProgressIsInLineWithWhatHadBeenInitiallyPlanned</p> <p>DisclosureOfIntendedOutcomesToBeAchievedInLivesOfPeopleInOwnWorkforceValueChainWorkerAffectedCommunitiesConsumersAndEndusersExplanatory</p> <p>DisclosureOfStabilityOfTargetOverTimeInTermsOfDefinitionsAndMethodologiesToEnableComparabilityExplanatory</p> <p>DisclosureOfStandardsOrCommitmentsOnWhichTargetIsBasedExplanatory</p>
<p>MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceTargetsNotAdoptedAbstract</p> <p>MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceTargetsNotAdoptedTable</p> <p>IdentifierOfPolicyTypedAxis</p> <p>ReportingScopeAxis</p> <p>CurrentAndRetrospectiveMember</p> <p>RestatedCorrectedOrRevisedMember</p>
<p>TopicalESRSAxis</p> <p>TopicTopicUnspecifiedMember</p> <p>ESRSS1OwnWorkforceMember</p> <p>MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnOwnWorkforceTargetsNotAdoptedLineItems</p> <p>MeasurableOutcomeorientedTargetsHaveNotBeenSet</p> <p>NameOrIdentifierOfRelatedImpactsRisksAndOpportunities</p> <p>MeasurableOutcomeorientedTargetsWillBeSet</p> <p>DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory</p> <p>DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory</p> <p>EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity</p> <p>DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory</p> <p>DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory</p> <p>BaseYearFromWhichProgressIsMeasured</p> <p>BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue</p> <p>BaselineValueAgainstWhichProgressIsConsideredPercentage</p>

Disclosure Requirement S1-6 – Characteristics of the undertaking’s employees

AR 53. This Disclosure Requirement covers all **employees** who perform work for any of the undertaking’s entities included in its sustainability reporting.

AR 54. Providing a breakdown of **employees** by country gives insight into the distribution of activity across countries. The number of employees in each country is also a key trigger for many information, consultation and participation rights for workers and workers’ representatives, both in the Union labour law acquis (for example, Directive 2009/38/EC of the European Parliament and of the Council¹³ “European Works Councils Directive” and Directive 2002/14/EC of the European Parliament and of the Council¹⁴ “Information and Consultation Directive”) and in national law (for example, rights to establish a works council or to have board level employee representation). Providing a breakdown of employees by gender and type of employment relationship gives insight into gender representation across the undertaking. Additionally, providing a breakdown of employees by region gives insight into regional variations. A region can refer to a country or other geographic locations, such as a region within a country or a world region.

AR 55. The undertaking shall disclose the requested disclosures in the following tabular formats: Table 1: Template for presenting information on employee head count by gender

Gender	Number of employees (head count)
Male	
Female	
Other	
Not reported	
Total Employees	

In some Member States it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorised as “other” in the table above. However, if the undertaking is disclosing data about **employees** where this is not possible, it may explain this and indicate that the “other” category is not applicable.

Table 2: Template for presenting employee head count in countries where the undertaking has at least 50 employees representing at least 10% of its total number of employees.

Country	Number of employees (head count)
Country A	
Country B	
Country C	
Country D	

Table 3: Template for presenting information on employees by contract type, broken down by gender (head count or FTE) (reporting on full-time and part-time employees is voluntary)

[Reporting period]				
FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
Number of employees (head count / FTE)				
Number of permanent employees (head count / FTE)				

Number of temporary employees (head count / FTE)				
Number of non-guaranteed hours employees (head count / FTE)				
Number of full-time employees (head count / FTE)				
Number of part-time employees (head count / FTE)				

* Gender as specified by the employees themselves

Table 4: Template for presenting information on employees by contract type, broken down by region (head count or FTE) (reporting on full-time and part-time employees is voluntary)

[Reporting period]		
REGION A	REGION B	TOTAL
Number of employees (head count / FTE)		
Number of permanent employees (head count / FTE)		
Number of temporary employees (head count / FTE)		
Number of non-guaranteed hours employees (head count / FTE)		
Number of full-time employees (head count / FTE)		
Number of part-time employees (head count / FTE)		

AR 56. The definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time **employees** differ between countries. If the undertaking has employees in more than one country, it shall use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. The country-level data shall then be added up to calculate total numbers, disregarding differences in national legal definitions. Non-guaranteed hours employees are employed by the undertaking without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the undertaking is not contractually obliged to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

AR 57. Disclosing the number of **employees** at the end of the reporting period provides information for that point in time, without capturing fluctuations during the reporting period. Disclosing these numbers in averages across the reporting period takes into account fluctuations during the reporting period.

AR 58. Quantitative data, such as the number of temporary or part-time **employees**, is unlikely to be sufficient on its own. For example, a high proportion of temporary or part-time employees could indicate a lack of employment security for employees, but it could equally signal workplace flexibility when offered as a voluntary choice. For this reason, the undertaking is required to disclose contextual information to help information **users** interpret the data. The undertaking can explain the reasons for temporary employment. An example of such a reason is the recruitment of employees to undertake work on a temporary or seasonal project or event. Another example is the standard practice of offering a temporary contract (for example, six

months) to new employees before an offer of permanent employment is made. The undertaking may also explain the reasons for nonguaranteed hours employment.

AR 59. For the own employee turnover calculation, the undertaking shall calculate the aggregate of the number of **employees** who leave voluntarily or due to dismissal, retirement, or death in service. The undertaking shall use this number for the numerator of the employee turnover rate and may determine the denominator used to calculate this rate and describe its methodology

AR 60. Where data is not available for detailed information, the undertaking shall use an estimation of the employee number or ratios, in accordance with ESRS 1, and clearly identify where the use of estimates has taken place.

[401060] S1-6 Characteristics of undertaking's employees

CharacteristicsOfUndertakingsEmployeesGeneralAbstract
DescriptionOfKeyCharacteristicsOfEmployeesInOwnWorkforceExplanatory

48. The undertaking shall describe key characteristics of employees in its own workforce.
49. The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard.
50. In addition to the information required by paragraph 40(a)iii of ESRS 2 *General Disclosures*, the undertaking shall disclose:

CharacteristicsOfUndertakingsEmployeesAbstract
CharacteristicsOfUndertakingsEmployeesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
CharacteristicsOfUndertakingsEmployeesLineItems
NumberOfEmployeesHeadcountAtEndOfPeriod
NumberOfEmployeesHeadCountDuringPeriod
NumberOfEmployeesWhoHaveLeftUndertakingDuringPeriod
PercentageOfEmployeeTurnover
DescriptionOfMethodologiesAndAssumptionsUsedToCompileDataEmployeesExplanatory
EmployeesNumbersAreReportedUsingAnotherMethodology
ExplanationOfAnotherMethodologyUsedToCompileDataEmployeesExplanatory
DescriptionOfMethodologyForEmployeeTurnoverRateExplanatory
DisclosureOfContextualInformationNecessaryToUnderstandDataEmployeesExplanatory
ExplanationOfWhyItIsNotPossibleToDiscloseDataAboutEmployeesForGenderCategorisedAsOtherThanFemaleAndMaleAndWhyThisCategoryIsNotApplicableExplanatory
DisclosureOfReferenceOfInformationReportedOnTotalNumberOfEmployeesToMostRepresentativeNumberInFinancialStatementsExplanatory
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderAbstract
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GenderAxis
GenderMember
FemaleMember

MaleMember
OtherThanFemaleAndMaleMember
GenderNotReportedMember
TypeOfEmployeeContractAxis
TypeOfEmployeeContractMember
PermanentEmployeesMember
TemporaryEmployeesMember
NonguaranteedHoursEmployeesMember
FulltimeEmployeesMember
ParttimeEmployeesMember
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderLineItems
MethodologyOfEmployeesMeasurement
NumberOfEmployeesHeadCountOrFulltimeEquivalentAtEndOfPeriod
NumberOfEmployeesHeadCountOrFulltimeEquivalentDuringPeriod
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAbstract
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndRegionTable
RegionTypedAxis
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
TypeOfEmployeeContractAxis
TypeOfEmployeeContractMember
PermanentEmployeesMember
TemporaryEmployeesMember
NonguaranteedHoursEmployeesMember
FulltimeEmployeesMember
ParttimeEmployeesMember
CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndRegionLineItems
MethodologyOfEmployeesMeasurement
NumberOfEmployeesHeadCountOrFulltimeEquivalentAtEndOfPeriod
NumberOfEmployeesHeadCountOrFulltimeEquivalentDuringPeriod
a. the total number of employees by head count, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees;
b. the total number by head count or full time equivalent (FTE) of:
i. permanent employees, and breakdown by gender;
ii. temporary employees, and breakdown by gender; and
iii. non-guaranteed hours employees, and breakdown by gender.
c. the total number of employees who have left the undertaking during the reporting period and the rate of employee turnover in the reporting period.

CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesByGenderAbstract
CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesByGenderTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GenderAxis
GenderMember
FemaleMember
MaleMember
OtherThanFemaleAndMaleMember
GenderNotReportedMember
CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesByGenderLineItems
NumberOfEmployeesHeadcountAtEndOfPeriod
NumberOfEmployeesHeadCountDuringPeriod

CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesInCountriesWith50OrMoreEmployeesRepresentingAtLeast10PercentOfItsTotalNumberOfEmployeesAbstract

CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesInCountriesWith50OrMoreEmployeesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CountryAxis

CountryMember

CharacteristicsOfUndertakingsEmployeesNumberOfEmployeesInCountriesWith50OrMoreEmployeesRepresentingAtLeast10PercentOfItsTotalNumberOfEmployeesLineItems

NumberOfEmployeesInCountriesWith50OrMoreEmployeesRepresentingAtLeast10PercentOfTotalNumberOfEmployeesAtEndOfPeriod

NumberOfEmployeesInCountriesWith50OrMoreEmployeesRepresentingAtLeast10PercentOfTotalNumberOfEmployeesDuringPeriod

Table 1: Template for presenting information on employee head count by gender

	Gender	Number of employees (head count)
	Male	
	Female	
	Other	
	Not reported	
	Total Employees	

Table 2: Template for presenting employee head count in countries with at least 50 employees

	Country	Number of employees (head count)
	Country A	
	Country B	
	Country C	
	Country D	

CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderAbstract

CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

GenderAxis

GenderMember

FemaleMember

MaleMember

OtherThanFemaleAndMaleMember

GenderNotReportedMember

TypeOfEmployeeContractAxis

TypeOfEmployeeContractMember

PermanentEmployeesMember

TemporaryEmployeesMember

NonguaranteedHoursEmployeesMember

FulltimeEmployeesMember

ParttimeEmployeesMember

CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndGenderLineItems

MethodologyOfEmployeesMeasurement

NumberOfEmployeesHeadCountOrFulltimeEquivalentAtEndOfPeriod

Table 3: Template for presenting information on employees by contract type, broken down by gender (head count or FTE) (reporting on full-time and part-time employees is voluntary)

[Reporting period]				
FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
Number of employees (head count / FTE)				
Number of permanent employees (head count / FTE)				
Number of temporary employees (head count / FTE)				
Number of non-guaranteed hours employees (head count / FTE)				
Number of full-time employees (head count / FTE)				
Number of part-time employees (head count / FTE)				

* Gender as specified by the employees themselves

Table 4: Template for presenting information on employees by contract type, broken down by region (head count or FTE) (reporting on full-time and part-time employees is voluntary)

[Reporting period]		
REGION A	REGION B	TOTAL
Number of employees (head count / FTE)		
Number of permanent employees (head count / FTE)		
Number of temporary employees (head count / FTE)		
Number of non-guaranteed hours employees (head count / FTE)		
Number of full-time employees (head count / FTE)		
Number of part-time employees (head count / FTE)		

- d. a description of the methodologies and assumptions used to compile the data, including whether the numbers are reported:
 - i. in head count or full-time equivalent (FTE) (including an explanation of how FTE is defined); and
 - ii. at the end of the reporting period, as an average across the reporting period, or using another methodology.

- e. where applicable, a provision of contextual information necessary to understand the data (for example, to understand fluctuations in number of employees during the reporting period); and
- f. a cross-reference of the information reported under (a) above to the most representative number in the financial statements

CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAbstract
 CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndRegionTable
 RegionTypedAxis
 ReportingScopeAxis
 CurrentAndRetrospectiveMember
 MilestonesAndTargetYearsMember
 RestatedCorrectedOrRevisedMember
 TypeOfEmployeeContractAxis
 TypeOfEmployeeContractMember
 PermanentEmployeesMember
 TemporaryEmployeesMember
 NonguaranteedHoursEmployeesMember
 FulltimeEmployeesMember
 ParttimeEmployeesMember
 CharacteristicsOfUndertakingsEmployeesInformationOnEmployeesByContractTypeAndRegionLineItems
 MethodologyOfEmployeesMeasurement
 NumberOfEmployeesHeadCountOrFulltimeEquivalentAtEndOfPeriod
 NumberOfEmployeesHeadCountOrFulltimeEquivalentDuringPeriod

- 51. For the information specified in point (b) of paragraph 50, the undertaking may in addition disclose the breakdown by region
- 52. The undertaking may disclose by head count or full time equivalent (FTE) the following information:
 - a. full-time employees, and breakdowns by gender and by region; and
 - b. part-time employees, and breakdowns by gender and by region

Disclosure Requirement S1-7 – Characteristics of non-employee workers in the undertaking’s own workforce

AR 61. This Disclosure Requirement provides insight into the undertaking’s approach to employment, as well as the scope and nature of impacts arising from its employment practices. It also provides contextual information that aids an understanding of the information reported in other disclosures. This disclosure covers both individual contractors supplying labour to the undertaking (“self-employed people”) and workers provided by undertakings primarily engaged in “employment activities” (NACE Code N78). If all the people performing work for the undertaking are **employees** and the undertaking does not have any people in its workforce who are not employees, this Disclosure Requirement is not material for the undertaking; notwithstanding, the undertaking may state this fact when disclosing the information required by Disclosure Requirement S1-6 as contextual information as this information can be relevant for the **users** of the **Sustainability Statement**.

AR 62. Examples of contractors (self-employed people) in the undertaking’s **own workforce** include: contractors hired by the undertaking to perform work that would otherwise be carried out by an employee; contractors hired by the undertaking to perform work in a public area (for example, on a road, on the street); and contractors hired by the undertaking to deliver the work/service directly at the workplace of a client of the organization. Examples of people employed by a third party engaged in ‘employment activities’ whose work is under the direction of the undertaking include: people who perform the same work that **employees** carry out, such as people who fill in for employees who are temporarily absent (due to illness, holiday, parental leave,

etc.); people performing regular work at the same *site* as employees; and workers who are dispatched temporarily from another EU member state to work for the undertaking ('posted workers'). Examples of **value chain workers** (and thus of workers not in the undertaking's own workforce and reported under the scope of ESRS S2) include: workers for a **supplier** contracted by the undertaking who work on the supplier's premises using the supplier's work methods; workers for a 'downstream' entity which purchases goods or services from the undertaking; and workers of an equipment supplier to the undertaking who, at one or more of the undertaking's workplaces, perform regular maintenance on the supplier's equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking.

AR 63. If the undertaking cannot report exact figures, it shall use estimates according to the provisions in ESRS 1 to disclose the number of people in its **own workforce** who are not **employees** to the nearest ten or, where the number of people in its own workforce who are not employees is greater than 1,000, to the nearest 100, and explain this. In addition, it shall clearly identify the information that derives from actual data and estimates.

AR 64. Disclosing the number of people in the undertaking's **own workforce** who are not **employees** at the end of the reporting period provides information for that point in time without capturing fluctuations during the reporting period. Disclosing this number as an average across the reporting period considers fluctuations during the reporting period and can provide more insightful and relevant information for **users**.

AR 65. The information disclosed by the undertaking allows **users** to understand how the number of **non-employees** in the undertaking's **own workforce** varies during the reporting period or compared to the previous reporting period (i.e., whether the numbers have increased or decreased). The undertaking may also disclose the reasons for the fluctuations. For example, an increase in the number of non-employees during the reporting period could be due to a seasonal event. Conversely, a decrease in the number of non-employees compared to the previous reporting period could be due to the completion of a temporary project. If the undertaking discloses fluctuations, it shall also explain the criteria used to determine which fluctuations it discloses. If there are no significant fluctuations in the number of non-employees during the reporting period or between the current and previous reporting period, the undertaking may disclose this information.

[401070] S1-7 Characteristics of non-employee workers in the undertaking's own workforce

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceGeneralAbstract

DescriptionOfKeyCharacteristicsOfNonemployeesInOwnWorkforceExplanatory

53. The undertaking shall describe key characteristics of non-employees in its own workforce.
54. The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of *impacts* arising from its employment practices, to provide contextual information that aids the understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative *metrics* to be disclosed under other disclosure requirements in this Standard. It also allows an understanding of how much the undertaking relies on *non-employees* as part of its workforce.
55. The disclosure required by paragraph 53 shall include:

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceAbstract

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceLineItems

NumberOfNonemployeesInOwnWorkforceAtEndOfPeriod

NumberOfNonemployeesInOwnWorkforceSelfemployedPeopleAtEndOfPeriod

NumberOfNonemployeesInOwnWorkforcePeopleProvidedByUndertakingsPrimarilyEngagedInE

mploymentActivitiesAtEndOfPeriod

NumberOfNonemployeesInOwnWorkforceDuringPeriod

NumberOfNonemployeesInOwnWorkforceSelfemployedPeopleDuringPeriod
 NumberOfNonemployeesInOwnWorkforcePeopleProvidedByUndertakingsPrimarilyEngagedInEmploymentActivitiesDuringPeriod

DescriptionOfMethodologiesAndAssumptionsUsedToCompileDataNonemployeesExplanatory

MethodologyOfNonemployeesMeasurement

NonemployeesNumbersAreReportedUsingAnotherMethodology

ExplanationOfAnotherMethodologyUsedToCompileDataNonemployeesExplanatory

- a. a disclosure of the total number of **non-employees** in the undertaking's **own workforce**, i.e., either people with contracts with the undertaking to supply labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78).
- b. an explanation of the methodologies and assumptions used to compile the data, including whether the number of non-employees is reported:
 - i. in headcount or full-time equivalent (FTE) (including a definition of how FTE is defined); and
 - ii. at the end of the reporting period, as an average across the reporting period, or using another methodology.
- c. where applicable, a provision of contextual information necessary to understand the data (for example, significant fluctuations in the number of non-employees in the undertaking's **own workforce** during the reporting period and between the current and the previous reporting period).

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceLineItems

DisclosureOfContextualInformationNecessaryToUnderstandDataNonemployeesExplanatory

DisclosureOfMostCommonTypesOfNonemployeesTheirRelationshipWithUndertakingAndTypeOfWorkThatTheyPerformExplanatory

56. For the information specified in point (a) of paragraph 55, the undertaking may disclose the most common types of **non-employees** (for example, self-employed people, people provided by undertakings primarily engaged in employment activities, and other types relevant to the undertaking), their relationship with the undertaking, and the type of work that they perform.

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CharacteristicsOfNonemployeesInUndertakingsOwnWorkforceLineItems

NonemployeesDataIsEstimatedBecauseDataIsNotAvailable

DescriptionOfBasisOfPreparationOfNonemployeesEstimatedNumberExplanatory

57. Where data is not available, the undertaking shall estimate the number and state that it has done so. When the undertaking performs estimates, it shall describe the basis of preparation of this estimation.

Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue

Collective bargaining coverage

AR 66. The percentage of **employees** covered by **collective bargaining** agreements is calculated using the following formula:

$$\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$$

$$\frac{\text{Number of non – employee workers covered by collective bargaining agreements}}{\text{Number of non – employee workers}} \times 100$$

$$\frac{\text{Number of own workers covered by collective bargaining agreements}}{\text{Number of own workers}} \times 100$$

AR 67. The **employees** in the undertaking's **own workforce** covered by **collective bargaining** agreements are those individuals to whom the undertaking is obliged to apply the agreement. This means that if none of the employees are covered by a collective bargaining agreement, the percentage reported is zero. An employee in the undertaking's own workforce covered by more than one collective bargaining agreement only needs to be counted once.

AR 68. This requirement is not aimed at obtaining the percentage of **employees** represented by a works council or belonging to trade unions, which can be different. The percentage of employees covered by **collective bargaining** agreements can be higher than the percentage of unionised employees when the collective bargaining agreements apply to both union and non-union members. Alternatively, the percentage of employees covered by collective bargaining agreements can be lower than the percentage of unionised employees. This may be the case when there are no collective bargaining agreements available or when the collective bargaining agreements do not cover all unionised employees.

Social Dialogue

AR 69. For calculating the information required by paragraph 63(a), the undertaking shall identify in which European Economic Area (EEA) countries it has significant employment (i.e., at least 50 employees representing at least 10% of its total employees). For these countries it shall report the percentage of **employees** in that country which are employed in establishments in which employees are represented by **workers' representatives**. Establishment is defined as any place of operations where the undertaking carries out a non-transitory economic activity with human means and goods. Examples include: a factory, a branch of a retail chain, or an undertaking's headquarters. For countries in which there is only one establishment the percentage reported shall be either 100% or 0%.

$$\frac{\text{Number of employees working in establishments with workers' representatives}}{\text{Number of employees}} \times 100$$

AR 70. The information required by this Disclosure Requirement shall be reported as follows Table 1: Reporting template for collective bargaining coverage and social dialogue

	Collective Bargaining Coverage	Social dialogue
--	--------------------------------	-----------------

Coverage Rate	Employees – EEA (for countries with >50 empl. representing >10% total empl.)	Employees – Non-EEA (estimate for regions with >50 empl. Representing >10% total empl)	Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl)
0-19%		Region A	
20-39%	Country A	Region B	
40-59%	Country B		Country A
60-79%			Country B
80-100%			

[401080] S1-8 Collective bargaining coverage and social dialogue

CollectiveBargainingCoverageAndSocialDialogueGeneralAbstract

DisclosureOfExtentToWhichWorkingConditionsAndTermsOfEmploymentOfEmployeesAreDeterminedOrInfluencedByCollectiveBargainingAgreementsAndExtentToWhichEmployeesAreRepresentedInSocialDialogueInEeaAtEstablishmentAndEuropeanLevelExplanatory

58. The undertaking shall disclose information on the extent to which the working conditions and terms of employment of its employees are determined or influenced by collective bargaining agreements and on the extent to which its employees are represented in social dialogue in the European Economic Area (EEA) at the establishment and European level.
59. The objective of this Disclosure Requirement is to enable an understanding of the coverage of *collective bargaining* agreements and *social dialogue* for the undertaking's own *employees*.
60. The undertaking shall disclose:

CollectiveBargainingCoverageAndSocialDialogueAbstract

CollectiveBargainingCoverageAndSocialDialogueTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CollectiveBargainingCoverageAndSocialDialogueLineItems

PercentageOfTotalEmployeesCoveredByCollectiveBargainingAgreements

UndertakingHasOneOrMoreCollectiveBargainingAgreementsEea

- the percentage of its total **employees** covered by **collective bargaining** agreements;
- in the EEA, whether it has one or more collective **bargaining agreements** and, if so, the overall percentage of its **employees** covered by such agreement(s) for each country in which it has significant employment, defined as at least 50 employees by head count representing at least 10% of its total number of employees; and
- outside the EEA, the percentage of its own employees covered by collective bargaining agreements by region.

CollectiveBargainingCoverageAndSocialDialogueAbstract

CollectiveBargainingCoverageAndSocialDialogueTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CollectiveBargainingCoverageAndSocialDialogueLineItems
BasisForDeterminationOfWorkingConditionsAndTermsOfEmploymentForEmployeesNotCoveredBy
CollectiveBargainingAgreements

61. For **employees** not covered by **collective bargaining** agreements, the undertaking may disclose whether it determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other undertakings.

CollectiveBargainingCoverageAndSocialDialogueTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CollectiveBargainingCoverageAndSocialDialogueLineItems

DisclosureOfExtentToWhichWorkingConditionsAndTermsOfEmploymentOfNonemployeesInOwnWorkforceAreDeterminedOrInfluencedByCollectiveBargainingAgreementsExplanatory

62. The undertaking may disclose the extent to which the working conditions and terms of employment of **non-employees** in its **own workforce** are determined or influenced by **collective bargaining** agreements, including an estimate of the coverage rate.
- d.

CollectiveBargainingCoverageAndSocialDialogueTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

CollectiveBargainingCoverageAndSocialDialogueLineItems

PercentageOfNonemployeesInOwnWorkforceWhoseWorkingConditionsAndTermsOfEmploymentAreDeterminedOrInfluencedByCollectiveBargainingAgreements

DisclosureOfExistenceOfAnyAgreementWithEmployeesForRepresentationByEuropeanWorksCouncilOrSocietasEuropaeaSeWorksCouncilOrSocietasCooperativaEuropaeaSceWorksCouncilExplanatory

63. The undertaking shall disclose the following information in relation to **social dialogue**:
- a. the global percentage of **employees** covered by workers' representatives, reported at the country level for each EEA country in which the undertaking has significant employment; and
 - b. the existence of any agreement with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council.

Disclosure Requirement S1-9 – Diversity indicators

AR 71. In preparing the disclosure on gender at top management, the undertaking shall use the definition of top management as one and two levels below the administrative and supervisory bodies unless this concept has already been defined with the undertaking's operations and differs from the previous description. If this is the case, the undertaking can use its own definition for top management and disclose that fact and its own definition.

[401090] S1-9 Diversity indicators

DiversityMetricsGeneralAbstract

DisclosureOfGenderDistributionAtTopManagementAndAgeDistributionAmongstEmployeesExplanatory

64. The undertaking shall disclose the gender distribution at top management and the age distribution amongst its employees.
65. The objective of this Disclosure Requirement is to enable an understanding of gender diversity at top management level and the age distribution of its employees
66. The undertaking shall disclose:

DiversityMetricsDetailedAbstract

DiversityMetricsDetailedTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

DiversityMetricsDetailedLineItems

NumberOfEmployeesHeadCountUnder30YearsOldDuringPeriod

NumberOfEmployeesHeadCountUnder30YearsOldAtEndOfPeriod

PercentageOfEmployeesUnder30YearsOld

NumberOfEmployeesHeadCountBetween30And50YearsOldDuringPeriod

NumberOfEmployeesHeadCountBetween30And50YearsOldAtEndOfPeriod

PercentageOfEmployeesBetween30And50YearsOld

NumberOfEmployeesHeadCountOver50YearsOldDuringPeriod

NumberOfEmployeesHeadCountOver50YearsOldAtEndOfPeriod

PercentageOfEmployeesOver50YearsOld

DisclosureOfOwnDefinitionOfTopManagementUsedExplanatory

- a. the gender distribution in number and percentage at top management level; and

DiversityMetricsAbstract

DiversityMetricsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

GenderAxis

GenderMember

FemaleMember

MaleMember

OtherThanFemaleAndMaleMember

GenderNotReportedMember

DiversityMetricsLineItems

NumberOfEmployeesHeadCountAtTopManagementLevelDuringPeriod

NumberOfEmployeesHeadCountAtTopManagementLevelAtEndOfPeriod

PercentageOfEmployeesAtTopManagementLevel

- b. the distribution of **employees** by age group: under 30 years old; 30-50 years old; over 50 years old.

Disclosure Requirement S1-10 – Adequate wages

AR 72. The lowest **wage** shall be calculated for the lowest **pay** category, excluding interns and apprentices. This is to be based on the basic wage plus any fixed additional payments that are guaranteed to all **employees**. The lowest wage shall be considered separately for each country in which the undertaking has operations, except outside the EEA when the relevant adequate or minimum wage is defined at a sub national level.

AR 73. The **adequate wage** benchmark used for comparison with the lowest wage shall not be lower than:

- (a) in the EEA: the minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council ¹⁵ on adequate minimum wages in the European Union. In the period until Directive (EU) 2022/2041 enters into application, where there is no applicable minimum **wage** determined by legislation or collective bargaining in an EEA country, the undertaking shall use an **adequate wage** benchmark that is either not lower than the minimum wage in a neighboring country with a similar socio-economic status or not lower than a commonly-referenced international norm such as 60% of the country's median wage and 50% of the gross average wage.
- (b) outside of the EEA:
 - i. the wage level established in any existing international, national or sub-national legislation, official norms or collective agreements, based on an assessment of a wage level needed for a decent standard of living;
 - ii. if none of the instruments identified in (i) exist, any national or sub-national minimum wage established by legislation or **collective bargaining**; or
 - iii. if none of the instruments identified in (i) or (ii) exist, any benchmark that meets the criteria set out by the Sustainable Trade Initiative (IDH) (*'Roadmap on Living Wages - A Platform to Secure Living Wages in Supply Chains'*), including applicable benchmarks aligned with the Anker methodology, or provided by the Wage Indicator Foundation or Fair Wage Network, provided the primacy of collective bargaining for the establishment of terms and conditions of employment is ensured.

AR 74. Directive (EU) 2022/2041 on adequate minimum **wages** in the European Union references both indicative reference values commonly used at international level such as 60 % of the gross median wage and 50 % of the gross average wage, and/or indicative reference values used at national level. Data for the indicative values of 60% of the national median gross wage or 50% of the national average gross wage can be obtained from the European Labour Force Survey.

[401100] S1-10 Adequate wages

AdequateWagesGeneralAbstract	
DisclosureOfWhetherOrNotEmployeesArePaidAdequateWageAndIfNotAllEmployeesArePaidAdequateWage CountriesAndPercentageOfEmployeesConcernedExplanatory	
67.	The undertaking shall disclose whether or not its employees are paid an adequate wage, and if they are not all paid an adequate wage, the countries and percentage of employees concerned.
68.	The objective of this Disclosure Requirement is to enable an understanding of whether or not all the undertaking's <i>employees</i> are paid an <i>adequate wage</i> , in line with applicable benchmarks.
AdequateWagesAbstract	
AdequateWagesTable	

EmployeesAndNonemployeesAxis
EmployeesAndNonemployeesNAMember
EmployeesMember
NonemployeesMember
AdequateWagesLineItems
AllEmployeesAndOrNonemployeesArePaidAdequateWageInLineWithApplicableBenchmarks

69. The undertaking shall disclose whether all its **employees** are paid an **adequate wage**, in line with applicable benchmarks. If so, stating this will be sufficient to fulfil this disclosure requirement and no further information is needed.

AdequateWagesAbstract
AdequateWagesTable
EmployeesAndNonemployeesAxis
EmployeesAndNonemployeesNAMember
EmployeesMember
NonemployeesMember
AdequateWagesLineItems
CountriesWhereEmployeesAndOrNonemployeesEarnBelowApplicableAdequateWageBenchmark

AdequateWagesByCountryAbstract
AdequateWagesByCountryTable
CountryAxis
CountryMember
EmployeesAndNonemployeesAxis
EmployeesAndNonemployeesNAMember
EmployeesMember
NonemployeesMember
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
AdequateWagesByCountryLineItems
PercentageOfEmployeesAndOrNonemployeesPaidBelowApplicableAdequateWageBenchmark

70. If not all its **employees** are paid an **adequate wage** in line with applicable benchmarks, the undertaking shall disclose the countries where employees earn below the applicable adequate wage benchmark and the percentage of employees that earn below the applicable adequate wage benchmark for each of these countries.

71. The undertaking may also disclose the information specified in this disclosure requirement with regard to **non-employees** in its workforce.

Disclosure Requirement S1-11 – Social protection

For Disclosure Requirement S1-11 on Social protection, if all own workers are covered by social protection against loss of income due to the major life events listed in S1-11, and “Social Protection” therefore has not been identified as a material impact, risk or opportunity for the undertaking in its materiality assessment set out in ESRS 2, the undertaking shall state that all workers in its own workforce are covered by social protection against loss of income due to sickness, unemployment, employment injury and acquired disability, maternity leave, and retirement, and no further information is required.

In the absence of being able to provide such a statement, the undertaking shall disclose the remaining datapoints in Disclosure Requirement S1-11.

AR 75. **Social protection** refers to all the measures that provide access to health care and income support in cases of challenging life events such as the loss of a job, being sick and in need of medical care, giving birth and raising a child, or retiring and in need of a pension.

[401110] S1-11 Social protection

SocialProtectionGeneralAbstract
DisclosureOfWhetherEmployeesAreCoveredBySocialProtectionAgainstLossOfIncomeDueToMajorLifeEvents AndCountriesWhereThisIsNotCaseExplanatory
<p>72. The undertaking shall disclose whether its employees are covered by social protection against loss of income due to major life events, and, if not, the countries where this is not the case.</p> <p>73. The objective of this Disclosure Requirement is to enable an understanding of whether the undertaking’s <i>employees</i> are covered by <i>social protection</i> against loss of income due to major life events, and, if not, the countries where this is not the case.</p>
<p>74. The undertaking shall disclose whether all its employees are covered by social protection, through public programs or through benefits offered by the undertaking, against loss of income due to any of the following major life events:</p> <ul style="list-style-type: none"> c. sickness; d. unemployment starting from when the own worker is working for the undertaking; e. employment injury and acquired disability; f. parental leave; and (e) retirement. <p>If so, stating this is sufficient to fulfil this disclosure requirement and no further information is needed.</p>
SocialProtectionMajorLifeEventsAbstract
SocialProtectionMajorLifeEventsTable

EmployeesAndNonemployeesAxis
EmployeesAndNonemployeesNAMember
EmployeesMember
NonemployeesMember
SocialProtectionMajorLifeEventsLineItems
CountriesWhereEmployeesAndOrNonemployeesDoNotHaveSocialProtectionWithRegardToOneOrMoreOfTypesOfMajorLifeEvents
SocialProtectionByCountryAbstract
SocialProtectionByCountryTable
CountryAxis
CountryMember
EmployeesAndNonemployeesAxis
EmployeesAndNonemployeesNAMember
EmployeesMember
NonemployeesMember
SocialProtectionByCountryLineItems
DisclosureOfTypesOfEmployeesAndOrNonemployeesWhoAreNotCoveredBySocialProtectionThroughPublicProgramsOrThroughBenefitsOfferedAgainstLossOfIncomeDueToSicknessExplanatory
DisclosureOfTypesOfEmployeesAndOrNonemployeesWhoAreNotCoveredBySocialProtectionThroughPublicProgramsOrThroughBenefitsOfferedAgainstLossOfIncomeDueToUnemploymentStartingFromWhenOwnWorkerIsWorkingForUndertakingExplanatory
DisclosureOfTypesOfEmployeesAndOrNonemployeesWhoAreNotCoveredBySocialProtectionThroughPublicProgramsOrThroughBenefitsOfferedAgainstLossOfIncomeDueToEmploymentInjuryAndAcquiredDisabilityExplanatory
DisclosureOfTypesOfEmployeesAndOrNonemployeesWhoAreNotCoveredBySocialProtectionThroughPublicProgramsOrThroughBenefitsOfferedAgainstLossOfIncomeDueToParentalLeaveExplanatory
DisclosureOfTypesOfEmployeesAndOrNonemployeesWhoAreNotCoveredBySocialProtectionThroughPublicProgramsOrThroughBenefitsOfferedAgainstLossOfIncomeDueToRetirementExplanatory
75. If not all of its employees are covered by social protection in accordance with paragraph 72, the undertaking shall in addition disclose the countries where employees do not have social protection with regard to one or more of the types of events listed in paragraph 72 and for each of those countries the types of employees who do not have social protection with regard to each applicable major life event.
76. The undertaking may also disclose the information specified in this disclosure requirement with regard to non-employees in its workforce.

Disclosure Requirement S1-12– Persons with disabilities

Disclosure Requirements S1-12 to S1-17 shall be reported on when the undertaking has identified the relevant matter as material through the materiality assessment process laid out in ESRS 2.

AR 76. When disclosing the information required in paragraph 77 regarding **persons with disabilities**, the undertaking shall provide any contextual information necessary to understand the data and how the data has been compiled (methodology). For example, information about the impact of different legal definitions of persons with disabilities in the different countries in which the undertaking has operations.

[401120] S1-12 Persons with disabilities

DisclosureOfPercentageOfPersonsWithDisabilitiesInOwnWorkforceExplanatory
PercentageOfPersonsWithDisabilitiesAmongstEmployeesSubjectToLegalRestrictionsOnCollectionOfData
PercentageOfEmployeesWithDisabilitiesInOwnWorkforce
PercentageOfEmployeesWithDisabilitiesInOwnWorkforceAbstract
PercentageOfEmployeesWithDisabilitiesInOwnWorkforceTable
GenderAxis
GenderMember
FemaleMember
MaleMember
OtherThanFemaleAndMaleMember
GenderNotDisclosedMember
PercentageOfEmployeesWithDisabilitiesInOwnWorkforceLineItems
PercentageOfPersonsWithDisabilitiesAmongstEmployeesSubjectToLegalRestrictionsOnCollectionOfData
a
PercentageOfEmployeesWithDisabilitiesInOwnWorkforce
DisclosureOfContextualInformationNecessaryToUnderstandDataAndHowDataHasBeenCompiledPersonsWithDisabilitiesExplanatory

PersonsWithDisabilitiesGeneralAbstract
DisclosureOfPercentageOfOwnEmployeesWithDisabilitiesExplanatory

77. The undertaking shall disclose the percentage of its own employees with disabilities.
78. The objective of this Disclosure Requirement is to enable an understanding of the extent to which *persons with disabilities* are included among the undertaking's *employees*.

PersonsWithDisabilitiesAbstract
PersonsWithDisabilitiesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
PersonsWithDisabilitiesLineItems
PercentageOfPersonsWithDisabilitiesAmongstEmployeesSubjectToLegalRestrictionsOnCollectionOfData
fData
PercentageOfEmployeesWithDisabilities
DisclosureOfContextualInformationNecessaryToUnderstandDataAndHowDataHasBeenCompiledPersonsWithDisabilitiesExplanatory

79. The undertaking shall disclose the percentage of *persons with disabilities* amongst its *employees* subject to legal restrictions on the collection of data.

PercentageOfEmployeesWithDisabilitiesAbstract
PercentageOfEmployeesWithDisabilitiesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
GenderAxis
GenderMember
FemaleMember
MaleMember
OtherThanFemaleAndMaleMember
GenderNotReportedMember
PercentageOfEmployeesWithDisabilitiesLineItems
PercentageOfEmployeesWithDisabilities

80. The undertaking may disclose the percentage of *employees* with disabilities with a breakdown by gender

Disclosure Requirement S1-13 – Training and skills development metrics

AR 77. A regular performance review is defined as a review based on criteria known to the employee and his or her superior undertaken with the knowledge of the employee at least once per year. The review can include an evaluation by the worker's direct superior, peers, or a wider range of **employees**. The review can also involve the human resources department. In order to disclose the information required by paragraph 83 (a), the undertaking shall use the employee headcount figures provided in Disclosure Requirement ESRS S1-6 in the denominator to calculate the:

- a. number/proportion of performance reviews per employee; and
- b. number of reviews in proportion to the agreed number of reviews by the management.

AR 78. To disclose the average required per paragraph 83 (b), the undertaking shall perform the following calculation: total number of **training** hours offered to and completed by **employees** per gender category divided by the total number of employees per gender category. For the total training average and the average by gender, the head count figures for total employment and employment by gender reported in Disclosure Requirement ESRS S1-6 shall be used.

AR 79. Employee categories are a breakdown of **employees** by level (such as senior management, middle management) or function (such as technical, administrative, production). This information is derived from the undertaking's own human resources system. In categorising the workforce, the undertaking shall define reasonable and meaningful employee categories which enable **users** of the information to understand different performance measures between the categories. The undertaking may present a category for executive and non- executive employees.

[401130] S1-13 Training and skills development metrics

TrainingAndSkillsDevelopmentMetricsGeneralAbstract

DisclosureOfExtentToWhichTrainingAndSkillsDevelopmentIsProvidedToEmployeesExplanatory

81. The undertaking shall disclose the extent to which training and skills development is provided to its employees.
82. The objective of this Disclosure Requirement is to enable an understanding of the *training* and *skills development* -related activities that have been offered to *employees*, within the context of continuous professional growth, to upgrade employees' skills and facilitate continued employability.
83. The disclosure required by paragraph 81 shall include:

TrainingAndSkillsDevelopmentMetricsAbstract

TrainingAndSkillsDevelopmentMetricsTable

EmployeesAndNonemployeesAxis

EmployeesAndNonemployeesNAMember

EmployeesMember

NonemployeesMember

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

TrainingAndSkillsDevelopmentMetricsLineItems

PercentageOfEmployeesAndOrNonemployeesThatParticipatedInRegularPerformanceAndCareer
DevelopmentReviews

AverageNumberOfTrainingHoursPerEmployeeAndOrNonemployee

- a. the percentage of **employees** that participated in regular performance and career **development** reviews; such information shall be broken down by gender;
- b. the average number of **training** hours per employee and by gender.

	TrainingAndSkillsDevelopmentMetricsByEmployeeCategoryAndGenderAbstract
	TrainingAndSkillsDevelopmentMetricsByEmployeeCategoryAndGenderTable
	EmployeesAndNonemployeesAxis
	EmployeesAndNonemployeesNAMember
	EmployeesMember
	NonemployeesMember
	ReportingScopeAxis
	CurrentAndRetrospectiveMember
	MilestonesAndTargetYearsMember
	RestatedCorrectedOrRevisedMember
	EmployeeCategoryTypedAxis
	GenderAxis
	GenderMember
	FemaleMember
	MaleMember
	OtherThanFemaleAndMaleMember
	GenderNotReportedMember
	TrainingAndSkillsDevelopmentMetricsByEmployeeCategoryAndGenderLineItems
	PercentageOfEmployeesAndOrNonemployeesThatParticipatedInRegularPerformanceAndCareer
	DevelopmentReviews
	AverageNumberOfTrainingHoursPerEmployeeAndOrNonemployee
84.	The undertaking may disclose breakdowns by employee category for the percentage of employees that participated in regular performance and career development and for the average number of training hours per employee.
85.	The undertaking may also disclose the information specified in this disclosure requirement with regard to non-employees in its workforce.

Disclosure Requirement S1-14 – Health and safety metrics

AR 80. In relation to paragraph 88 (a), the percentage of its **own workforce** who are covered by the undertaking’s health and safety management system shall be disclosed on a head count basis rather than a full-time equivalent basis.

AR 81. With regard to paragraph 90, when the undertaking’s health and safety management system, or certain parts thereof, has been subject to an internal audit or external certification, the undertaking may state this fact, or absence thereof, and the underlying standards for such audits/certifications, as applicable.

AR 82. Fatalities may be reported separately for those resulting from **work-related injuries** and those resulting from **work-related ill health**.

Guidance on “work-related”

AR 83. **Work-related injuries** and **work-related ill health** arise from exposure to hazards at work.

Notwithstanding, other types of **incidents** can occur that are not connected with the work

itself. For example, the following incidents are generally not considered to be work-related, unless otherwise specified in applicable national legislation:

- (a) a person in the workforce suffers a heart attack while at work that it is not connected with work;
- (b) a person in the workforce driving to or from work is injured in a car accident (when driving is not part of the work and where the transport has not been organised by the undertaking); and
- (c) a person in the workforce with epilepsy has a seizure at work that is not connected with work.

AR 84. With regard to travelling for work purposes, injuries and ill health that occur while a person is travelling are work-related if, at the time of the injury or ill health, the person was engaged in work activities “in the interest of the employer”. Examples of such activities include travelling to and from customer contacts; conducting job tasks; and entertaining or being entertained to transact, discuss, or promote business (at the direction of the employer). If the undertaking is responsible for the transport commuting, **incidents** occurred while commuting are considered to be work-related. Nonetheless, incidents which arise during travel, outside of the undertaking’s responsibility (i.e., regular commuting to and from work), may be reported separately provided that the undertaking has such data available across the undertaking.

AR 85. With regard to working from home, injuries and ill health that occur when working from home are work-related, if the injury or ill health occurs while the person is performing work from home; and the injury or ill health is directly related to the performance of work rather than the general home environment or setting.

AR 86. With regard to mental illness, it is considered to be work-related, if it has been notified voluntarily by the person concerned and it is supported by an opinion from a licensed healthcare professional with appropriate **training** and experience; and if such opinion states that the illness is work-related.

AR 87. Health issues resulting, for example, from smoking, drug and alcohol abuse, physical inactivity, unhealthy diets, and psychosocial factors unrelated to work are not considered work-related.

AR 88. Occupational diseases are not considered **work-related injuries** but are covered under **work-related ill health**.

Guidance on computing the rate of work-related injuries

AR 89. In computing the rate of work-related injuries, the undertaking shall divide the respective number of cases by the number of total hours worked by people in its **own workforce** and multiplied by 1,000,000. Thereby, these rates represent the number of respective cases per one million hours worked. A rate based on 1,000,000 hours worked indicates the number of work-related injuries per 500 full time people in the workforce over a 1-year timeframe. For comparability purposes a rate based on 1,000,000 hours worked shall be used also for undertakings with less than 500 people in the workforce.

AR 90. If the undertaking cannot directly calculate the number of hours worked, it may estimate this on the basis of normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays) and explain this in its disclosures.

AR 91. An undertaking shall include fatalities as a result of work-related injury in the calculation of the number and rate of recordable work-related injuries.

Guidance on recordable work-related ill health

AR 92. Work-related ill health can include acute, recurring, and chronic health problems caused or aggravated by work conditions or practices. These include musculoskeletal disorders, skin and respiratory diseases, malignant cancers, diseases caused by physical agents (for example, noise-induced hearing loss, vibration-caused diseases), and mental illnesses (for example, anxiety, post-traumatic stress disorder). For the purpose of the required disclosures, the undertaking shall, at a minimum, include in its disclosure those cases outlined in the ILO List of Occupational Diseases.

AR 93. In the context of this Standard, work-related musculoskeletal disorders are covered under work-related ill health (and not injuries).

AR 94. The cases to be disclosed in paragraph 88(d) relate to cases of work-related ill health notified to the undertaking or identified by the undertaking through medical surveillance, during the reporting period. The undertaking might be notified of cases of work-related ill health through reports by affected people, compensation agencies, or healthcare professionals. The disclosure may include cases of work-related ill health that were detected during the reporting period among people who were formerly in the undertaking’s workforce.

Guidance on the number of days lost

AR 95. The undertaking shall count the number of days lost such that the first full day and last day of absence shall be included. Calendar days should be considered for the calculation, thus days on which the affected individual is not scheduled for work (for example, weekends, public holidays) will count as lost days.

[401140] S1-14 Health and safety metrics

HealthAndSafetyMetricsGeneralAbstract

DisclosureOfExtentToWhichOwnWorkforceIsCoveredByHealthAndSafetyManagementSystemExplanatory

86. The undertaking shall disclose information on the extent to which its own workforce is covered by its health and safety management system and the number of incidents associated with work-related injuries, ill health and fatalities of its own workforce. In addition, it shall disclose the number of fatalities as a result of work-related injuries and work-related ill health of other workers working on the undertaking's sites.
87. The objective of this Disclosure Requirement is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent work-related injuries.
88. The disclosure required by paragraph 86 shall include the following information, where applicable broken down between employees and non-employees in the undertaking's own workforce:

HealthAndSafetyMetricsAbstract

HealthAndSafetyMetricsTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

HealthAndSafetyMetricsLineItems

HealthAndSafetyManagementSystemOrCertainPartsThereofHasBeenSubjectToInternalAuditOrExternalCertification

DescriptionOfUnderlyingStandardsForInternalAuditOrExternalCertificationOfHealthAndSafetyManagementSystemExplanatory

PercentageOfOwnWorkersCoveredByHealthAndSafetyManagementSystemBasedOnLegalRequirementsAndOrRecognisedStandardsOrGuidelinesAndWhichHasBeenInternallyAuditedAndOrAuditedOrCertifiedByExternalParty

HealthAndSafetyMetricsDetailedAbstract

HealthAndSafetyMetricsDetailedTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

EmployeesAndNonemployeesAxis

EmployeesAndNonemployeesNAMember

EmployeesMember

NonemployeesMember

HealthAndSafetyMetricsDetailedLineItems

PercentageOfPeopleInOwnWorkforceWhoAreCoveredByHealthAndSafetyManagementSystemBasedOnLegalRequirementsAndOrRecognisedStandardsOrGuidelines

NumberOfFatalitiesInOwnWorkforceAsResultOfWorkrelatedInjuriesAndWorkrelatedIllHealth

NumberOfFatalitiesInOwnWorkforceAsResultOfWorkrelatedInjuries

NumberOfFatalitiesInOwnWorkforceAsResultOfWorkrelatedIllHealth

NumberOfFatalitiesAsResultOfWorkrelatedInjuriesAndWorkrelatedIllHealthOfOtherWorkersWorkingOnUndertakingsSites

NumberOfFatalitiesAsResultOfWorkrelatedInjuriesOfOtherWorkersWorkingOnUndertakingsSites

NumberOfFatalitiesAsResultOfWorkrelatedIllHealthOfOtherWorkersWorkingOnUndertakingsSites

s

NumberOfRecordableWorkrelatedAccidents

RateOfRecordableWorkrelatedAccidents

NumberOfCasesOfRecordableWorkrelatedIllHealth

NumberOfDaysLostToWorkrelatedInjuriesAndFatalitiesFromWorkrelatedAccidentsWorkrelatedIllHealthAndFatalitiesFromIllHealth

- a. the percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines;
- b. the number of fatalities ⁸ as a result of **work-related injuries** and **work-related ill health**;
- c. the number and rate of recordable work-related accidents;
- d. with regard to the undertaking's employees, the number of cases of **recordable workrelated ill health**, subject to legal restrictions on the collection of data; and
- e. with regard to the undertaking's employees, the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health¹⁰³.

89. The undertaking may also disclose the information specified in points (d) and (e) of paragraph 88 with regard to **non-employees**.

90. In addition, the undertaking may include the following additional information on the health and safety coverage: the percentage of its own workers covered by a health and safety management system which is based on legal requirements and/or recognised standards or guidelines and which has been internally audited and/or audited or certified by an external party.

⁸This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average ratio of accidents, injuries, fatalities" in section 1 and 2 of Annex II. This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #2 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Rate of accidents") and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average ratio of accidents, injuries, fatalities" in section 1 and 2 of Annex II. ¹⁰³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #3 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Number of days lost to injuries, accidents, fatalities or illness").

Disclosure Requirement S1-15 – Work-life balance metrics

AR 98. Family-related leaves include maternity leave, paternity leave, parental leave, and carers' leave. For the purpose of this [draft] Standard, these concepts are defined as:

- (a) maternity leave (also called pregnancy leave): employment-protected leave of absence for employed women directly around the time of childbirth (or, in some countries, adoption);
- (b) paternity leave: leave from work for fathers or, where and in so far as recognised by national law, for equivalent second parents, on the occasion of the birth of a child for the purposes of providing care;
- (c) parental leave: leave from work for parents on the grounds of the birth or adoption of a child to take care of that child;
- (d) carers' leave from work: leave for workers to provide personal care or support to a relative, or a person who

lives in the same household, in need of significant care or support for a serious medical reason, as defined by each Member State.

AR 99. With regard to paragraph 86 (a), workers entitled to family-related leave are those workers that are covered by regulations, organisational policies, agreements, contracts or collective bargaining agreements that contain family-related leave entitlements and have reported their entitlement to the undertaking or the undertaking is aware of the entitlement.

[401150] S1-15 Work-life balance metrics

WorklifeBalanceMetricsGeneralAbstract

DisclosureOfExtentToWhichEmployeesAreEntitledToAndMakeUseOfFamilyrelatedLeaveExplanatory

91. The undertaking shall disclose the percentage gap in pay between its female and male employees and the ratio between the remuneration of its highest paid individual and the median remuneration for its employees.
92. The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking's **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.
93. The disclosure required by paragraph 95 shall include:

WorklifeBalanceMetricsAbstract

WorklifeBalanceMetricsTable

ReportingScopeAxis

- CurrentAndRetrospectiveMember
- MilestonesAndTargetYearsMember
- RestatedCorrectedOrRevisedMember

WorklifeBalanceMetricsLineItems

- PercentageOfEmployeesEntitledToTakeFamilyrelatedLeaves
- PercentageOfEntitledEmployeesThatTookFamilyrelatedLeave

AllEmployeesAreEntitledToFamilyrelatedLeaveThroughSocialPolicyAndOrCollectiveBargainingAgreements

PercentageOfEntitledEmployeesThatTookFamilyrelatedLeaveByGenderAbstract

PercentageOfEntitledEmployeesThatTookFamilyrelatedLeaveByGenderTable

ReportingScopeAxis

- CurrentAndRetrospectiveMember
- MilestonesAndTargetYearsMember
- RestatedCorrectedOrRevisedMember

GenderAxis

- GenderMember
 - FemaleMember
 - MaleMember
 - OtherThanFemaleAndMaleMember
 - GenderNotReportedMember

PercentageOfEntitledEmployeesThatTookFamilyrelatedLeaveByGenderLineItems

- PercentageOfEntitledEmployeesThatTookFamilyrelatedLeave

- a. the percentage of **employees** entitled to take family-related leave; and
- b. the percentage of entitled employees that took family-related leave, and a breakdown by gender.

94. If all of the undertaking's **employees** are entitled to family-related leave through social policy and/or **collective bargaining** agreements, it is sufficient to disclose this in order to meet the requirement of paragraph 93a.



Disclosure Requirement S1-16 – Remuneration metrics (pay gap and total remuneration)

Pay gap

AR 98. When compiling the information required under paragraph 97 (a) for the gap in **pay** between its female and male employees (also known as the “gender pay gap”) the undertaking shall use the following methodology:

- (a) include all **employees’** gross hourly pay level; and
- (b) apply the following formula to calculate the gender pay gap:

$$\frac{\text{(Average gross hourly earnings of male employees – average gross hourly earnings of female employees)}}{\text{Average gross hourly earnings of male employees}} \times 100$$

AR 99. When disclosing the information required under paragraph 97 (a), the undertaking shall provide any contextual information necessary to understand the data and how the data has been compiled (methodology). Information regarding how objective factors such as type of work and country of employment influence the gender **pay** gap may be reported.

AR 100. The measure of the undertaking’s gender **pay** gap shall be reported for the current reporting period and, if reported in previous sustainability reports, for the previous two reporting periods.

Total remuneration Ratio

AR 101. When compiling the information required by paragraph 97 (b), the undertaking shall:

- (a) include all **employees**;
- (b) consider, depending on the undertaking’s remuneration policies, all of the following:
 - i. base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
 - ii. benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;
 - iii. benefits in kind, such as cars, private health insurance, life insurance, wellness programs; and
 - iv. direct remuneration, which is the sum of benefits in cash, benefits in kind and total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).
- c. apply the following formula for the **annual total remuneration** ratio:

$$\frac{\text{Annual total compensation for the undertaking's highest paid individual}}{\text{Median employee annual total compensation (excluding the highest – paid individual)}}$$

AR 102. To illustrate the contextual information, the undertaking may provide an explanation to understand the data and how the data has been compiled (methodology). Quantitative data, such as the **annual total remuneration** ratio, may not be sufficient on its own to understand **pay** disparity and its drivers. For example, pay ratios can be influenced by the size of the undertaking (for example, revenue, number of **employees**), its sector, its employment strategy (for example, reliance on outsourced workers or part-time employees, a high degree of automation), or currency volatility.

[401160] S1-16 Remuneration metrics (pay gap and total remuneration) - general

RemunerationMetricsPayGapAndTotalRemunerationGeneralAbstract

DisclosureOfPercentageGapInPayBetweenFemaleAndMaleEmployeesAndRatioBetweenRemunerationOfHighestPaidIndividualAndMedianRemunerationForEmployeesExplanatory

95. The undertaking shall disclose the percentage gap in pay between its female and male employees and the ratio between the remuneration of its highest paid individual and the median remuneration for its employees.
96. The objective of this Disclosure Requirement is twofold: to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking's **employees**; and to provide insight into the level of remuneration inequality inside the undertaking and whether wide pay disparities exist.
97. The disclosure required by paragraph 95 shall include:

RemunerationMetricsPayGapAndTotalRemunerationAbstract

RemunerationMetricsPayGapAndTotalRemunerationTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

RemunerationMetricsPayGapAndTotalRemunerationLineItems

GenderPayGap

RemunerationRatio

DisclosureOfContextualInformationNecessaryToUnderstandDataHowDataHasBeenCompiledAndOtherChangesToUnderlyingDataThatAreToBeConsideredExplanatory

RemunerationRatioAdjustedForPurchasingPowerDifferencesBetweenCountries

DisclosureOfMethodologyUsedForCalculationOfRemunerationRatioAdjustedForPurchasingPowerDifferencesBetweenCountriesExplanatory

GenderPayGapAbstract

GenderPayGapTable

EmployeeCategoryTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

OrdinaryBasicSalaryAndComplementaryOrVariableComponentsTypedAxis

OperatingSegmentTypedAxis

CountryAxis

CountryMember

GenderPayGapLineItems

GenderPayGap

- a. the gender **pay** gap, defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees⁹;
 - b. the **annual total remuneration** ratio of the highest paid individual to the median annual total remuneration for all **employees** (excluding the highest-paid individual)¹⁰; and
 - c. where applicable, any contextual information necessary to understand the data and how the data has been compiled and other changes to the underlying data that are to be considered.
98. The undertaking may disclose a breakdown of the gender **pay** gap as defined in paragraph 97(a) by employee category and/or by country/segment. The undertaking may also disclose the gender pay gap between employees by categories of employees broken down by ordinary basic salary and complementary or variable components.
 99. In relation to paragraph 97 (b), the undertaking may report this figure adjusted for purchasing power differences between countries, in which case it shall report the methodology used for the calculation.

⁹ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #12 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Unadjusted gender pay gap”); and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average gender pay gap” in section 1 and 2 of Annex II.

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #8 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Excessive CEO pay ratio”).

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts and incidents

AR 103. In addition to the information required by paragraphs 103 and 104, the undertaking may disclose the status of **incidents** and/or complaints and actions taken with reference to the following:

- (a) incidents reviewed by the undertaking;
- (b) remediation plans being implemented;
- (c) remediation plans that have been implemented, with results reviewed through routine internal management review processes; and
- (d) incidents no longer subject to action.

AR 104. If the undertaking compiles the information described in AR 105, it shall consider the following:

- (a) an **incident** is no longer subject to action if it is resolved, the case is completed, or no further action is required by the undertaking. For example, an incident for which no further action is required can include cases that are withdrawn or where the underlying circumstances that led to the incident no longer exist;
- (b) remedial action is directed toward the alleged harasser and the alleged victim. Remedial action toward the victim may include offering to pay his/her expenses for counselling sessions, offering the victim some paid time off, offering to reinstate sick/vacation days if the victim has incurred any expenses due to the **harassment** (such as having used sick or vacation days); and
- (c) remedial action toward the harasser may include giving the harasser a verbal and/or written warning, mandating anti-harassment counselling or sending the harasser to an appropriate seminar, harassment awareness and prevention **training**. A suspension without **pay** may also be an option. If the harasser has been disciplined earlier but his/her harassment does not cease, then more serious discipline may be required.

AR 105. Severe human rights **incidents** include instances of lawsuits, formal complaints through the undertaking or third-party complaint mechanisms, serious allegations in public reports or the media, where these are connected to the undertaking’s **own workforce**, and the fact of the incidents is not disputed by the undertaking, as well as any other severe impacts of which the undertaking is aware.

AR 106. In addition to the information required by paragraph 104 above, the undertaking may disclose the number of severe human rights **incidents** where the undertaking played a role securing **remedy** for those affected during the reporting period.

[401170] S1-17 Incidents, complaints and severe human rights impacts - general

IncidentsComplaintsAndSevereHumanRightsImpactsGeneralAbstract
DisclosureOfNumberOfWorkrelatedIncidentsAndOrComplaintsAndSevereHumanRightsImpactsWithinOwnWorkforceAndAnyRelatedMaterialFinesSanctionsOrCompensationExplanatory

100. The undertaking shall disclose the number of work-related incidents and/or complaints and severe human rights impacts within its own workforce, and any related material fines, sanctions or compensation for the reporting period.
101. The objective of this Disclosure Requirement is to allow an understanding of the extent to which *work-related incidents* and severe cases of human rights *impacts* are affecting its *own workforce*.
102. The disclosure required by paragraph 100 shall include, subject to the relevant privacy regulations, *work-related incidents of discrimination* on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external *stakeholders* across operations in the reporting period. This includes incidents of *harassment* as a specific form of discrimination.
103. The undertaking shall disclose:

IncidentsComplaintsAndSevereHumanRightsImpactsAbstract
IncidentsComplaintsAndSevereHumanRightsImpactsTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
MilestonesAndTargetYearsMember
RestatedCorrectedOrRevisedMember
IncidentsComplaintsAndSevereHumanRightsImpactsLineItems
NumberOfIncidentsOfDiscrimination
NumberOfComplaintsFiledThroughChannelsForPeopleInOwnWorkforceToRaiseConcerns
NumberOfComplaintsFiledToNationalContactPointsForOECDMultinationalEnterprises
AmountOfFinesPenaltiesAndCompensationForDamagesAsResultOfIncidentsAndComplaints
InformationAboutReconciliationOfFinesPenaltiesAndCompensationForDamagesAsResultOfIncidentsAndComplaintsWithMostRelevantAmountPresentedInFinancialStatementsExplanatory
DisclosureOfContextualInformationNecessaryToUnderstandDataAndHowDataHasBeenCompiledIn
IncidentsComplaintsAndSevereHumanRightsImpactsExplanatory
NumberOfSevereHumanRightsIncidentsConnectedToOwnWorkforce
NumberOfSevereHumanRightsIncidentsConnectedToOwnWorkforceThatAreNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsIloDeclarationOnFundamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprises
NoSevereHumanRightsIncidentsConnectedToOwnWorkforceHaveOccurred
AmountOfFinesPenaltiesAndCompensationForDamagesForSevereHumanRightsIncidentsConnectedToOwnWorkforce
InformationAboutReconciliationOfAmountOfFinesPenaltiesAndCompensationForDamagesForSevereHumanRightsIncidentsConnectedToOwnWorkforceWithMostRelevantAmountPresentedInFinancialStatementsExplanatory
DisclosureOfStatusOfIncidentsAndOrComplaintsAndActionsTakenIncidentsComplaintsAndSevereHumanRightsImpactsExplanatory
NumberOfSevereHumanRightsIncidentsWhereUndertakingPlayedRoleSecuringRemedyForThoseAffected

- a. the total number of **incidents of discrimination**, including **harassment**, reported in the reporting period¹¹;
- b. the number of complaints filed through channels for people in the undertaking's **own workforce** to raise concerns (including **grievance mechanisms**) and, where applicable, to the National Contact Points for OECD Multinational Enterprises related
- c. to the matters defined in paragraph 2 of this Standard, excluding those already reported in (a) above;
- d. the total amount of fines, penalties, and compensation for damages as a result of the **incidents** and complaints disclosed above, and a reconciliation of such monetary

amounts disclosed with the most relevant amount presented in the financial statements; and

- e. where applicable, contextual information necessary to understand the data and how such data has been compiled.

104. The undertaking shall disclose the following information regarding identified cases of severe human rights **incidents** (e.g., **forced labour**, human trafficking or **child labour**):

- a. the number of severe human rights incidents connected to the undertaking's workforce in the reporting period, including an indication of how many of these are cases of nonrespect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. If no such incidents have occurred, the undertaking shall state this¹²; and
- b. the total amount of fines, penalties and compensation for damages for the incidents described in (a) above, and a reconciliation of the monetary amounts disclosed in the most relevant amount in the financial statements.

¹¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #7 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Incidents of discrimination").

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS S1 and has the same authority as the other parts of the [draft] Standard.

Adequate wage	A wage that provides for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions.
Annual total compensation	Annual total compensation includes salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred compensation earnings provided over the course of a year.
Child labour	<p>Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that:</p> <ul style="list-style-type: none"> i. is mentally, physically, socially or morally dangerous and harmful to children; and/or ii. interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work. <p>For the purpose of this definition, a child refers to a person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher. Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies.</p> <p>These countries of exception are specified by the International Labour Organisation (ILO) in response to a special application by the country concerned and in consultation with representative organisations of employers and workers.</p>
Collective bargaining	<p>All negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more trade unions or, in their absence, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations, on the other, for:</p> <ul style="list-style-type: none"> i. determining working conditions and terms of employment; and/or

	<ul style="list-style-type: none"> ii. regulating relations between employers and workers; and/or iii. regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
Confirmed incident (child or forced labour or human trafficking)	Incident of child or forced labour or human trafficking that has been found to be substantiated. Confirmed incidents do not include incidents of child or forced labour or human trafficking that are still under investigation in the reporting period.
Development (personal and career development)	For the aim of this Standard, development is defined as those initiatives put in place by the undertaking aimed at personal and career advancement of its workers.
Discrimination	Discrimination can occur directly or indirectly - Direct discrimination will have occurred when an individual is treated less favourably by comparison to how others, who are in a similar situation, have been or would be treated, and the reason for this is a particular characteristic they hold, which falls under a "protected ground". Indirect discrimination occurs when an apparently neutral rule disadvantages a person or a group sharing the same characteristics. It must be shown that a group is disadvantaged by a decision when compared to a comparator group.
Employee	An employee is an individual who is in an employment relationship with the undertaking according to national law or practice.
Equal opportunities	Equal opportunities refer to an equal and non-discriminatory access to, among individuals, of opportunities for education, training, employment, career development and the exercise of power without their being disadvantaged on the basis of criteria such as gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation.
Equal treatment	The principle of equal treatment is a general principle of European law which presupposes that comparable situations or parties in comparable situations are treated in the same way. There shall be no direct or indirect discrimination based on criteria such as gender, racial or ethnic origin, nationality, religion or

	<p>belief, disability, age or sexual orientation. In the context of the present standard, own workforce has the same rights to receive the same treatment and not to be discriminated either directly or indirectly against on the basis of protected grounds such as gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation.</p>
<p>Forced labour</p>	<p>All work or service which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily. The term encompasses all situations in which persons are coerced by any means to perform work and includes both traditional “slave-like” practices and contemporary forms of coercion where labour exploitation is involved, which may include human trafficking and modern slavery.</p>
<p>Grievance mechanisms</p>	<p>Grievance mechanisms refer to any routinized, state-based or non-state-based, judicial or non-judicial processes through which stakeholders can raise grievances and seek remedy. Examples of state-based judicial and non-judicial grievance mechanisms include courts, labour tribunals, national human rights institutions, National Contact Points under the OECD Guidelines for Multinational Enterprises, ombudsperson offices, consumer protection agencies, regulatory oversight bodies, and government-run complaints offices.</p> <p>Non-state-based grievance mechanisms include those administered by the organisation, either alone or together with stakeholders, such as operational-level grievance mechanisms and collective bargaining, including the mechanisms established by collective bargaining. They also include mechanisms administered by industry associations, international organisations, civil society organisations, or multi-stakeholder groups.</p> <p>Operational-level grievance mechanisms are administered by the organisation either alone or in collaboration with other parties and are directly accessible by the organisation’s stakeholders. They allow for grievances to be identified and addressed early and directly, thereby preventing both harm and grievances from escalating. They also provide important feedback on the</p>

	<p>effectiveness of the organisation’s due diligence from those who are directly affected.</p> <p>According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition to these criteria, effective operational-level grievance mechanisms are also based on engagement and dialogue. It can be more difficult for the organisation to assess the effectiveness of grievance mechanisms that it participates in compared to those it has established itself.</p>
Harassment	<p>Harassment is defined as a course of comments or actions that are unwelcome or should reasonably be known to be unwelcome, to the person towards whom they are addressed. Harassment occurs when one or more employees are deliberately abused, threatened and/or humiliated in circumstances relating to work. Harassment may be carried out by one or more employees, with the purpose or effect of violating the employees’ dignity, affecting [their] health and/or creating a hostile work environment.</p>
Incident	<p>A legal action or complaint registered with the undertaking or competent authorities through a formal process, or an instance of non-compliance identified by the undertaking through established procedures. Established procedures to identify instances of non-compliance can include management system audits, formal monitoring programs, or grievance mechanisms.</p>
Non-employee workers in own workforce	<p>Non-employee workers in an undertaking’s own workforce include both individual contractors supplying labour to the undertaking (“self-employed workers”) and workers provided by undertakings primarily engaged in “employment activities” (NACE Code N78).</p>
Overtime	<p>Overtime hours are the number of hours actually worked by a worker in excess of his or her contractual hours of work.</p>
Own workforce/own workers	<p>“Own workforce” includes workers who are in an employment relationship with the undertaking (“employees”) and non-employee workers who are either individual contractors supplying labour</p>

	to the undertaking (“self-employed workers”) or workers provided by undertakings primarily engaged in “employment activities” (NACE Code N78).
Pay	Gross hourly earnings, which are the wages and salaries earned by full-time and part-time employees, per hour paid, before any tax and social security contributions are deducted. Wages and salaries include any overtime pay, shift premiums, allowances, bonuses, and commissions.
Persons with disabilities	Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others. Disability is the umbrella term for impairments, activity limitations and participation restrictions, referring to the negative aspects of the interaction between an individual (with a health condition) and that individual’s contextual factors (environmental and personal factors)
Recordable work-related injury or ill health	Work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
Remedy / remediation	Means to counteract or make good a negative impact or provision of remedy. Examples: apologies, financial or non-financial compensation, prevention of harm through injunctions or guarantees of non-repetition, punitive sanctions (whether criminal or administrative, such as fines), restitution, restoration, rehabilitation.
Social dialogue	All types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers, their organisations and workers’ representatives, on issues of common interest relating to economic and social policy. It can exist as a tripartite

	process, with the government as an official party to the dialogue or it may consist of bipartite relations only between workers' representatives and management (or trade unions and employers' organisations).
Social protection	Social protection is defined as the set of measures designed to reduce and prevent poverty and vulnerability across the life cycle.
Training	For the aim of this Standard, training is defined as those initiatives put in place by the undertaking aimed at the maintenance and/or improvement of skills and knowledge of its own workers. It can include different methodologies, such as on-site training, and online training.
Wage	Gross wage, excluding variable components such as overtime and incentive pay, and excluding allowances unless they are guaranteed.
Work-related hazards	Work-related hazards (sources or situations with the potential to cause injury or ill health) can be: <ul style="list-style-type: none"> i. physical (e.g., radiation, temperature extremes, constant loud noise, spills on floors or tripping hazards, unguarded machinery, faulty electrical equipment); ii. ergonomic (e.g., improperly adjusted workstations and chairs, awkward movements, vibration); iii. chemical (e.g., exposure to solvents, carbon monoxide, flammable materials, or pesticides); iv. biological (e.g., exposure to blood and bodily fluids, fungi, bacteria, viruses, or insect bites); v. psychosocial (e.g., verbal abuse, harassment, bullying); vi. related to work-organisation (e.g., excessive workload demands, shift work, long hours, night work, workplace violence).
Work-related incident	Occurrence arising out of or in the course of work that could or does result in injury or ill health. Incidents might be due to, for example, electrical problems, explosion, fire; overflow, overturning, leakage, flow; breakage, bursting, splitting; loss of control, slipping, stumbling and falling; body movement without stress; body movement

	<p>under/with stress; shock, fright; workplace violence or harassment (e.g., sexual harassment).</p> <p>An incident that results in injury or ill health is often referred to as an “accident”. An incident that has the potential to result in injury or ill health but where none occurs is often referred to as a “close call”, “near-miss”, or “near-hit”.</p>
<p>Work-life balance</p>	<p>Satisfactory state of equilibrium between an individual’s work and private life. Work-life balance encompasses not only the balance between work and private life given family or care responsibilities, but also time allocation between time spent at work and in private life beyond family responsibilities.</p>
<p>Workers’ representatives</p>	<p>Workers’ representatives’ means:</p> <ul style="list-style-type: none"> i. trade union representatives, namely, representatives designated or elected by trade unions or by members of such unions in accordance with national legislation and practice; ii. duly elected representatives, namely, representatives who are freely elected by the workers of the organisation, not under the domination or control of the employer in accordance with provisions of national laws or regulations or of collective agreements and whose functions do not include activities which are the exclusive prerogative of trade unions in the country concerned and which existence is not used to undermine the position of the trade unions concerned or their representatives.

Appendix B.1: Application Requirements for ESRS 2 related disclosures

This appendix is an integral part of the [draft] ESRS S1 *Own workforce*. It supports the application of the requirements from ESRS 2 described in paragraphs 15-19 and has the same authority as the other parts of this [draft] Standard. It provides a non-exhaustive list of the factors to be considered by the undertaking when complying with ESRS 2 SBM-2 and ESRS 2 SBM-3.

Social and human rights matters	Non-exhaustive list of factors to consider in Materiality Assessment
Secure employment	% of employees with temporary contracts, ratio of non-employee workers to employees, social protection
Working time	% of employees with part time or zero-hour contracts, employee satisfaction with working time
Adequate wages	EU, national or local legal definitions of adequate wages, fair wages, and minimum wages
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Extent of workplace, cross-border and board-level representation through trade unions and/or works councils
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	% of own workforce covered by collective bargaining agreements, work stoppages
Work-life balance	Family-related leave, flexible working hours, access to childcare
Health and safety	Coverage by H&S system, rate of fatalities, non-fatal accidents, work-related ill health, work days lost
Gender equality and equal pay for work of equal value	% of women in top management and workforce, male-female wage gap
Training and skills development	Amount and distribution of training, % of employees with regular performance and development reviews
The employment and inclusion of people with disabilities	% employment and accessibility measures for employees with disabilities
Measures against violence and harassment in the workplace	Prevalence of violence and harassment
Diversity	Representation of women and /or ethnic groups or minorities in own workforce. Age distribution in own workforce. Percentage of persons with disabilities within the own workforce.
Child labour	Type of operations and geographical areas at risk of child labour
Forced labour	Type of operations and geographical areas at risk of forced labour

Appendix B.2: Application Requirements for ESRS S1-1 Policies related to own workforce

This appendix is an integral part of the [draft] ESRS S1 *Own workforce* and has the same authority as the other parts of this [draft] Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-1 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of policies:
Secure employment	No-layoff policy, limits on renewing temporary contracts, employer provision of social protection where state provision is lacking
Working time	Limitations on overtime, long and split shifts, and night and weekend work, adequate lead time for scheduling
Adequate wages	Policy to pay all own workers an adequate wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Policy to encourage institutions for social dialogue, regular information and consultation with worker representatives, consultation before final decisions on employment-related issues are reached
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Non-interference in trade union formation and recruitment (including trade union access to undertakings), bargaining in good faith, recognition of, adequate time off for duties, facilities and dismissal protection for workers' representatives, no discrimination of trade union members and workers' representatives
Work-life balance	Provision of family leave, flexible working time, access to day care facilities for all workers
Health and safety	Coverage of all own workers in H&S management system
Gender equality and equal work for equal pay	Policy for gender equality and equal pay for equal work
Training and skills development	Policy for enhancing skills and career prospects for employees
The employment and inclusion of people with disabilities	Policy for making workplaces accessible to persons with disabilities
Measures against violence and harassment in the workplace	Zero tolerance policy for violence and harassment at workplace
Diversity	Policy for inclusiveness (i.e. ethnic diversity or minority groups) and affirmative action.
Child labour	Policy for identifying where child labour occurs, identifying where exposure of young workers to hazardous work occurs and preventing risk of exposure
Forced labour	Policy for identifying where forced labour occurs and reducing risk of forced labour

Appendix B.3: Application Requirements for ESRS S1–4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

This appendix is an integral part of the [draft] ESRS S1 *Own workforce* and has the same authority as the other parts of this [draft] Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-4 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of actions:
Secure employment	Offer permanent contracts to employees with temporary contracts, implement plans for social protection where state provision is lacking
Working time	Shift work rotation, extend advance notice of scheduling, reduction of excessive overtime
Adequate wages	Negotiation of fair wages in collective bargaining agreements, verification that employment agencies pay a fair wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Expansion of sustainability issues dealt with in social dialogue, increase in number of meetings, increase in resources for works councils
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Expansion of sustainability issues dealt with in collective bargaining, increase in resources for workers' representatives
Work-life balance	Expand family leave eligibility and flexible working time arrangements, increasing provision of day care
Health and safety	Increase health & safety training, investment in safer equipment
Gender equality and equal work for equal pay	Targeted recruitment and promotion of women, reduction in pay gap through negotiation of collective bargaining agreements
Training and skills development	Skills audits, training to fill skills gaps
The employment and inclusion of people with disabilities	Increasing accessibility measures
Measures against violence and harassment in the workplace	Improving complaint mechanisms, increasing sanctions against violence and harassment, providing training for prevention to management
Diversity	Training on diversity and inclusion (including ethnicity considerations), targeted recruitment of underrepresented groups
Child labour	Age verification measures, partnerships with organizations to eliminate child labour, measures against worst forms of child labour

Forced labour

Measures ensuring free consent to employment without threat of penalty, contracts in understandable language, freedom to terminate employment without penalty, disciplinary measures should not obligate labour, free consent to overtime, freedom of movement (including to exit workplace), fair treatment for migrant workers, monitoring employment agencies

Appendix B.4: Application Requirements for ESRS S1–5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

This appendix is an integral part of the [draft] ESRS S1 *Own workforce* and has the same authority as the other parts of this [draft] Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-5 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of targets:
Secure employment	Increasing the % of workforce with employment contracts (especially permanent contracts) and social protection
Working time	Increasing the % of workforce with flexible working time arrangements
Adequate wages	Paying all own workers an adequate wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Extending social dialogue to more establishments and/or countries
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Increasing the % of own workers covered by collective bargaining, negotiating collective bargaining agreements over sustainability issues
Work-life balance	Extending work-life measures to a greater % of own workers
Health and safety	Reducing the rate of injuries and worktime lost due to injuries
Gender equality and equal work for equal pay	Increasing the % of women in the workforce and top management, reducing the male-female wage gap
Training and skills development	Increasing the % of employees receiving training and regular skills development reviews
The employment and inclusion of people with disabilities	Increasing the % of persons with disabilities in own workforce
Measures against violence and harassment in the workplace	Extending measures to all workplaces
Diversity	Increasing the % of underrepresented groups in own workforce and top management
Child labour	Extending measures for preventing exposure of young persons to hazardous work to a greater % of operations
Forced labour	Extending measures for preventing child labour to a greater number of operations

ESRS S2 Workers in the value chain

Objective

Interaction with other ESRS

ESRS 2 General disclosures

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders

When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its **value chain workers** could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)

When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- a. whether and how actual and potential impacts on **value chain workers**, as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
- b. the relationship between on the one hand its material risks and opportunities arising from impacts and **dependencies** on **value chain** workers, and on the other hand its strategy and business model.

Impact, risk and opportunity management

Disclosure Requirement S2-1 – Policies related to value chain workers

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on **value chain workers** specifically, as well as policies that cover material **risks** or **opportunities** related to value chain workers.

Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts

The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with **value chain workers** and their legitimate representatives, or with **credible proxies**, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.

Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

The objective of this Disclosure Requirement is to enable an understanding of the formal means by which **value chain workers** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, **grievance mechanisms**) in the workplace of value chain workers, how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels

Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:

- a. prevent, mitigate and **remediate** the negative material **impacts** on **value chain workers**; and/or
- b. achieve positive material impacts for value chain workers.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to **workers in the value chain**.

The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to **value chain workers** as per ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.

Metrics and targets

Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented targets to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on value chain workers, and/or in managing material risks and opportunities related to value chain workers.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS S2 Workers in the value chain

Interests and views of stakeholders

When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its **value chain workers** could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected **stakeholders**.

Material impacts, risks and opportunities and their interaction with strategy and business model(s)

When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- c. whether and how actual and potential impacts on **value chain workers**, as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
- d. the relationship between on the one hand its material risks and opportunities arising from impacts and **dependencies** on **value chain** workers, and on the other hand its strategy and business model.

Policies related to value chain workers

The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with **value chain workers** and their legitimate representatives, or with **credible proxies**, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.

Processes for engaging with value chain workers about impacts

The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with **value chain workers** and their legitimate representatives, or with **credible proxies**, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

The objective of this Disclosure Requirement is to enable an understanding of the formal means by which **value chain workers** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, **grievance mechanisms**) in the workplace of value chain workers, how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels

Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:

- a. prevent, mitigate and **remediate** the negative material **impacts** on **value chain workers**; and/or
- b. achieve positive material impacts for value chain workers.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to **workers in the value chain**.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented targets to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on value chain workers, and/or in managing material risks and opportunities related to value chain workers.

ESRS S2 Workers in the value chain

Objective

AR 1 The overview of social and human rights matters provided in paragraph 2 is not meant to imply that all of these issues should be disclosed in each Disclosure Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its materiality assessment (ref. to ESRS 1 chapter 3 Double materiality as the basis for sustainability disclosures and ESRS 2 IRO-1) related to affected communities and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.

AR 2. In addition to the issues listed in paragraph 2, the undertaking may also consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the impacts on communities related to the undertaking's operations due to extreme and sudden weather conditions.

1. The objective of this Standard is to specify disclosure requirements which will enable **users** of the **sustainability statement** to understand material **impacts** on **value chain workers** connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and its related material risks and opportunities, including:
 - a. how the undertaking affects workers in its value chain, in terms of material positive and negative actual or potential impacts;
 - b. any **actions** taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;
 - c. the nature, type and extent of the undertaking's material risks and opportunities, including those related to its impacts and **dependencies** on workers in the value chain, and how the undertaking manages them; and
 - d. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities, including those arising from the undertaking's impacts and dependencies on workers in the value chain.
2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential **impacts** on **value chain** workers in relation to:
 - a. working conditions (for example, secure employment, working time, **adequate wage**, **social dialogue**, freedom of association, including the existence of work councils, **collective bargaining**, **work-life balance** and health and safety);
 - b. **equal treatment** and **opportunities** for all (for example, gender equality and equal **pay** for work of equal value, **training** and skills **development**, the employment and inclusion of **persons with disabilities**, measures against violence and **harassment** in the workplace, and diversity);
 - c. other work-related rights (for example, **child labour**, **forced labour**, adequate housing, water and sanitation and privacy).
3. This Standard also requires an explanation of how such impacts, as well as the undertaking's **dependencies** on **value chain workers**, can create material risks or opportunities for the undertaking. For example, negative impacts on value chain workers may disrupt the undertaking's operations (through customers refusing to buy its products or state agencies impounding its goods) and harm its reputation. Conversely, respect for workers' rights and active support programmes (for example

through financial literacy initiatives) can bring business opportunities, such as more reliable supply or widening of the future **consumer** base.

4. This Standard covers all workers in the undertaking's upstream and downstream **value chain** who are or can be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not included in the scope of "**own workforce**" ("own workforce" includes **employees**, individual contractors, i.e., self-employed workers, and workers provided by third party undertakings primarily engaged in 'employment activities'). **Own workforce** is covered in ESRS S1 *Own workforce*. See AR 3 for examples of what is included in the scope of this Standard.

Interaction with other ESRS

5. This Standard applies when material impacts on and/or material risks and opportunities related to value chain workers have been identified through the materiality assessment process laid out in ESRS 2 General disclosures.
6. This Standard shall be read in conjunction with ESRS 1 General requirements, and ESRS 2, as well as the ESRS S1, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.
7. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's own workforce under ESRS S1, in order to ensure effective reporting.

Disclosure Requirements

ESRS 2 General disclosures

8. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for SBM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders

AR 3. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of if and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on affected communities, and whether and how the business model and strategy are adapted to address such material impacts.

AR 4. While affected communities may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of affected communities and affected communities' representatives.

[200720] ESRS2.SBM-2 Interests and views of stakeholders

9. When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its **value chain workers** could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)

AR 5. Impacts on affected communities can originate in the undertaking's strategy or business model in a number of different ways. For example, impacts may relate to the undertaking's value proposition (such as, construction or commencement of projects with timelines that do not allow sufficient time for consultation with groups affected by the projects), its value chain (for example, land-use in countries in which ownership is often contested or records are unreliable or in which land-users such as indigenous peoples are unrecognised), or its cost structure and the revenue model (such as, aggressive strategies to minimise taxation, particularly with respect to operations in developing countries).

AR 6. Impacts on affected communities that originate in the strategy or business model can also bring material risks to the undertaking. For example, where the undertaking's strategy involves moving into higher risk geographies in pursuit of certain commodities, and if affected communities resist its presence or object to its local practices, this may create extensive and costly delays, and affect the undertaking's ability to secure future land concessions or permits. Similarly, if the undertaking's business model relies on intensive water extraction at its plants, to the extent that it affects access to water for communities' consumption, hygiene and livelihoods, this may result in reputationally-damaging boycotts, complaints and lawsuits.

AR 7. Examples of particular characteristics of affected communities that may be considered by the undertaking when responding to paragraph 10 may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking and payments go to male heads of households, women become further disenfranchised in the community. It may also be because the community is indigenous, and its members seek to exercise cultural or economic rights to the land owned or used by the undertaking – or by one of the entities with which it has a business relationship – in a context where their rights are not protected by the state. In addition, the undertaking shall consider whether different characteristics overlap. For example, characteristics such as ethnicity, socioeconomic status, migrant status and gender may create overlapping risks of harm for certain affected communities, or for distinct parts of those affected communities, since affected communities are often heterogeneous in nature.

AR 8. With regard to paragraph 11, material risks could also arise because of the undertaking's dependency on affected communities where low likelihood but high impact events may trigger financial effects; for example, where a natural disaster leads to a catastrophic industrial accident involving the undertaking's operations, resulting in severe harm to affected communities.

[402002] S2.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2GeneralAbstract
DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory

10. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:
- d. whether and how actual and potential impacts on **value chain workers**, as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
 - e. the relationship between on the one hand its material risks and opportunities arising from impacts and **dependencies** on **value chain** workers, and on the other hand its strategy and business model.

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2Abstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2Table
IdentifierOfImpactRiskAndOpportunityTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2LineItems
DescriptionOfMaterialImpactsResultingFromMaterialityAssessmentExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersOriginateFromOrAreConnectedToStrategyAndBusinessModels
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersOriginateFromOrAreConnectedToStrategyAndBusinessModelsExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersInformAndContributeToAdaptingStrategyAndBusinessModel
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersInformAndContributeToAdaptingStrategyAndBusinessModelExplanatory
AllPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersWhoCouldBeMateriallyImpactedByUndertakingAreIncludedInScopeOfDisclosureUnderESRS2
DescriptionOfTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersSubjectToMaterialImpactsExplanatory
TypeOfValueChainWorkersSubjectToMaterialImpacts
UnderstandingOfHowPeopleInOwnWorkforceNOValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDeveloped
DisclosureOfHowUnderstandingOfHowPeopleInOwnWorkforceValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDevelopedExplanatory
DisclosureOfGeographiesOrCommoditiesForWhichThereIsSignificantRiskOfChildLabourOrOffForcedLabourOrCompulsoryLabourAmongWorkersInUndertakingSValueChainExplanatory
MaterialNegativeImpactsOccurrenceWorkersInValueChainWorkersAffectedCommunitiesConsumersAndEndUsers
DescriptionOfActivitiesThatResultInPositiveImpactsAndTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersThatArePositivelyAffectedOrCouldBePositivelyAffectedExplanatory
DisclosureOfSpecificCountriesOrRegionsWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersOccurExplanatory
CountriesWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersOccur
DescriptionOfMaterialRisksAndOrOpportunitiesResultingFromMaterialityAssessmentExplanatory
DisclosureOfRelationshipBetweenMaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndUsersAndStrategyAndBusinessModelExplanatory
MaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersRelateToSpecificGroups

11. When fulfilling the requirements of paragraph ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose whether all **value chain workers** who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information:
- a. a brief description of the types of value chain workers who could be materially impacted by the undertaking, including impacts that connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and specify whether they are:
 - i. workers working on the undertaking **site** but who are not part of **own workforce**, i.e., who are not self-employed workers or workers provided by third party undertakings primarily engaged in employment activities (covered through ESRS S1);
 - ii. workers working for entities in the undertaking's upstream value chain (e.g., those involved in the extraction of metals or minerals or harvesting of commodities, in refining, manufacturing or other forms of processing
 - iii. workers working for entities in the undertaking's downstream value chain (e.g., those involved in the activities of logistics or distribution providers, franchisees, retailers);
 - iv. workers working in the operations of a joint venture or special purpose vehicle involving the reporting undertaking;
 - v. workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers.
 - b. any geographies, at country level or other levels, or commodities for which there is a significant risk of **child labour**, or of **forced labour** or compulsory labour, among workers in the undertaking's value chain¹;
 - c. in the case of material negative impacts, whether they are either
 - i. widespread or systemic in contexts where the undertaking operates or has sourcing or other **business relationships** (e.g., **child labour** or **forced labour** in particular commodity **supply chains** in specific countries or regions), or
 - ii. related to individual **incidents** (e.g., an industrial accident or an oil spill) or to specific business relationships. This includes consideration of impacts on **value chain workers** that may arise from the transition to greener and climate-neutral operations. Potential impacts include impacts associated with innovation and restructuring, closure of mines, increased mining of minerals needed for the transition to a sustainable economy, and solar panel production;
 - d. in the case of material positive impacts, a brief description of the activities that result in the positive impacts (e.g., updated purchasing practices, capacity-building to supply chain workers), including providing opportunities for the workforce such as job creation and upskilling in the context of a 'just transition', and the types of value chain workers that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and
 - e. any material risks and opportunities for the undertaking arising from impacts and **dependencies** on value chain workers.
12. In describing the main types of **value chain workers** who are or could be negatively affected, based on the **materiality** assessment set out in ESRS 2 IRO-1, the undertaking shall disclose whether and how it

- has developed an understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm.
13. The undertaking shall disclose which, if any, of its material **risks** and **opportunities** arising from **impacts** and **dependencies** on its **value chain workers** relate to specific groups of value chain workers (for example, particular age groups, workers in a particular factory or country) rather than to all of the value chain workers.

Impact, risk and opportunity management

Disclosure Requirement S2-1 – Policies related to value chain workers

[402010] S2-1 Policies related to value chain workers

PoliciesRelatedToValueChainWorkersGeneralAbstract
PoliciesRelatedToValueChainWorkersAbstract
PoliciesRelatedToValueChainWorkersTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
PoliciesRelatedToValueChainWorkersLineItems
DisclosureOfPoliciesAdoptedToManageMaterialImpactsOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAsWellAsAssociatedMaterialRisksAndOpportunitiesExplanatory
DescriptionOfRelevantHumanRightsPolicyCommitmentsExplanatory
DescriptionOfProcessesAndMechanismsToMonitorComplianceWithUnGuidingPrinciplesOnBusinessAndHumanRightsIloDeclarationOnFundamentalPrinciplesAndRightsAtWorkAndOecdGuidelinesForMultinationalEnterprisesExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToRespectForHumanRightsIncludingLabourRightsExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToEngagementWithPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToMeasuresToProvideAAndOrEnableRemedyForHumanRightsImpactsExplanatory
PoliciesExplicitlyAddressTraffickingInHumanBeingsForcedLabourOrCompulsoryLabourAndChildLabour
PoliciesExplicitlyAddressTraffickingInHumanBeings
PoliciesExplicitlyAddressForcedLabourOrCompulsoryLabour
PoliciesExplicitlyAddressChildLabour
UndertakingHasSupplierCodeOfConduct
SupplierCodesOfConductIncludeProvisionsAddressingSafetyOfWorkers
SupplierCodesOfConductIncludeProvisionsAddressingPrecariousWork
SupplierCodesOfConductIncludeProvisionsAddressingHumanTrafficking
SupplierCodesOfConductIncludeProvisionsAddressingUseOfForcedLabourOrChildLabour
SupplierCodesOfConductProvisionsAreFullyInLineWithApplicableIloStandards
PoliciesAreAlignedWithRelevantInternationallyRecognisedInstruments
DescriptionOfHowPoliciesAreAlignedWithRelevantInternationallyRecognisedInstrumentsExplanatory
DisclosureOfExtentToWhichCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsIloDeclarationOnFundamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesThatInvolveValueChainWorkersHaveBeenReportedInUpstreamAndDownstreamValueChainExplanatory
DisclosureOfNatureOfCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsIloDeclarationOnFundamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesExplanatory
DisclosureOfExplanationsForSignificantChangesToPoliciesAdoptedDuringReportingYearExplanatory

14. The undertaking shall describe its policies adopted to manage its material impacts on value chain workers, as well as associated material risks and opportunities.
15. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on **value chain workers** specifically, as well as policies that cover material **risks** or **opportunities** related to value chain workers.
16. The disclosure required by paragraph 14 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to **value chain workers** in accordance with ESR 2 MDR-P *Policies adopted to manage material sustainability matters*. In addition, the undertaking shall specify whether such policies cover specific groups of **value chain workers** or all value chain workers.
17. The undertaking shall describe its human rights **policy** commitments² that are relevant to **value chain workers**, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises¹³. In its disclosure, it shall focus on those matters that are material in relation to, as well as the general approach to:
 - a. respect for the human rights, including labour rights, of workers;
 - b. engagement with value chain workers; and
 - c. measures to provide and/or enable **remedy** for human rights impacts.
18. The undertaking shall state whether its policies in relation to **value chain workers** explicitly address trafficking in human beings¹⁴, **forced labour** or compulsory labour and **child labour**. It shall also state whether the undertaking has a **supplier** code of conduct¹⁵.
19. The undertaking shall disclose whether and how its policies with regard to **value chain workers** are aligned with internationally recognised instruments relevant to value chain workers, including the United Nations (UN) Guiding Principles on Business and Human Rights¹⁶. The undertaking shall also disclose the extent to which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers have been reported in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases¹⁷.

MinimumDisclosureRequirementPoliciesRelatedToValueChainWorkersAbstract
MinimumDisclosureRequirementPoliciesRelatedToValueChainWorkersTable
IdentifierOfPolicyTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MinimumDisclosureRequirementPoliciesRelatedToValueChainWorkersLineItems
NameOrIdentifierOfPolicy
SustainabilityMattersAddressedByPolicyForWorkersInValueChain
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
DescriptionOfKeyContentsOfPolicyExplanatory
DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory
DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory
DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory
DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory
PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt
ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory
DisclosureOfAspectsOfPolicyThatSatisfyRequirementsOfDisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
DisclosureOfCommunicationToolsAndChannelsAimedAtEnsuringThatPolicyIsAccessibleAndThatDifferentAudiencesUnderstandItsImplicationsExplanatory

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #9 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of a human rights policy”).

¹¹³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

¹¹⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #11 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of processes and measures for preventing trafficking in human beings”).

¹¹⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #4 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of a supplier code of conduct”).

¹¹⁶ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8” in section 1 and 2 of Annex II.

¹¹⁷ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #10 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments; and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicators “Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law” and “Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8” in section 1 and 2 of Annex II.

Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts

[402020] S2-2 Processes for engaging with value chain workers about impacts

ProcessesForEngagingWithValueChainWorkersAboutImpactsGeneralAbstract
ProcessesForEngagingWithValueChainWorkersAboutImpactsAbstract
ProcessesForEngagingWithValueChainWorkersAboutImpactsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
ProcessesForEngagingWithValueChainWorkersAboutImpactsLineItems
DisclosureOfGeneralProcessesForEngagingWithPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndTheirRepresentativesAboutActualAndPotentialImpactsExplanatory
PerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpacts
DisclosureOfHowPerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpactsExplanatory
GroupsForWhichEngagementOccursValueChainWorkers
DisclosureOfStagesAtWhichEngagementOccursTypeOfEngagementAndFrequencyOfEngagementExplanatory
DisclosureOfFunctionAndMostSeniorRoleWithinUndertakingThatHasOperationalResponsibilityForEnsuringThatEngagementHappensAndThatResultsInformUndertakingSApproachExplanatory
DisclosureOfGlobalFrameworkAgreementsOrAgreementsWithGlobalUnionFederationsRelatedToRespectOfHumanRightsOfWorkersInValueChainExplanatory
DisclosureOfHowEffectivenessOfEngagementWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsAssessedExplanatory
DisclosureOfStepsTakenToGainInsightIntoPerspectivesOfPeopleInOwnWorkforceNOValueChainWorkersNOConsumersAndEndusersThatMayBeParticularlyVulnerableToImpactsAndOrMarginalisedExplanatory
GeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted

DisclosureOfTimeframeForAdoptionOfGeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

20. The undertaking shall disclose its general processes for engaging with value chain workers and their representatives about actual and potential impacts on them.
21. The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with **value chain workers** and their legitimate representatives, or with **credible proxies**, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.
22. The undertaking shall disclose whether and how the perspectives of **value chain workers** inform its decisions or activities aimed at managing the actual and potential impacts on value chain workers. This shall include, where relevant, an explanation of:
 - a. whether engagement occurs with value chain workers or their **legitimate representatives** directly, or with **credible proxies** that have insight into their situation;
 - b. the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;
 - c. the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach;
 - d. where applicable, Global Framework Agreements or for agreements that the undertaking has with global union federations related to respect of human rights of workers in the value chain, including their right to bargain collectively, and including an explanation of how the agreement enables the undertaking to gain insight into those workers' perspectives; and
 - e. where applicable, how the undertaking assesses the effectiveness of its engagement with workers in the value chain, including, where relevant, any agreements or outcomes that result.
23. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of workers that may be particularly vulnerable to impacts and/or marginalised (for example, women workers, migrant workers, workers with disabilities).
24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with workers in the value chain, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.

Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

AR 21. In fulfilling the requirements set out by Disclosure Requirement ESRS S2-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on **remediation** and **grievance mechanisms**.

AR 22. Channels for raising concerns or needs include **grievance mechanisms**, hotlines, trade unions (where workers are unionised), dialogue processes or other means through which **value chain** workers or their **legitimate representatives** can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where the value chain workers are working, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on workers, such as compliance audits.

Where the undertaking is relying solely on information about the existence of such channels provided by its **business relationships** to answer this requirement, it may state that.

AR 23. To provide greater insight into the information covered in Disclosure Requirement ESRS S2- 3, the undertaking may explain whether and how **value chain** workers that may be affected are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material impact.

AR 24. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible to all workers who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts.

AR 25. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether the mechanisms allow for workers to use them anonymously (for example, through representation by a third party).

AR 26. In disclosing whether and how the undertaking knows that **value chain** workers are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of value chain workers themselves. Examples of sources of information are surveys of workers that have used such channels and their levels of satisfaction with the process and outcomes.

AR 27. In describing the effectiveness of channels for **value chain** workers to raise concerns, the undertaking may be guided by the following questions, based on the “effectiveness criteria for non-judicial **grievance mechanisms**”, as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. The below considerations may be applied to individual channels or to a collective system of channels:

- (a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?
- (b) are the channels known and accessible to **stakeholders**?
- (c) do the channels have clear and known procedures, with indicative timeframes?
- (d) do the channels ensure reasonable access for **stakeholders** to sources of information, advice and expertise?
- (e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?
- (f) do outcomes achieved through the channels accord with internationally recognised human rights?
- (g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?
- (h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?

[402030] S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

ProcessesToRemediateNegativeImpactsAndChannelsForValueChainWorkersToRaiseConcernsGeneralAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForValueChainWorkersToRaiseConcernsAbstract

ProcessesToRemediateNegativeImpactsAndChannelsForValueChainWorkersToRaiseConcernsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS2WorkersInValueChainMember

ProcessesToRemediateNegativeImpactsAndChannelsForValueChainWorkersToRaiseConcernsLineItems

DisclosureOfProcessesInPlaceToProvideForOrCooperateInRemediationOfNegativeImpactsOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThatUndertakingIsConnectedWithAsWellAsChannelsAvailableToRaiseConcernsAndHaveThemAddressedExplanatory

DisclosureOfGeneralApproachToAndProcessesForProvidingOrContributingToRemedyWhereUndertakingHasCausedOrContributedToMaterialNegativeImpactOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory

UndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffective

DisclosureOfHowUndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffectiveExplanatory

DisclosureOfSpecificChannelsInPlaceForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersToRaiseConcernsOrNeedsDirectlyWithUndertakingAndHaveThemAddressedExplanatory

UndertakingIsRelyingSolelyOnInformationProvidedByItsBusinessRelationshipsAboutExistenceOfChannelsToRaiseConcernsOrNeeds

EstablishmentOfSpecificChannelsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersToRaiseConcernsOrNeeds

AccessibilityOfThirdPartyMechanismsForValueChainWorkers

PeopleInOwnWorkforceNOValueChainWorkersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreEmployedByOrContractedToWorkFor

DisclosureOfHowPeopleInOwnWorkforceNOValueChainWorkersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreEmployedByOrContractedToWorkForExplanatory

DisclosureOfProcessesThroughWhichUndertakingSupportsOrRequiresAvailabilityOfChannelsInWorkplaceOfValueChainWorkersExplanatory

DisclosureOfHowIssuesRaisedAndAddressedAreTrackedAndMonitoredAndHowEffectivenessOfChannelsIsEnsuredIncludingThroughInvolvementOfStakeholdersWhoAreIntendedUsersExplanatory

UndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressed

DisclosureOfHowUndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressedExplanatory

PoliciesRegardingProtectionAgainstRetaliationForIndividualsThatUseChannelsToRaiseConcernsOrNeedsAreInPlace

GrievancesAreTreatedConfidentiallyAndWithRespectToRightsOfPrivacyAndDataProtection

ValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAllowedToUseAnonymouslyChannelsToRaiseConcernsOrNeeds

ChannelForRaisingConcernsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted

AvailabilityOfChannelForRaisingConcernsIsNotSupportedForPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusers

DisclosureOfTimeframeForChannelForRaisingConcernsToBeInPlaceExplanatory

25. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on value chain workers that the undertaking is connected with, as well as channels available to value chain workers to raise concerns and have them addressed.
26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which **value chain workers** can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, ***grievance mechanisms***) in the workplace of value chain workers, how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels
27. . The undertaking shall describe:
 - a. its general approach to and processes for providing or contributing to **remedy** where it has caused or contributed to a material negative impact on **value chain workers**, including whether and how the undertaking assesses that the remedy provided is effective;
 - b. any specific channels it has in place for value chain workers to raise their concerns or needs directly with the undertaking and have them addressed, including whether these

- are established by the undertaking itself and/or whether they are third-party mechanisms;
- c. the processes through which it supports or requires the availability of such channels in the workplace of value chain workers; and
 - d. how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of **stakeholders** who are the intended **users**.
28. The undertaking shall disclose whether and how it assesses that **value chain workers** are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place regarding the protection of individuals that use them against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.
29. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of such a channel in the workplace of **value chain workers**, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.

Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

AR 28. It may take time to understand negative impacts and how the undertaking may be involved with them through its value chain, as well as to identify appropriate responses and put them into practice. Therefore, the undertaking shall consider:

- (a) its general and specific approaches to addressing material negative impacts;
- (b) its initiatives aimed at contributing to additional material positive impacts;
- (c) how far it has progressed in its efforts during the reporting period; and (d) its aims for continued improvement.

AR 29. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact or whether the material impact is directly linked to its own operations, products or services through a business relationship.

AR 30. Given that material negative impacts affecting **value chain** workers that have occurred during the reporting period may also be linked to entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage in its **business relationships** to manage those impacts. This may include using commercial **leverage** (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing **training** or capacity-building on workers' rights to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an **adequate wage**).

AR 31. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its **actions** to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S2-5 the relevant **targets** set by the initiative and progress towards them.

AR 32. When disclosing whether and how the undertaking considers actual and potential impacts on **value chain** workers in decisions to terminate **business relationships** and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.

AR 33. In disclosing how it tracks the effectiveness of its **actions** to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods.

AR 34. Processes used to track the effectiveness of **actions** can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, **grievance mechanisms**, external performance ratings, and benchmarking.

AR 35. Reporting on effectiveness is aimed at enabling the understanding of the links between **actions** taken by the undertaking and the effective management of impacts. For example, to show the effectiveness of its **actions** to support its **suppliers** with improving their working conditions, the undertaking may disclose survey feedback from the suppliers' workers showing that working conditions have improved since the time the undertaking began working with those suppliers. Additional information that the undertaking may provide includes data showing a decrease in the number of **incidents** identified through for instance, independent audits.

AR 36. With regard to initiatives or processes the undertaking has in place that are based on affected workers' needs and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:

- (a) information about whether and how **value chain** workers and **legitimate representatives** or their **credible proxies** play a role in decisions regarding the design and implementation of these programmes or processes; and
- (b) information about the intended or achieved positive outcomes for value chain workers of these initiatives or processes.

AR 37. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for **value chain** workers are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 8 to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" the undertaking may be providing capacity-building to smallholders in its **supply chain**, resulting in increases in their income; or it may be supporting **training** to increase the proportion of women able to take delivery jobs in its downstream value chain.

AR 38. When disclosing the intended or achieved positive outcomes of its **actions** for **value chain actions** for **value chain** workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy **training**) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).

AR 39. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may e.g., consider programmes that aim to advance women workers' financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual **harassment** in the workplace.

AR 40. When disclosing the material risks and opportunities related to the undertaking's impacts or **dependencies on value chain** workers, the undertaking may consider the following:

- (a) risks related to the undertaking's impacts on value chain workers may include the reputational or legal exposure where value chain workers are found to be subject to **forced labour** or **child labour**;
- (b) risks related to the undertaking's dependencies on value chain workers may include disruption of business operations where a pandemic closes significant parts of its **supply chain** or distribution network;

- (c) opportunities related to the undertaking's impacts on value chain workers may include market differentiation and greater customer appeal from guaranteeing decent **pay** and conditions for non-employee workers; and
- (d) business opportunities related to the undertaking's dependencies on value chain workers might include the achievement of a future sustainable supply of a commodity by ensuring smallholder farmers earn enough to persuade future generations to keep farming that crop.

AR 41. When disclosing whether **dependencies** turn into risks, the undertaking shall consider external developments.

AR 42. When disclosing policies, **actions** and resources and **targets** related to the management of material **risks** and **opportunities**, in cases where risks and opportunities arise from a material **impact**, the undertaking may cross-reference its disclosures on policies, action and resources and targets in relation to that impact.

AR 43. The undertaking shall consider whether and how its process(es) to manage material risks related to **value chain** workers are integrated into its existing risk management process(es).

AR 44. When disclosing the resources allocated to the management of material impacts, the undertaking may disclose which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.

[402040] S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

TakingActionOnMaterialImpactsOnValueChainWorkersAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToValueChainWorkersAndEffectivenessOfThoseActionsGeneralAbstract

TakingActionOnMaterialImpactsOnValueChainWorkersAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToValueChainWorkersAndEffectivenessOfThoseActionsAbstract

TakingActionOnMaterialImpactsOnValueChainWorkersAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToValueChainWorkersAndEffectivenessOfThoseActionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRS2WorkersInValueChainMember

TakingActionOnMaterialImpactsOnValueChainWorkersAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToValueChainWorkersAndEffectivenessOfThoseActionsLineitems

DisclosureOfHowActionIsTakenToAddressMaterialNegativeAndPositiveImpactsAndToManageMaterialRisksAndPursueMaterialOpportunitiesRelatedToOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndEffectivenessOfThoseActionsExplanatory

MaterialImpactsRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract

DescriptionOfActionsTakenPlannedOrUnderwayToPreventOrMitigateMaterialNegativeImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory

UndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusers

DisclosureOfHowUndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfHowParticipationInIndustryOrMultistakeholderInitiativeAndUndertakingOwnInvolvementIsAimingToAddressMaterialImpactsExplanatory

DescriptionOfAdditionalActionsOrInitiativesWithPrimaryPurposeOfDeliveringPositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory

ValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory

DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory

DisclosureOfIntendedOrAchievedPositiveOutcomesOfProgrammesOrProcessesForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
SustainableDevelopmentGoalsWhichInitiativesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpactsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreDesignedToSupportAchievementOf
DescriptionOfHowEffectivenessOfActionsAndInitiativesInDeliveringOutcomesForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersIsTrackedAndAssessedExplanatory
DescriptionOfProcessesThroughWhichUndertakingIdentifiesWhatActionIsNeededAndAppropriateInResponseToParticularActualOrPotentialNegativeImpactOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
DescriptionOfApproachToTakingActionInRelationToSpecificMaterialNegativeImpactsOnValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
DescriptionOfHowItIsEnsuredThatProcessesToProvideOrEnableRemedyInEventOfMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAreAvailableAndEffectiveInTheirImplementationAndOutcomesExplanatory
ActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPractices
DisclosureOfHowActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPracticesExplanatory
DisclosureOfResourcesAllocatedToManagementOfMaterialImpactsExplanatory
DescriptionOfInternalFunctionsThatAreInvolvedInManagingImpactsAndTypesOfActionTakenByInternalFunctionsToAddressNegativeAndAdvancePositiveImpactsExplanatory
DisclosureOfGeneralAndSpecificApproachesToAddressingMaterialNegativeImpactsExplanatory
DisclosureOfInitiativesAimedAtContributingToAdditionalMaterialPositiveImpactsExplanatory
DisclosureOfHowFarUndertakingHasProgressedInEffortsDuringReportingPeriodExplanatory
DisclosureOfAimsForContinuedImprovementExplanatory
MaterialRisksAndOpportunitiesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract
DescriptionOfWhatActionIsPlannedOrUnderwayToMitigateMaterialRisksArisingFromImpactsAndDependenciesOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndHowEffectivenessIsTrackedExplanatory
DescriptionOfWhatActionIsPlannedOrUnderwayToPursueMaterialOpportunitiesInRelationToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
SevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersHaveBeenReported
DisclosureOfSevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersThatHaveBeenReportedExplanatory
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersAbstract
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersTable
IdentifierOfActionPlanTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersLineItems
NameOrIdentifierOfActionPlan
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
NameOrIdentifierOfRelatedPolicy
DisclosureOfKeyActionExplanatory
StatusOfKeyAction
TimeHorizonUnderWhichKeyActionIsToBeCompleted
YearWhenKeyActionIsToBeCompleted
DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory
DescriptionOfScopeOfKeyActionExplanatory
KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts
ActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasBeenTaken
DisclosureOfHowActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasBeenTakenExplanatory
DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

30. The undertaking shall disclose how it takes action to address material impacts on value chain workers, and to manage material risks and pursue material opportunities related to value chain workers and the effectiveness of those actions.
31. The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:
- a. prevent, mitigate and **remediate** the negative material **impacts on value chain workers**; and/or
 - b. achieve positive material impacts for value chain workers.
- Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material **opportunities** related to **workers in the value chain**.
- The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to **value chain workers** as per ESRS 2 MDR-A *Actions and resources in relation to material sustainability matters*.
32. In relation to material **impacts**, the undertaking shall describe:
- a. actions taken, planned or underway to prevent or mitigate material negative impacts on **value chain workers**;
 - b. whether and how it has taken action to provide or enable **remedy** in relation to an actual material impact;
 - c. any additional **actions** or initiatives it has in place with the primary purpose of delivering positive impacts for value chain workers; and
 - d. how it tracks and assesses the effectiveness of such **actions** and initiatives in delivering intended outcomes for value chain workers.
33. In relation to paragraph 30, the undertaking shall describe:
- a. the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on **value chain workers**;
 - b. its approach to taking action in relation to specific material negative impacts on value chain workers, including any action in relation to its own purchasing or other internal practices, as well as capacity- building or other forms of engagement with entities in the value chain, or forms of collaborative action with industry peers or other relevant parties; and
 - c. how it ensures that processes to provide or enable **remedy** in the event of material negative impacts are available and effective in their implementation and outcomes.
34. In relation to material risks and opportunities, the undertaking shall describe:
- a. what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and **dependencies** on **value chain workers** and how it tracks effectiveness in practice; and
 - b. what action is planned or underway to pursue material opportunities for the undertaking in relation to value chain workers.
35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on **value chain** workers through its own practices, including, where relevant, in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.

36. The undertaking shall also disclose whether severe human rights issues and **incidents** connected to its upstream and downstream **value chain** have been reported and, if applicable, disclose these³.
37. When disclosing the information required under paragraph 32 (c), the undertaking shall consider ESR 2 (see ESR 2 MDR-T Tracking effectiveness of policies and **actions** through **targets**) if it evaluates the effectiveness of an action by setting a target.
38. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that enables **users** to gain an understanding of how the material impacts are managed.

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersAbstract
MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersTable
IdentifierOfActionPlanTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersLineItems
DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory
NameOrIdentifierOfActionPlan
DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory
AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions
ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory
MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersDetailedAbstract
MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersDetailedTable
IdentifierOfActionPlanTypedAxis
ReportingScopeAxis
CurrentAndRetrospectiveMember
ShorttermMember
MediumtermMember
RestatedCorrectedOrRevisedMember
LongtermMember
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToValueChainWorkersDetailedLineItems
FinancialResourcesAllocatedToActionPlanOpEx
FinancialResourcesAllocatedToActionPlanCapEx

Metrics and targets

Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

AR 45. When disclosing information about **targets** in accordance with paragraph 39, the undertaking may disclose:

- (a) the intended outcomes to be achieved in the lives of **value chain** workers, being as specific as possible;
- (b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; the standards or commitments on which the targets are based (for instance codes of conduct, sourcing policies, global frameworks or industry codes).

AR 46. **Targets** related to material **risks** and **opportunities** may be the same as or distinct from targets related to material **impacts**. For example, a target to reach living **wages** for **supply chain** workers could both reduce impacts on those workers and reduce associated risks in terms of the quality and reliability of supply.

AR 47. The undertaking may also distinguish between short-, medium- and long-term **targets** covering the same **policy** commitment. For example, the undertaking may have a longterm target to achieve an 80% reduction in health and safety **incidents** affecting the workers of a given **supplier** by 2030 and a near-term target to reduce their **overtime** hours of delivery drivers by x% while maintaining their income by 2024.

AR 48. When modifying or replacing a **target** in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the **business model** or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information, as per ESRS 2 BP-2 *Disclosures in relation to specific circumstances*.

[402050] S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesValueChainWorkerGeneralAbstract
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesValueChainWorkersAbstract
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesValueChainWorkersTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS2WorkersInValueChainMember
 TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesValueChainWorkersLineItems
 DisclosureOfTimeboundAndOutcomeorientedTargetsExplanatory
 DisclosureOfProcessForSettingTimeboundAndOutcomeorientedTargetsExplanatory
 ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargets
 DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargetsExplanatory
 ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargets
 DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargetsExplanatory
 ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformance
 DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformanceExplanatory

39. The undertaking shall disclose the time-bound and outcome-oriented targets related to:
- c. reducing negative impacts on value chain workers; and/or
 - d. advancing positive impacts on value chain workers; and/or
 - e. managing material risks and opportunities related to value chain workers.

40. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented targets to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on value chain workers, and/or in managing material risks and opportunities related to value chain workers.
41. The summarised description of the targets to manage its material impacts, risks and opportunities on workers in the value chain shall contain the information requirements defined in ESRS 2 DC-T.
42. The undertaking shall disclose the process for setting the targets, including whether and how the undertaking engaged directly with workers in the value chain, their legitimate representatives, or with credible proxies that have insight into their situation in:
- f. setting any such targets;
 - g. tracking the undertaking's performance against them; and
 - h. identifying, if any, lessons or improvements as a result of the undertaking's performance.

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersAbstract

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersTable

IdentifierOfTargetTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS2WorkersInValueChainMember

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

TargetRelationshipToImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

MeasurableTargetAbsoluteValue

MeasurableTargetPercentage

AbsoluteOrRelativeTarget

ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue

BaselineValueOfMeasurableTargetPercentage

BaseYearFromWhichProgressIsMeasured

PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

DisclosureOfIntendedOutcomesToBeAchievedInLivesOfPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfStabilityOfTargetOverTimeInTermsOfDefinitionsAndMethodologiesToEnableComparabilityExplanatory

DisclosureOfStandardsOrCommitmentsOnWhichTargetIsBasedExplanatory

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnValueChainWorkersTargetsNotAdoptedLineItems
MeasurableOutcomeorientedTargetsHaveNotBeenSet
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
MeasurableOutcomeorientedTargetsWillBeSet
DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory
DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory
EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity
DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory
DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory
BaseYearFromWhichProgressIsMeasured
BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue
BaselineValueAgainstWhichProgressIsConsideredPercentage

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS S2 and has the same authority as the other parts of the [draft] Standard.

Credible proxies	Individuals with sufficiently deep experience in engaging with affected stakeholders from a particular region or context (for example, women workers on farms, indigenous peoples or migrant workers) who can help to effectively convey their likely concerns. In practice, this can include development and human rights NGOs, international trade unions and local civil society, including faith-based organisations.
Legitimate representatives	Individuals recognised as such under law or practice, such as elected trade union representatives in the case of workers, or other similarly freely chosen representatives of affected stakeholders.
Leverage	The ability of the undertaking to effect a change in the wrongful practices of another party that is causing or contributing to a negative human rights impact.
Stakeholder engagement	An ongoing process of interaction and dialogue between the undertaking and its stakeholders that enables the undertaking to hear, understand and respond to their interests and concerns.
Supplier	Entity upstream from the organisation (i.e., in the organisation's supply chain), which provides a product or service that is used in the development of the organisation's own products or services. A supplier can have a direct business relationship with the organisation (often referred to as a first- tier supplier) or an indirect business relationship.

Worker in the value chain

An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with that undertaking. In the ESRS, the following is included in the scope of workers in the value chain: 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 caused or contributed to by the undertaking and those which are directly linked to its own operations, products, or services through its business relationships. This includes

	<p>all workers who are not included in the scope of “Own workforce” (“Own workforce” includes workers who are in an employment relationship with the undertaking (‘employees’) and non-employee workers who are either individual contractors supplying labour to the undertaking (‘self-employed workers’) or workers provided by undertakings primarily engaged in ‘employment activities’ (NACE Code N78))</p>
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ESRS S3 Affected communities

Objective

Interaction with other ESRS

ESRS 2 General disclosures

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the views, interests, and rights of **affected communities**, including respect for their human rights (and their rights as **indigenous peoples**, where applicable), inform its strategy and business model. **Affected communities** are a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- a. whether and how actual and potential impacts on **affected communities** as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
- b. the relationship between its material risks and opportunities arising from impacts and **dependencies** on affected communities and its strategy and business model.

Disclosure Requirement S3-1 – Policies related to affected communities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or *remediation* of material impacts on **affected communities** specifically, as well as policies that cover material risks or opportunities related to affected communities.

Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts

The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with affected communities, their legitimate representatives, or with *credible proxies*, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of **affected communities** are taken into account in the decision-making processes of the undertaking.

Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

The objective of this Disclosure Requirement is to enable an understanding of the formal means by which *affected communities* can make their concerns and needs known directly to the undertaking, and/or through which the undertaking supports the availability of such channels (for example, *grievance mechanisms*) by its business relationships, how follow up is performed with these communities regarding the issues raised, and the effectiveness of these channels.

Disclosure Requirement S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

The objective of this Disclosure Requirement is twofold. Firstly, it is to provide an understanding of any **actions** and initiatives through which the undertaking seeks to:

- a. prevent, mitigate and remediate the negative material **impacts** on affected communities; and/or
- b. achieve positive material impacts for affected communities.

Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material opportunities related to affected communities.

The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to affected communities as per *ESRS 2 MDR-A Actions and resources in relation to material sustainability matters*.

Metrics and targets

Disclosure Requirement S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented **targets** to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on affected communities, and/or in managing material risks and opportunities related to affected communities.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis
Table Line item

Text

Annex _Application requirements [reclassified]
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ESRS S3 Affected communities

Objective

1. The objective of this Standard is to specify disclosure requirements which will enable **users** of the **sustainability statement** to understand material impacts on **affected communities** connected with the undertaking's own operations and value chain, including through its products or services, as well as through its **business relationships**, and its related material risks and opportunities, including:
 - a. how the undertaking affects communities, in areas where impacts are most likely to be present and severe, in terms of material positive and negative actual or potential impacts;
 - b. any **actions** taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;
 - c. the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and **dependencies on affected communities**, and how the undertaking manages them; and
 - d. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking's impacts and dependencies on affected communities.
2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on **affected communities** in relation to:
 - a. communities' economic, social and cultural rights (for example, adequate housing, adequate food, water and sanitation, land-related and security-related impacts);
 - b. communities' civil and political rights (for example, freedom of expression, freedom of assembly, impacts on human rights defenders); and
 - c. particular rights of **indigenous peoples** (for example, free, prior and informed consent, self-determination, cultural rights).
3. This Standard also requires an explanation of how such impacts, as well as the undertaking's **dependencies** on affected communities, can create material risks or opportunities for the undertaking. For example, negative relationships with **affected communities** may disrupt the undertaking's own operations or harm its reputation, while constructive relationships can bring business benefits, such as stable and conflict-free operations and a greater ease of recruiting locally.

Interaction with other ESRS

4. This standard applies when material impacts on and/or material risks and opportunities related to **affected communities** have been identified through the **materiality** assessment process laid out in ESRS 2 *General disclosures*.
5. This Standard shall be read in conjunction with ESRS 1 *General requirements*, and ESRS 2, as well as the ESRS S1 *Own workforce*, ESRS S2 *Workers in the value chain* and ESRS S4 *Consumers and end-users*.

Disclosure Requirements

ESRS 2 General disclosures

6. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for SBM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

7. When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the views, interests, and rights of **affected communities**, including respect for their human rights (and their rights as **indigenous peoples**, where applicable), inform its strategy and business model. **Affected communities** are a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

[403002] S3.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

8. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:
- d. whether and how actual and potential impacts on **affected communities** as identified in ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and
 - e. the relationship between its material risks and opportunities arising from impacts and **dependencies** on affected communities and its strategy and business model.

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2GeneralAbstract
DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2Abstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2Table
IdentifierOfImpactRiskAndOpportunityTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS2WorkersInValueChainMember
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS2LineItems
DescriptionOfMaterialImpactsResultingFromMaterialityAssessmentExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOr
iginateFromOrAreConnectedToStrategyAndBusinessModels
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOriginateFromOrAreConnectedToStrategyAndBusinessModelsExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModel
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModelExplanatory
AllPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersWhoCouldBeMateriallyImpactedByUndertakingAreIncludedInScopeOfDisclosureUnderESRS2
DescriptionOfTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersSubjectToMaterialImpactsExplanatory
TypeOfValueChainWorkersSubjectToMaterialImpacts
UnderstandingOfHowPeopleInOwnWorkforceNOValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDeveloped
DisclosureOfHowUnderstandingOfHowPeopleInOwnWorkforceValueChainWorkersWithParticularCharacteristicsWorkingInParticularContextsOrUndertakingParticularActivitiesMayBeAtGreaterRiskOfHarmHasBeenDevelopedExplanatory
DisclosureOfGeographiesOrCommoditiesForWhichThereIsSignificantRiskOfChildLabourOrOfForcedLabourOrCompulsoryLabourAmongWorkersInUndertakingSValueChainExplanatory
MaterialNegativeImpactsOccurrenceWorkersInValueChainWorkersAffectedCommunitiesConsumersAndEndusers
DescriptionOfActivitiesThatResultInPositiveImpactsAndTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersThatArePositivelyAffectedOrCouldBePositivelyAffectedExplanatory
DisclosureOfSpecificCountriesOrRegionsWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOccurExplanatory

9. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all **affected communities** who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and **value chain**, including through its products or services, as well as through its **business relationships**, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information:
- a. a brief description of the types of communities subject to material impacts by its own operations or through its upstream and downstream value chain, and specify whether they are:
 - i. communities living or working around the undertaking's operating **sites**, factories, facilities or other physical operations, or more remote communities affected by activities at those sites (for example by downstream water **pollution**);
 - ii. communities along the undertaking's value chain (for example, those affected by the operations of **suppliers'** facilities or by the activities of logistics or distribution providers); communities at one or both endpoints of the value chain (for example, at the point of extraction of metals or minerals or harvesting of commodities, or communities around **waste** or **recycling** sites);
 - iii. communities of **indigenous peoples**.
 - b. in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking operates or has sourcing or other business relationships (for example, marginalised populations suffering impacts on their health and quality of life in a highly industrialised area), or (ii) related to individual **incidents** in the undertaking's own operations (e.g., a toxic **waste** spill affecting a community's access to clean drinking water) or in a specific business relationship (e.g., a peaceful protest by communities against business operations that was met with a violent response from the undertaking's security services). This includes consideration of impacts on affected communities that may arise from the transition to greener and climate- neutral operations. Potential impacts include impacts associated with innovation and restructuring, closure of mines, increased mining of minerals needed for the transition to a sustainable economy and solar panel production;
 - c. in the case of material positive impacts, a brief description of the activities that result in the positive impacts (for example, capacity-building to support more and new forms of local livelihoods) and the types of communities that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and
 - d. any material risks and opportunities for the business arising from impacts and **dependencies** on affected communities.
10. In describing the main types of communities who are or could be negatively affected, based on the **materiality** assessment set out in Disclosure Requirement ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how **affected communities** with particular characteristics or those living in particular contexts, or those undertaking particular activities may be at greater risk of harm.
11. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and **dependencies** on affected communities relate to specific groups of **affected communities** rather than to all affected communities.

Disclosure Requirement S3-1 – Policies related to affected communities

AR 9. The description shall include the key information necessary to ensure a faithful representation of the policies in relation to **affected communities** and, therefore, the undertaking shall consider explanations of significant changes to the policies adopted during the reporting year (for example, new or additional approaches to engagement, due diligence and remedy).

AR 10. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organisation’s Convention concerning Indigenous and Tribal Peoples (ILO No. 169) and the core conventions that underpin it, and may disclose its alignment with these instruments.

AR 11. The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking’s **employees**, contractors and **suppliers**), or because they have a direct interest in their implementation (for example, own workers, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers’ representatives), aimed at ensuring that the **policy** is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.

AR 12. When disclosing severe human rights issues and **incidents** connected to affected communities, the undertaking shall consider any legal disputes related to land rights and to the **free, prior and informed consent** of **indigenous peoples**.

[403010] S3-1 Policies related to affected communities

PoliciesRelatedToAffectedCommunitiesGeneralAbstract
PoliciesRelatedToAffectedCommunitiesAbstract
PoliciesRelatedToAffectedCommunitiesTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS3AffectedCommunitiesMember
PoliciesRelatedToAffectedCommunitiesLineItems
DisclosureOfPoliciesAdoptedToManageMaterialImpactsOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAsWellAsAssociatedMaterialRisksAndOpportunitiesExplanatory
DescriptionOfRelevantHumanRightsPolicyCommitmentsExplanatory
DescriptionOfProcessesAndMechanismsToMonitorComplianceWithUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFundamentalPrinciplesAndRightsAtWorkAndOecdGuidelinesForMultinationalEnterprisesExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToRespectForHumanRightsOfCommunitiesAndIndigenousPeoplesExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToEngagementWithPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToMeasuresToProvideAndOrEnableRemedyForHumanRightsImpactsExplanatory
PoliciesAreAlignedWithRelevantInternationallyRecognisedInstruments
DescriptionOfHowPoliciesAreAlignedWithRelevantInternationallyRecognisedInstrumentsExplanatory
DisclosureOfExtentToWhichCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFundamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesThatInvolveAffectedCommunitiesHaveBeenReportedInOwnOperationsOrInUpstreamAndDownstreamValueChainExplanatory
DisclosureOfNatureOfCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFundamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesExplanatory
DisclosureOfExplanationsForSignificantChangesToPoliciesAdoptedDuringReportingYearExplanatory
MinimumDisclosureRequirementPoliciesRelatedToAffectedCommunitiesAbstract
MinimumDisclosureRequirementPoliciesRelatedToAffectedCommunitiesTable
IdentifierOfPolicyTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

MinimumDisclosureRequirementPoliciesRelatedToAffectedCommunitiesLineItems

NameOrIdentifierOfPolicy

SustainabilityMattersAddressedByPolicyForAffectedCommunities

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

DescriptionOfKeyContentsOfPolicyExplanatory

DescriptionOfPolicyProvisionsForPreventingAndAddressingImpactsOnIndigenousPeoplesExplanatory

DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory

DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory

DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory

DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory

PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt

ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory

DisclosureOfAspectsOfPolicyThatSatisfyRequirementsOfDisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkers

AffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfCommunicationToolsAndChannelsAimedAtEnsuringThatPolicyIsAccessibleAndThatDifferentAudiencesUnderstandItsImplicationsExplanatory

12. The undertaking shall describe its policies adopted to manage its material impacts on affected communities, as well as associated material risks and opportunities.
13. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or *remediation* of material impacts on *affected communities* specifically, as well as policies that cover material risks or opportunities related to affected communities.
14. The disclosure required by paragraph 12 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to *affected communities* in accordance with ESRS 2 MDR-P *Policies adopted to manage material sustainability matters*. In addition, the undertaking shall specify if such policies cover specific affected communities or all affected communities.
15. The undertaking shall disclose any particular *policy* provisions for preventing and addressing impacts on *indigenous peoples*. The undertaking shall describe its human rights *policy* commitments⁴ that are relevant to affected communities, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. In its disclosure it shall focus on those matters that are material in relation to⁵, as well as its general approach to:
 - a. respect for the human rights of communities, and *indigenous peoples* specifically;
 - b. engagement with affected communities; and
 - c. measures to provide and/or enable *remedy* for human rights impacts.
16. The undertaking shall disclose whether and how its policies with regard to *affected communities* are aligned with internationally recognised standards relevant to communities and *indigenous peoples* specifically, including the United Nations (UN) Guiding Principles on Business and Human Rights. The undertaking shall also disclose the extent to which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve affected communities have been reported in its own operations or in its upstream and downstream *value chain* and, if applicable, an indication of the nature of such cases⁶⁷.
17. The *policy* may take the form of a stand-alone policy regarding communities or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #9 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Lack of a human rights policy").

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises”).

⁶ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #10 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises”); and benchmark administrators to disclose ESG factors subject to Regulation (EU)

⁷ /1816 as set out by indicator “Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law” in section 1 and 2 of Annex II.

Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts

AR 13. Explanations of how the undertaking takes into account and ensures respect of the right of indigenous peoples to **free, prior and informed consent** may include information about processes to consult with indigenous peoples to obtain such consent. The undertaking shall consider how the consultation includes a good faith negotiation with affected **indigenous peoples** to obtain their free, prior and informed consent where the undertaking affects the lands, territories or resources that indigenous peoples customarily own, occupy or otherwise use; or relocates them from land or territories subject to traditional ownership or under customary use or occupation; or affects or exploits their cultural, intellectual, religious and spiritual property.

AR 14. When describing which function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake engagement. If it cannot identify such a position or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 *The role of the administrative, management and supervisory bodies*.

AR 15. When preparing the disclosures described in paragraph 20 b) and c), the following illustrations may be considered:

- (a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluating the effectiveness of mitigation;
- (b) for type of engagement, these could be participation, consultation and/or information;
- (c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process; and
- (d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or whether it provides **training** or capacity building to relevant staff to undertake engagement. In the case of material impacts, risks and opportunities related to **indigenous peoples**, this includes training on indigenous people’s rights, including on free, prior and informed consent.

AR 16. To illustrate how the perspectives of communities have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period. Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

AR 17. In fulfilling the requirements set out by Disclosure Requirement ESRS S3-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on **remediation** and **grievance mechanisms**.

AR 18. Channels for raising concerns or needs, include **grievance mechanisms**, hotlines, dialogue processes or other means through which **affected communities** or their **legitimate representatives** can raise concerns

about impacts or explain needs that they would like the undertaking to address. This could include channels provided by the undertaking directly, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on communities, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its **business relationships** to answer this requirement, it may state that.

AR 19. To provide greater insight into the information covered in ESRS S3-3, the undertaking may explain whether and how communities that may be affected are able to access channels at the level of the undertaking they are affected by, in relation to each material impact. Relevant insights include information on whether **affected communities** can access channels in a language they understand, and whether they have been consulted in the design of such channels.

AR 20. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible to all **affected communities** who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts.

AR 21. In relation to the protection of individuals that use the mechanisms against retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether the mechanisms can be used anonymously (for example, through representation by a third party).

AR 22. When disclosing processes related to providing and enabling **remedy** for **indigenous peoples**, relevant information includes whether and how the undertaking has considered their customs, traditions, rules and legal systems.

AR 23. In disclosing whether and how the undertaking knows that **affected communities** are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of affected communities themselves. Examples of sources of information are surveys of community members that have used such channels and their levels of satisfaction with the process and outcomes.

AR 24. In describing the effectiveness of channels for **affected communities** to raise concerns, the undertaking may be guided by the following questions, based on the “effectiveness criteria for non- judicial **grievance mechanisms**”, as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. The below considerations may be applied on an individual channel basis or for the collective system of channels:

- (a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?
- (b) are the channels known and accessible to stakeholders?
- (c) do the channels have clear and known procedures, set timeframes and clarity on the processes?
- (d) do the channels ensure reasonable access to sources of information, advice and expertise?
- (e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest at stake?
- (f) do the outcomes achieved through the channels accord with internationally recognised human rights?
- (g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?
- (h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?

[403020] S3-2 Processes for engaging with affected communities about impacts

ProcessesForEngagingWithAffectedCommunitiesAboutImpactsGeneralAbstract
ProcessesForEngagingWithAffectedCommunitiesAboutImpactsAbstract
ProcessesForEngagingWithAffectedCommunitiesAboutImpactsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS3AffectedCommunitiesMember
ProcessesForEngagingWithAffectedCommunitiesAboutImpactsLineItems
DisclosureOfGeneralProcessesForEngagingWithPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersAndTheirRepresentativesAboutActualAndPotentialImpactsExplanatory
PerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpacts
DisclosureOfHowPerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpactsExplanatory
GroupsForWhichEngagementOccursAffectedCommunities
DisclosureOfStagesAtWhichEngagementOccursTypeOfEngagementAndFrequencyOfEngagementExplanatory
DisclosureOfFunctionAndMostSeniorRoleWithinUndertakingThatHasOperationalResponsibilityForEnsuringThatEngagementHappensAndThatResultsInformUndertakingSAApproachExplanatory
DisclosureOfHowEffectivenessOfEngagementWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersIsAssessedExplanatory
DisclosureOfStepsTakenToGainInsightIntoPerspectivesOfAffectedCommunitiesThatMayBeParticularlyVulnerableToImpactsAndOrMarginalisedAndIntoPerspectiveOfSpecificGroupsWithinAffectedCommunitiesExplanatory
AffectedCommunitiesAreIndigenousPeoples
DisclosureOfHowRespectForIndigenousPeoplesParticularRightsInStakeholderEngagementApproachIsTakenIntoAccountAndEnsuredWithRegardToTheirCulturalIntellectualReligiousAndSpiritualPropertyExplanatory
DisclosureOfHowRespectForIndigenousPeoplesParticularRightsInStakeholderEngagementApproachIsTakenIntoAccountAndEnsuredWithRegardToActivitiesAffectingTheirLandsAndTerritoriesExplanatory
DisclosureOfHowRespectForIndigenousPeoplesParticularRightsInStakeholderEngagementApproachIsTakenIntoAccountAndEnsuredWithRegardToLegislativeOrAdministrativeMeasuresThatAffectThemExplanatory
IndigenousPeoplesHaveBeenConsultedOnModeAndParametersOfEngagement
DisclosureOfHowIndigenousPeoplesHaveBeenConsultedOnModeAndParametersOfEngagementExplanatory
GeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasNotBeenAdopted
DisclosureOfTimeframeForAdoptionOfGeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersExplanatory

18. The undertaking shall disclose its general processes for engaging with affected communities and their representatives about actual and potential impacts on them.
19. The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with affected communities, their legitimate representatives, or with *credible proxies*, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of *affected communities* are taken into account in the decision-making processes of the undertaking.
20. The undertaking shall disclose whether and how the perspectives of *affected communities* inform its decisions or activities aimed at managing actual and potential impacts on communities. This shall include, where relevant, an explanation of:
- d. whether engagement occurs with affected communities or their *legitimate representatives* directly, or with *credible proxies* that have insight into their situation;
 - e. the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;
 - f. the function and the most senior role within the undertaking that has operational responsibility for ensuring this engagement happens, and that the results inform the undertaking's approach;
 - g. where applicable, how the undertaking assesses the effectiveness of its engagement with affected communities, including, where relevant, any agreements or outcomes that result.
21. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of *affected communities* that may be particularly vulnerable to impacts and/or marginalised, and into the perspective of specific groups within the affected communities, such as women and girls.
22. Where *affected communities* are *indigenous peoples*, the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its *stakeholder engagement* approach, including their right to *free, prior and informed consent* with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. In particular, where engagement occurs with indigenous peoples, the undertaking shall also disclose whether and how *indigenous*

peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).

23. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with affected communities, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.

Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns

[403030] S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

ProcessesToRemediateNegativeImpactsAndChannelsForAffectedCommunitiesToRaiseConcernsGeneralAbstract
 ProcessesToRemediateNegativeImpactsAndChannelsForAffectedCommunitiesToRaiseConcernsAbstract
 ProcessesToRemediateNegativeImpactsAndChannelsForAffectedCommunitiesToRaiseConcernsTable
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS3AffectedCommunitiesMember
 ProcessesToRemediateNegativeImpactsAndChannelsForAffectedCommunitiesToRaiseConcernsLineItems
 DisclosureOfProcessesInPlaceToProvideForOrCooperateInRemediationOfNegativeImpactsOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThatUndertakingIsConnectedWithAsWellAsChannelsAvailableToRaiseConcernsAndHaveThemAddressedExplanatory
 DisclosureOfGeneralApproachToAndProcessesForProvidingOrContributingToRemedyWhereUndertakingHasCausedOrContributedToMaterialNegativeImpactOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
 UndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffective
 DisclosureOfHowUndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffectiveExplanatory
 DisclosureOfSpecificChannelsInPlaceForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersToRaiseConcernsOrNeedsDirectlyWithUndertakingAndHaveThemAddressedExplanatory
 UndertakingIsRelyingSolelyOnInformationProvidedByItsBusinessRelationshipsAboutExistenceOfChannelsToRaiseConcernsOrNeeds
 EstablishmentOfSpecificChannelsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersToRaiseConcernsOrNeeds
 AccessibilityOfThirdPartyMechanismsForAffectedCommunities
 AffectedCommunitiesConsumersAndEndusersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreAffectedBy
 DisclosureOfHowAffectedCommunitiesConsumersAndEndusersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreAffectedByExplanatory
 DisclosureOfProcessesThroughWhichUndertakingSupportsAvailabilityOfChannelsByItsBusinessRelationshipsExplanatory
 DisclosureOfHowIssuesRaisedAndAddressedAreTrackedAndMonitoredAndHowEffectivenessOfChannelsIsEnsuredIncludingThroughInvolvementOfStakeholdersWhoAreIntendedUsersExplanatory
 UndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressed
 DisclosureOfHowUndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressedExplanatory
 PoliciesRegardingProtectionAgainstRetaliationForIndividualsThatUseChannelsToRaiseConcernsOrNeedsAreInPlaceGrievancesAreTreatedConfidentiallyAndWithRespectToRightsOfPrivacyAndDataProtection
 ValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAllowedToUseAnonymouslyChannelsToRaiseConcernsOrNeeds
 ChannelForRaisingConcernsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted
 AvailabilityOfChannelForRaisingConcernsIsNotSupportedForPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusers
 DisclosureOfTimeframeForChannelForRaisingConcernsToBeInPlaceExplanatory

24. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on affected communities that the undertaking is connected with, as well as channels available to affected communities to raise concerns and have them addressed.

25. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which *affected communities* can make their concerns and needs known directly to the undertaking, and/or through which the undertaking supports the availability of such channels (for example, *grievance mechanisms*) by its business relationships, how follow up is performed with these communities regarding the issues raised, and the effectiveness of these channels.
26. The undertaking shall describe:
 - a. its general approach to and processes for providing or contributing to **remedy** where it has identified that it has caused or contributed to a material negative **impact** on affected communities, including whether and how the undertaking assesses that the remedy provided is effective; any specific channels it has in place for **affected communities** to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or through participation in third-party mechanisms;
 - b. its processes through which the undertaking supports the availability of such channels by its business relationships; and
 - c. how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of **stakeholders** who are the intended **users** of those channels.
27. The undertaking shall disclose whether and how it assesses that **affected communities** are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place regarding the protection of individuals that use them against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.
28. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of such a channel by its business relationships, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.

Disclosure Requirement S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

[403040] S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

TakingActionOnMaterialImpactsOnAffectedCommunitiesAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToAffectedCommunitiesAndEffectivenessOfThoseActionsGeneralAbstract

TakingActionOnMaterialImpactsOnAffectedCommunitiesAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToAffectedCommunitiesAndEffectivenessOfThoseActionsAbstract

TakingActionOnMaterialImpactsOnAffectedCommunitiesAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToAffectedCommunitiesAndEffectivenessOfThoseActionsTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

TakingActionOnMaterialImpactsOnAffectedCommunitiesAndApproachesToManagingMaterialRisksAndPursuingMaterialOpportunitiesRelatedToAffectedCommunitiesAndEffectivenessOfThoseActionsLineItems

DisclosureOfHowActionIsTakenToAddressMaterialNegativeAndPositiveImpactsAndToManageMaterialRisksAndPursueMaterialOpportunitiesRelatedToOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndEffectivenessOfThoseActionsExplanatory

MaterialImpactsRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract

DescriptionOfActionsTakenPlannedOrUnderwayToPreventOrMitigateMaterialNegativeImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory

UndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusers

DisclosureOfHowUndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfHowParticipationInIndustryOrMultistakeholderInitiativeAndUndertakingsOwnInvolvementIsAimingToAddressMaterialImpactsExplanatory

DescriptionOfAdditionalActionsOrInitiativesWithPrimaryPurposeOfDeliveringPositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesExplanatory

ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory

DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory

DisclosureOfIntendedOrAchievedPositiveOutcomesOfProgrammesOrProcessesForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

ExplanationOfApproximateScopeOfAffectedCommunitiesCoveredBySocialInvestmentOrDevelopmentProgrammesAndRationaleForWhySelectedCommunitiesWereChosenForGivenSocialInvestmentOrDevelopmentProgrammesImplementationExplanatory

SustainableDevelopmentGoalsWhichInitiativesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpactsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreDesignedToSupportAchievementOf

DescriptionOfHowEffectivenessOfActionsAndInitiativesInDeliveringOutcomesForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersIsTrackedAndAssessedExplanatory

DescriptionOfProcessesThroughWhichUndertakingIdentifiesWhatActionIsNeededAndAppropriateInResponseToParticularActualOrPotentialNegativeImpactOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory

DescriptionOfApproachToTakingActionInRelationToSpecificMaterialNegativeImpactsOnValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

WiderIndustryOrCollaborativeActionWithOtherRelevantPartiesWillBeRequired

DescriptionOfHowItIsEnsuredThatProcessesToProvideOrEnableRemedyInEventOfMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAreAvailableAndEffectiveInTheirImplementationAndOutcomeExplanatory

ActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPractices

DisclosureOfHowActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPracticesExplanatory

DisclosureOfResourcesAllocatedToManagementOfMaterialImpactsExplanatory

DescriptionOfInternalFunctionsThatAreInvolvedInManagingImpactsAndTypesOfActionTakenByInternalFunctionsToAddressNegativeAndAdvancePositiveImpactsExplanatory

DisclosureOfGeneralAndSpecificApproachesToAddressingMaterialNegativeImpactsExplanatory

DisclosureOfSocialInvestmentOrOtherDevelopmentProgrammesAimedAtContributingToAdditionalMaterialPositiveImpactsExplanatory

DisclosureOfHowFarUndertakingHasProgressedInEffortsDuringReportingPeriodExplanatory

DisclosureOfAimsForContinuedImprovementExplanatory

MaterialRisksAndOpportunitiesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract

DescriptionOfWhatActionIsPlannedOrUnderwayToMitigateMaterialRisksArisingFromImpactsAndDependenciesOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndHowEffectivenessIsTrackedExplanatory

DescriptionOfWhatActionIsPlannedOrUnderwayToPursueMaterialOpportunitiesInRelationToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

SevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersHaveBeenReported

DisclosureOfSevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersThatHaveBeenReportedExplanatory

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesAbstract

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesLineItems

NameOrIdentifierOfActionPlan

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy

DisclosureOfKeyActionExplanatory

StatusOfKeyAction

TimeHorizonUnderWhichKeyActionIsToBeCompleted

YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory

DescriptionOfScopeOfKeyActionExplanatory

KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts

ActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTaken
 DisclosureOfHowActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTakenExplanatory
 DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesAbstract
 MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesTable
 IdentifierOfActionPlanTypedAxis
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS3AffectedCommunitiesMember
 MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesLineItems
 DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory
 NameOrIdentifierOfActionPlan
 DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory
 AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions
 ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesDetailedAbstract
 MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesDetailedTable
 IdentifierOfActionPlanTypedAxis
 ReportingScopeAxis
 CurrentAndRetrospectiveMember
 ShorttermMember
 MediumtermMember
 RestatedCorrectedOrRevisedMember
 LongtermMember
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS3AffectedCommunitiesMember
 MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToAffectedCommunitiesDetailedLineItems
 FinancialResourcesAllocatedToActionPlanOpEx
 FinancialResourcesAllocatedToActionPlanCapEx

29. The undertaking shall disclose how it takes action to address material impacts on affected communities, and to manage material risks and pursue material opportunities related to affected communities and the effectiveness of those actions.
30. The objective of this Disclosure Requirement is twofold. Firstly, it is to provide an understanding of any **actions** and initiatives through which the undertaking seeks to:
- d. prevent, mitigate and remediate the negative material **impacts** on affected communities; and/or
 - e. achieve positive material impacts for affected communities.
- Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material **risks** and pursuing the material opportunities related to affected communities.
- The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to affected communities as per *ESRS 2 MDR-A Actions and resources in relation to material sustainability matters*.
31. In relation to material impacts, the undertaking shall describe:
- a. actions taken, planned or underway to prevent or mitigate material negative impacts on affected communities;
 - b. whether and how it has taken action to provide or enable **remedy** in relation to an actual material impact;
 - c. any additional **actions** or initiatives it has in place with the primary purpose of delivering positive impacts for affected communities; and

- d. how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering intended outcomes for affected communities.
 - e. In relation to paragraph 29, the undertaking shall describe: the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on affected communities;
 - f. its approach to taking action in relation to specific material negative impacts on communities, including any action in relation to its own practices regarding land acquisition, planning and construction, operation or closure practices, as well as whether wider industry or collaborative action with other relevant parties will be required; and
 - g. how it ensures that processes to provide or enable **remedy** in the event of material negative impacts are available and effective in their implementation and outcomes.
32. In relation to material risks and opportunities, the undertaking shall describe:
- a. what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and **dependencies on affected communities** and how it tracks effectiveness in practice; and
 - b. what action is planned or underway to pursue material opportunities for the undertaking in relation to affected communities.
33. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on **affected communities** through its own practices, including, where relevant, in relation to planning, land acquisition and exploitation, finance, extraction or production of raw materials, use of natural resources, and management of environmental impacts. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.
34. The undertaking shall also disclose whether severe human rights issues and **incidents** connected to **affected communities** have been reported and, if applicable, disclose these⁸.
35. When disclosing the information required under paragraph 31 (c), the undertaking shall consider ESRS 2 MDR-T *Tracking effectiveness of policies and actions through targets* if it evaluates the effectiveness of an action by setting a target.
36. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that enables **users** to gain an understanding of how the material impacts are managed.

⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Number of identified cases of severe human rights issues and incidents”).

Metrics and targets

Disclosure Requirement S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

AR 44. When disclosing information about **targets** in accordance with paragraph 38, the undertaking may disclose: the intended outcomes to be achieved in the lives of affected communities, being as specific as possible;

- (a) the stability of the **targets** over time in terms of definitions and methodologies to enable comparability over time;
- (b) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks or industry codes).

AR 45. **Targets** related to material **risks** and **opportunities** may be the same as or distinct from targets related to material impacts. For example, a target to fully restore livelihoods of **affected communities** following resettlement could both reduce impacts on those communities and reduce associated risks such as community protests.

AR 46. The undertaking may also distinguish between short-, medium- and long-term **targets** covering the same **policy** commitment. For example, the undertaking may have as a main objective to employ community members at a local mining **site**, with the long-term goal of staffing 100% locally by 2025, and with the short-term objective of adding x percent of local **employees** every year up and until 2025.

AR 47. When modifying or replacing a target in the reporting period, the undertaking may explain the change by linking it to significant changes in the business model or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information as per ESRS 2 BP-2 *Disclosures in relation to specific circumstances*.

[403050] S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAffectedCommunitiesGeneralAbstract

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAffectedCommunitiesAbstract

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAffectedCommunitiesTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesAffectedCommunitiesLineItems

DisclosureOfTimeboundAndOutcomeorientedTargetsExplanatory

DisclosureOfProcessForSettingTimeboundAndOutcomeorientedTargetsExplanatory

ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargets

DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargetsExplanatory

ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargets

DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargetsExplanatory

ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformance

DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformanceExplanatory

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesAbstract

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesTable

IdentifierOfTargetTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesLineItems

DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory

NameOrIdentifierOfTarget

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

TargetRelationshipToImpactsRisksAndOpportunities

NameOrIdentifierOfRelatedPolicy
MeasurableTargetAbsoluteValue
MeasurableTargetPercentage
AbsoluteOrRelativeTarget
ESRSMetricsUsedForTarget

DescriptionOfScopeOfTargetExplanatory

BaselineValueOfMeasurableTargetAbsoluteValue
BaselineValueOfMeasurableTargetPercentage
BaseYearFromWhichProgressIsMeasured
PeriodToWhichTargetApplies

IndicationOfMilestonesOrInterimTargetsExplanatory

DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory

StakeholdersHaveBeenInvolvedInTargetSetting

DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory

DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssumptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory

DescriptionOfPerformanceAgainstDisclosedTargetExplanatory

MeasurableTargetCurrentProgressAbsoluteValue

MeasurableTargetCurrentProgressPercentage

ProgressIsInLineWithWhatHadBeenInitiallyPlanned

DisclosureOfIntendedOutcomesToBeAchievedInLivesOfPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfStabilityOfTargetOverTimeInTermsOfDefinitionsAndMethodologiesToEnableComparabilityExplanatory

DisclosureOfStandardsOrCommitmentsOnWhichTargetIsBasedExplanatory

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesTargetsNotAdoptedAbstract

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesTargetsNotAdoptedTable

IdentifierOfPolicyTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS3AffectedCommunitiesMember

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnAffectedCommunitiesTargetsNotAdoptedLineItems

MeasurableOutcomeorientedTargetsHaveNotBeenSet

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

MeasurableOutcomeorientedTargetsWillBeSet

DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory

DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory

EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity

DescriptionOfProcessesThroughWhichEffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunityExplanatory

DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluateProgressExplanatory

BaseYearFromWhichProgressIsMeasured

BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue

BaselineValueAgainstWhichProgressIsConsideredPercentage

37. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:
- reducing negative impacts on affected communities; and/or
 - advancing positive impacts on affected communities; and/or
 - managing material risks and opportunities related to affected communities.
38. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented **targets** to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on affected communities, and/or in managing material risks and opportunities related to affected communities.
39. The summarised description of the **targets** to manage its material impacts, risks and opportunities related to **affected communities** shall contain the information requirements defined in ESRs 2 MDR-T.
40. The undertaking shall disclose the process for setting the **targets**, including whether and how the undertaking engaged directly with affected communities, their legitimate representatives, or with **credible proxies** that have insight into their situation in:
- setting any such targets;

- b. tracking the undertaking's performance against them; and
- c. identifying, any, lessons or improvements as a result of the undertaking's performance.

ESRS S4 Consumers and end-users

Objective

ESRS S4 Consumers and end-users

Objective

AR 1. The undertaking may highlight special issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of consumers and/or end-users in relation to contamination of a product or severe breach of privacy due to a massive data leak.

AR 2. The overview of social and human rights matters provided in paragraph 2 is not meant to imply that all of these issues should be disclosed in each Disclosure Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its materiality assessment (ref. to ESRS 1 chapter 3 Double materiality as the basis for sustainability disclosures and ESRS 2 IRO-1) related to consumers and/or end-users and, subsequently, disclose as material impacts, risks and opportunities within the scope of this Standard.

41. The objective of this Standard is to specify disclosure requirements which will enable **users** of the **sustainability statement** to understand material **impacts** on **consumers** and **endusers** connected with the undertaking's own operations and **value chain**, including through its products or services, as well as through its **business relationships**, and its related material **risks** and **opportunities**, including:
- d. how the undertaking affects the consumers and/or end-users of its products and/or services (referred to in this Standard as "consumers and end-users"), in terms of material positive and negative actual or potential impacts;
 - e. any **actions** taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;
 - f. the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and **dependencies** on consumers and end-users, and how the undertaking manages such risks and opportunities; and
 - g. the **financial effects** on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking's impacts and dependencies on consumers and/or end-users.
42. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential **impacts** on the **consumers** and/or **end-users** related to its products and/or services in relation to:
- h. information-related impacts on consumers and/or end-users (for example, privacy, freedom of expression and access to (quality) information);
 - i. personal safety of consumers and/or end-users (for example, health and safety, security of a person and protection of children);
 - j. social inclusion of consumers and/or end-users (for example, non-**discrimination**, access to products and services and responsible marketing practices).
43. This Standard also requires an explanation of how such impacts, as well as the undertaking's **dependencies** on **consumers** and/or **end-users**, can create material **risks** or **opportunities** for the undertaking. For example, negative impacts on the reputation of the undertaking's products and/or services can be detrimental to its business performance, while trust in products and/or services can bring business benefits, such as increased sales or widening of the future consumer base.
44. The unlawful use or misuse of the undertaking's products and services by **consumers** and **end-users** fall outside the scope of this standard.

Interaction with other ESRS

45. This standard applies when material **impacts** on and/or material **risks** and **opportunities** related to **consumers** and/or **end-users** have been identified through the **materiality** assessment process laid out in ESRS 2 *General disclosures*.
46. This Standard shall be read in conjunction with ESRS 1 *General requirements*, and ESRS 2, as well as ESRS S1 *Own workforce*, ESRS S2 *Workers in the value chain* and ESRS S3 *Affected communities*.

Disclosure Requirements

ESRS 2 General Disclosures

47. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for SBM-3 *Material impacts, risks and opportunities and their interaction with strategy and business model*, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

AR 3. ESRS 2 SBM-2 requires the undertaking to provide an understanding of if and how it considers whether its strategy and business model play a role in creating, exacerbating or (conversely) mitigating significant material impacts on consumers and/or end-users, and whether and how the business model and strategy are adapted to address such material impacts.

AR 4. While consumers and/or end-users may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of the (actual or potential) materially affected consumers and/or end-users' legitimate representatives or those of credible proxies that have insight into their situation.

48. When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the interests, views and rights of its **consumers** and/or **end-users**, including respect for their human rights, inform its strategy and business model. Consumers and/or end-users are a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

AR 5. Impacts on consumers and/or end-users can originate in the undertaking's business model or strategy in a number of different ways. For example, impacts may relate to the undertaking's value proposition (for example, providing online platforms with potential for online and offline harm), its value chain (for example, speed in developing products or services, or delivering projects, with risks to health and safety), or its cost structure and the revenue model (for example, sales-maximising incentives that put consumers at risk).

AR 6. Impacts on consumers and/or end-users that originate in the strategy or business model can also bring material risks to the undertaking. For example, if the undertaking's business model is premised

on incentivising its sales force to sell high volumes of a product or service (for example, credit cards or pain medicine) at speed, and this results in large-scale harm to consumers, the undertaking may face lawsuits and reputational damage affecting its future business and credibility.

AR 7. Examples of particular characteristics of consumers and/or end-users that may be considered by the undertaking when responding to paragraph 11 include young consumers and/or end-users who may be more susceptible to impacts on their physical and mental development, or who lack financial literacy and may be more susceptible to exploitative sales or marketing practices. They may also include women in a context where women are routinely discriminated against in their access to particular services or in the marketing of particular products.

AR 8. With regard to paragraph 12, the risks could arise because of the undertaking's dependency on consumers and/or end-users where low likelihood but high impact events may trigger financial effects, for example, where a global pandemic leads to severe impacts on certain consumers' livelihoods resulting in major changes in patterns of consumption.

[403002] S3.SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS4GeneralAbstract
DisclosureOfMaterialImpactsRisksAndOpportunitiesAndHowTheyInteractWithStrategyAndBusinessModelExplanatory

MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS4Abstract
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS4Table
IdentifierOfImpactRiskAndOpportunityTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
MaterialImpactsRisksAndOpportunitiesAndTheirInteractionWithStrategyAndBusinessModelS4LineItems
DescriptionOfMaterialImpactsResultingFromMaterialityAssessmentExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOriginateFromOrAreConnectedToStrategyAndBusinessModels
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOriginateFromOrAreConnectedToStrategyAndBusinessModelsExplanatory
ActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModel
DisclosureOfHowActualAndPotentialImpactsOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformAndContributeToAdaptingStrategyAndBusinessModelExplanatory
AllPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersWhoCouldBeMateriallyImpactedByUndertakingAreIncludedInScopeOfDisclosureUnderESRS2
DescriptionOfTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersSubjectToMaterialImpactsExplanatory
TypeOfConsumersAndEndusersSubjectToMaterialImpactsByOwnOperationsOrThroughValueChain
UnderstandingOfHowConsumersAndEndusersWithParticularCharacteristicsOrThoseUsingParticularProductsOrServicesMayBeAtGreaterRiskOfHarmHasBeenDeveloped
DisclosureOfHowUnderstandingOfHowConsumersAndEndusersWithParticularCharacteristicsOrThoseUsingParticularProductsOrServicesMayBeAtGreaterRiskOfHarmHasBeenDevelopedExplanatory
MaterialNegativeImpactsOccurrenceWorkersInValueChainWorkersAffectedCommunitiesConsumersAndEndusers
DescriptionOfActivitiesThatResultInPositiveImpactsAndTypesOfEmployeesAndNonemployeesInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersThatArePositivelyAffectedOrCouldBePositivelyAffectedExplanatory
DisclosureOfSpecificCountriesOrRegionsWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOccurExplanatory
CountriesWherePositiveImpactsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersOccur
DescriptionOfMaterialRisksAndOrOpportunitiesResultingFromMaterialityAssessmentExplanatory
DisclosureOfRelationshipBetweenMaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndStrategyAndBusinessModelExplanatory
MaterialRisksAndOpportunitiesArisingFromImpactsAndDependenciesOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersRelateToSpecificGroups

49. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:

- k. whether and how actual and potential **impacts** on **consumers** and/or **end-users** as identified in Disclosure Requirements ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and*

opportunities: (i) originate from or are connected to the undertaking's strategy and **business model**, and (ii) inform and contribute to adapting the undertaking's strategy and business model, and

- l. the relationship between its material risks and opportunities arising from impacts and **dependencies** on consumers and/or end-users and its strategy and business model.

50. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all **consumers** and/or **end-users** who are likely to be materially impacted by the undertaking, including **impacts** connected with the undertaking's own operations and **value chain**, including through its products or services, as well as through its **business relationships**, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall disclose the following information:

- m. a brief description of the types of consumers and/or end-users subject to material impacts by its own operations or through its value chain, and specify whether they are:
 - i. consumers and/or end-users of products that are inherently harmful to people and/or increase risks for chronic disease;
 - ii. consumers and/or end-users of services that potentially negatively impact their rights to privacy, to have their personal data protected, to freedom of expression and to non- **discrimination**;
 - iii. consumers and/or end-users who are dependent on accurate and accessible product- or service-related information, such as manuals and product labels, to avoid potentially damaging use of a product or service;
 - iv. consumers and/or end-users who are particularly vulnerable to health or privacy impacts or impacts from marketing and sales strategies, such as children or financially vulnerable individuals;
- n. in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking sells or provides its products or services (for example, state surveillance that affects the privacy of service users), or (ii) related to individual **incidents** (for example, a defect linked to a particular product) or to specific business relationships (for example, a business partner uses marketing that inappropriately targets young **consumers**);
- o. in the case of material positive impacts, a brief description of the activities that result in the positive impacts (for example, product design that improves its accessibility for persons with disabilities) and the types of consumers and/or end-users that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and
- p. any material risks and opportunities for the business arising from impacts and dependencies on consumers and/or end-users.

51. In describing the main types of **consumers** and/or **end-users** who are or could be negatively affected, based on the **materiality** assessment set out in ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how consumers and/or end-users with particular characteristics, or those using particular products or services, may be at greater risk of harm.

52. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and **dependencies on consumers** and/or **end-users**, relate to specific groups of consumers and/or end-users (for example, particular age groups) rather than to all consumers and/or end-users.

Impact, risk and opportunity management

Disclosure Requirement S4-1 – Policies related to consumers and end-users

AR 9. The description shall include the key information necessary to ensure a faithful representation of the policies in relation to **consumers** and **end-users**, and therefore, the undertaking shall consider explanations of significant changes to the policies adopted during the reporting year (for example, new expectations for business customers, new or additional approaches to due diligence and remedy).

AR 10. The **policy** may take the form of a stand-alone policy regarding **consumers** and/or **end users** or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another

ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.

AR 11. In disclosing its alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the

International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement it, and may disclose its alignment with these instruments.

AR 12. When disclosing how external facing policies are embedded, the undertaking may, for example, consider internal-facing sales and distribution policies and alignment with other policies relevant to **consumers** and/or **end-users**. The undertaking shall also consider its policies for safeguarding the veracity and usefulness of information provided to potential and actual consumers and/or end-users, both before and after sale.

AR 13. The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's employees, contractors and suppliers), or because they have a direct interest in their implementation (for example, own workers, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives), aimed at ensuring that the policy is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions

[404010] S4-1 Policies related to consumers and end-users

PoliciesRelatedToConsumersAndEndUsersGeneralAbstract

PoliciesRelatedToConsumersAndEndUsersAbstract

PoliciesRelatedToConsumersAndEndUsersTable

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS4ConsumersAndEndUsersMember

PoliciesRelatedToConsumersAndEndUsersLineItems

DisclosureOfPoliciesAdoptedToManageMaterialImpactsOnOwnWorkforceNOValueChainWorkersNOAffectedCommunities
NOConsumersAndEndUsersAsWellAsAssociatedMaterialRisksAndOpportunitiesExplanatory

DescriptionOfRelevantHumanRightsPolicyCommitmentsExplanatory

DescriptionOfProcessesAndMechanismsToMonitorComplianceWithUnGuidingPrinciplesOnBusinessAndHumanRightsILO
DeclarationOnFundamentalPrinciplesAndRightsAtWorkAndOecdGuidelinesForMultinationalEnterprisesExplanatory

DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToRespectForHumanRightsOfConsumers
AndEndUsersExplanatory

DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToEngagementWithPeopleInOwnWorkfor
ceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndUsersExplanatory

DisclosureOfMattersThatAreMaterialInRelationToAsWellAsGeneralApproachToMeasuresToProvideAndOrEnableReme
dyForHumanRightsImpactsExplanatory

PoliciesAreAlignedWithRelevantInternationallyRecognisedInstruments

DescriptionOfHowPoliciesAreAlignedWithRelevantInternationallyRecognisedInstrumentsExplanatory

DisclosureOfExtentToWhichCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFu
ndamentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesThatInvolveConsumersAndEndUsersHaveB
eenReportedInDownstreamValueChainExplanatory

DisclosureOfNatureOfCasesOfNonrespectOfUnGuidingPrinciplesOnBusinessAndHumanRightsILODeclarationOnFunda
mentalPrinciplesAndRightsAtWorkOrOecdGuidelinesForMultinationalEnterprisesExplanatory

DisclosureOfExplanationsForSignificantChangesToPoliciesAdoptedDuringReportingYearExplanatory

MinimumDisclosureRequirementPoliciesRelatedToConsumersAndEndUsersAbstract

MinimumDisclosureRequirementPoliciesRelatedToConsumersAndEndUsersTable

IdentifierOfPolicyTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS4ConsumersAndEndusersMember

MinimumDisclosureRequirementPoliciesRelatedToConsumersAndEndUsersLineItems

NameOrIdentifierOfPolicy

SustainabilityMattersAddressedByPolicyForConsumersAndEndUsers

NameOrIdentifierOfRelatedImpactsRisksAndOpportunities

DescriptionOfKeyContentsOfPolicyExplanatory

DescriptionOfScopeOfPolicyOrOfItsExclusionsExplanatory

DescriptionOfMostSeniorLevelInOrganisationThatIsAccountableForImplementationOfPolicyExplanatory

DisclosureOfThirdpartyStandardsOrInitiativesThatAreRespectedThroughImplementationOfPolicyExplanatory

DescriptionOfConsiderationGivenToInterestsOfKeyStakeholdersInSettingPolicyExplanatory

PolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementIt

ExplanationOfHowPolicyIsMadeAvailableToPotentiallyAffectedStakeholdersAndStakeholdersWhoNeedToHelpImplementItExplanatory

DisclosureOfAspectsOfPolicyThatSatisfyRequirementsOfDisclosureOfPoliciesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

DisclosureOfCommunicationToolsAndChannelsAimedAtEnsuringThatPolicyIsAccessibleAndThatDifferentAudiencesUnderstandItsImplicationsExplanatory

53. The undertaking shall describe its policies adopted to manage its material impacts of its products and/or services on consumers and end-users, as well as associated material risks and opportunities.
54. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or **remediation** of material **impacts on consumers** and/or **end-users** specifically, as well as policies that cover material risks or opportunities related to consumers and/or end-users.
55. The disclosure required by paragraph 13 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to **consumers** and/or **end-users** in accordance with *ESRS 2 MDR-P Policies adopted to manage material sustainability matters*. In addition, the undertaking shall specify if such policies cover specific groups or all consumers and/or end-users.
56. The undertaking shall describe its human rights **policy** commitments⁹ that are relevant to **consumers** and/or **end-users**, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. In its disclosure it shall focus on those matters that are material, as well as the general approach in relation to¹⁰:
- q. respect for the human rights of consumers and/or end-users;
 - r. engagement with consumers and/or end-users; and
 - s. measures to provide and/or enable **remedy** for human rights impacts.
57. The undertaking shall disclose whether and how its policies with regard to **consumers** and/or **end-users** are aligned with internationally recognised instruments relevant to consumers and/or end-users, including United Nations (UN) Guiding Principles on Business and Human Rights. The undertaking shall also disclose the extent to which cases of non respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve consumers and/or end-users have been reported in its downstream **value chain** and, if applicable, an indication of the nature of such cases¹¹.

⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #9 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Lack of a human rights policy").

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments.

¹¹ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as Cooperation and Development (OECD) Guidelines for Multinational Enterprises"); and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law" in section 1 and 2 of Annex II.set out by indicator #10 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Violations of UN Global Compact principles and Organisation for Economic

Disclosure Requirement S4-2 – Processes for engaging with consumers and end-users about impacts

AR 14. **Credible proxies** who have knowledge of the interests, experiences or perspectives of **consumers** and **end-users** could include national consumer protection bodies for some consumers.

AR 15. When describing which function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake engagement. If it cannot identify such a position or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 *The role of the administrative, management and supervisory bodies*.

AR 16. When preparing the disclosures described in paragraph 20 b) and c), the following illustrations may be considered:

- (a) for stage(s) at which engagement occurs, examples could be in determining mitigation approaches or in evaluating their effectiveness;
- (b) for type of engagement, these could be participation, consultation and/or information;
- (c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process, as well as whether it occurs in response to legal requirements and/or in response to stakeholder requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and
- (d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or whether it provides **training** or capacity building to relevant staff to undertake engagement.

AR 17. To illustrate how the perspectives of **consumers** and/or **end-users** have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.

[404020] S4-2 Processes for engaging with consumers and end-users about impacts

ProcessesForEngagingWithConsumersAndEndUsersAboutImpactsGeneralAbstract
ProcessesForEngagingWithConsumersAndEndUsersAboutImpactsAbstract
ProcessesForEngagingWithConsumersAndEndUsersAboutImpactsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
ProcessesForEngagingWithConsumersAndEndUsersAboutImpactsLineItems
DisclosureOfGeneralProcessesForEngagingWithPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndTheirRepresentativesAboutActualAndPotentialImpactsExplanatory
PerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpacts
DisclosureOfHowPerspectivesOfOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersInformDecisionsOrActivitiesAimedAtManagingActualAndPotentialImpactsExplanatory
GroupsForWhichEngagementOccursConsumersAndEndusers
DisclosureOfStagesAtWhichEngagementOccursTypeOfEngagementAndFrequencyOfEngagementExplanatory
DisclosureOfFunctionAndMostSeniorRoleWithinUndertakingThatHasOperationalResponsibilityForEnsuringThatEngagementHappensAndThatResultsInformUndertakingSAApproachExplanatory
DisclosureOfHowEffectivenessOfEngagementWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsAssessedExplanatory
DisclosureOfStepsTakenToGainInsightIntoPerspectivesOfPeopleInOwnWorkforceNOValueChainWorkersNOConsumersAndEndusersThatMayBeParticularlyVulnerableToImpactsAndOrMarginalisedExplanatory
GeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted
DisclosureOfTimeframeForAdoptionOfGeneralProcessToEngageWithOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory

58. The undertaking shall disclose its general processes for engaging with consumers and end-users and their representatives about actual and potential impacts on them.
59. The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with *consumers* and/or *end-users*, their legitimate representatives, or with *credible proxies*, about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of consumers and/or end-users are taken into account in the decision-making processes of the undertaking.
60. The undertaking shall disclose whether and how the perspectives of *consumers* and/or *endusers* inform its decisions or activities aimed at managing actual and potential impacts on consumers and/or end-users. This shall include, where relevant, an explanation of:
- t. whether engagement occurs with affected consumers and/or end-users or their ***legitimate representatives*** directly, or with ***credible proxies*** that have insight into their situation;
 - u. the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;
 - v. the function and the most senior role within the undertaking that has operational responsibility for ensuring this engagement happens and that the results inform the undertaking’s approach; and
 - w. where applicable, how the undertaking assesses the effectiveness of its engagement with consumers and/or end-users, and, where relevant, any agreements or outcomes that result from such engagement.
61. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of ***consumers*** and/or ***end-users*** that may be particularly vulnerable to impacts and/or marginalised (for example, people with disabilities, children, etc.).
62. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with ***consumers*** and/or ***end-users***, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.

Disclosure Requirement S4-3 – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

AR 18. In fulfilling the requirements set out by the disclosure criteria of ESRS S4-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on ***remediation*** and ***grievance mechanisms***.

AR 19. Channels for raising concerns or needs, include ***grievance mechanisms***, hotlines, dialogue processes or other means through which ***consumers*** and/or ***end-users*** or their ***legitimate representatives*** can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include channels provided by the undertaking directly and is to be disclosed in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on consumers and/or end-users, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its ***business relationships*** to answer this requirement, it may state that.

AR 20. To provide greater insight into the information covered in ESRS S4-3, the undertaking may provide insight into whether and how ***consumers*** and/or ***end-users*** that may be affected are able to access channels at the level of the undertaking they are affected by, in relation to each material impact.

AR 21. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. With regard to the scope of these mechanisms, the undertaking may disclose whether these are accessible to all ***consumers*** and/or ***end-users*** who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts, and through which consumers and/or end-users (or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts), can raise complaints or concerns related to the undertaking’s own activities.

AR 22. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether they allow for **consumer** and/or **endusers** to use them anonymously (for example, through representation by a third party).

AR 23. In disclosing whether and how the undertaking knows that **consumers** and/or **end-users** are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of consumers and/or end-users themselves. Examples of sources of information are surveys of consumers and/or end-users that have used such channels and their levels of satisfaction with the process and outcomes. To illustrate the usage level of such channels, the undertaking may disclose the number of complaints received from consumers and/or endusers during the reporting period.

AR 24. In describing the effectiveness of channels for **consumers** and/or **end-users** to raise concerns, the undertaking may be guided by the following questions, based on the “effectiveness criteria for nonjudicial ***grievance mechanisms***”, as laid out in the UN Guiding Principles on Business and Human Rights. The below considerations may be applied on an individual channel basis or for the collective system of channels:

- (a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?
- (b) are the channels known and accessible to **stakeholders**?
- (c) do the channels have known procedures, set timeframes and clarity on the processes?
- (d) do the channels ensure reasonable access to sources of information, advice and expertise?
- (e) do the channels offer transparency by providing sufficient information both to complainants and where applicable, to meet any public interest at stake?
- (f) do the outcomes achieved from the channels accord with internationally recognised human rights?
- (g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?
- (h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?

For more information, see Principle 31 of the UN Guiding Principles on Business and Human Rights.

[404030] S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

ProcessesToRemediateNegativeImpactsAndChannelsForConsumersAndEndUsersToRaiseConcernsGeneralAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForConsumersAndEndUsersToRaiseConcernsAbstract
ProcessesToRemediateNegativeImpactsAndChannelsForConsumersAndEndUsersToRaiseConcernsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
ProcessesToRemediateNegativeImpactsAndChannelsForConsumersAndEndUsersToRaiseConcernsLineItems
DisclosureOfProcessesInPlaceToProvideForOrCooperateInRemediationOfNegativeImpactsOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThatUndertakingIsConnectedWithAsWellAsChannelsAvailableToRaiseConcernsAndHaveThemAddressedExplanatory
DisclosureOfGeneralApproachToAndProcessesForProvidingOrContributingToRemedyWhereUndertakingHasCausedOrContributedToMaterialNegativeImpactOnPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
UndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffective
DisclosureOfHowUndertakingAssessesThatRemedyProvidedForMaterialNegativeImpactOnPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersIsEffectiveExplanatory
DisclosureOfSpecificChannelsInPlaceForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersToRaiseConcernsOrNeedsDirectlyWithUndertakingAndHaveThemAddressedExplanatory
UndertakingIsRelyingSolelyOnInformationProvidedByItsBusinessRelationshipsAboutExistenceOfChannelsToRaiseConcernsOrNeeds

EstablishmentOfSpecificChannelsForOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersToRaiseConcernsOrNeeds

AccessibilityOfThirdPartyMechanismsForConsumersAndEndusers

AffectedCommunitiesConsumersAndEndusersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreAffectedBy

DisclosureOfHowAffectedCommunitiesConsumersAndEndusersThatMayBeAffectedAreAbleToAccessChannelsAtLevelOfUndertakingTheyAreAffectedByExplanatory

DisclosureOfProcessesThroughWhichUndertakingSupportsOrRequiresAvailabilityOfChannelsByItsBusinessRelationshipsExplanatory

DisclosureOfHowIssuesRaisedAndAddressedAreTrackedAndMonitoredAndHowEffectivenessOfChannelsIsEnsuredIncludingThroughInvolvementOfStakeholdersWhoAreIntendedUsersExplanatory

UndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressed

DisclosureOfHowUndertakingAssessesThatPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAwareOfAndTrustStructuresOrProcessesAsWayToRaiseTheirConcernsOrNeedsAndHaveThemAddressedExplanatory

NumberOfComplaintsReceivedFromConsumersAndEndusers

PoliciesRegardingProtectionAgainstRetaliationForIndividualsThatUseChannelsToRaiseConcernsOrNeedsAreInPlace

GrievancesAreTreatedConfidentiallyAndWithRespectToRightsOfPrivacyAndDataProtection

ValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreAllowedToUseAnonymouslyChannelsToRaiseConcernsOrNeeds

ChannelForRaisingConcernsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersHasNotBeenAdopted

AvailabilityOfChannelForRaisingConcernsIsNotSupportedForPeopleInOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusers

DisclosureOfTimeframeForChannelForRaisingConcernsToBeInPlaceExplanatory

63. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on consumers and end-users that the undertaking is connected with, as well as channels available to consumers and end- users to raise concerns and have them addressed.
64. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which *consumers* and/or *end-users* can make their concerns and needs known directly to the undertaking, and/or through which the undertaking supports the availability of such channels (for example, *grievance mechanisms*) by its business relationships, how follow up is performed with these consumers and/or end-users regarding the issues raised, and the effectiveness of these channels.
65. The undertaking shall describe:
- x. its general approach to and processes for providing or contributing to **remedy** where it has identified that it has caused or contributed to a material negative impact on **consumers** and/or **end-users**, including whether and how the undertaking assesses that the remedy provided is effective;
 - y. any specific channels it has in place for consumers and/or end-users to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or through participation in third-party mechanisms;
 - z. the processes through which the undertaking supports or requires the availability of such channels by its business relationships; and
 - aa. how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of **stakeholders** who are the intended users.
66. The undertaking shall disclose whether and how it assesses that **consumers** and/or **endusers** are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place to protect individuals from retaliation when they use such structures or processes. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.
67. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of mechanisms by its business relationships, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.

Disclosure Requirement S4-4 – Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

AR 25. It may take time to understand negative impacts and how the undertaking may be involved with them through its downstream value chain, as well as to identify appropriate responses and put them into practice). Therefore, the undertaking shall consider:

- (a) Its general and specific approaches to addressing material negative impacts;
- (b) its initiatives aimed at contributing to additional material positive impacts;
- (c) how far it has progressed in its efforts during the reporting period; and
- (d) its aims for continued improvement.

AR 26. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact, or whether the material impact is directly linked to its own operations, products or services through a business relationship.

AR 27. Given that material negative impacts affecting **consumers** and/or **end-users** that have occurred during the reporting period may also be linked to entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use leverage with relevant **business relationships** to manage those impacts. This may include using commercial **leverage** (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing **training** or capacity-building on proper product use or sale practices to business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible marketing or product safety).

AR 28. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its **actions** to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S4-5 the relevant **targets** set by the initiative and progress towards them.

AR 29. When disclosing whether and how it considers actual and potential impacts on **consumers** and/or **end-users** in decisions to terminate **business relationships** and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.

AR 30. In disclosing how it tracks the effectiveness of **actions** to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods.

AR 31. Processes used to track the effectiveness of **actions** can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, **grievance mechanisms**, external performance ratings, and benchmarking.

AR 32. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by the undertaking and the effective management of impacts.

AR 33. With regard to initiatives or processes the undertaking has in place that are based on affected **consumers** and/or **end-users'** needs and their level of implementation, the undertaking may disclose:

- (a) information about whether and how consumers and/or end-users and legitimate representatives or their credible proxies play a role in decisions regarding the design and implementation of these programmes or processes; and
- (b) information about the intended or achieved positive outcomes for consumers and/or end-users of these programmes or processes.

AR 34. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for **consumers** and/or **end-users** are designed to also support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 3 to “ensure healthy lives and promote well-being for all at all ages” the undertaking may be actively working to make its products less addictive and harmful to physical and psychological health.

AR 35. When disclosing the intended positive outcomes of its **actions** for **consumers** and/or **end-users** a distinction is to be made between evidence of certain activities having occurred (for example, that x number of consumers have received information about healthy eating habits) from evidence of actual outcomes for consumers and/or end-users (for example, that x number of consumers have adopted healthier eating habits).

AR 36. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may, for example, consider programmes that aim to support heightened awareness of the risk of online scams, leading to a reduction in the number of cases of **end-users** experiencing breaches of data privacy.

AR 37. When disclosing the material risks and opportunities related to the undertaking's impacts or **dependencies** on **consumers** and/or **end-users**, the undertaking may consider the following:

- (a) risks related to the undertaking's impacts on consumers and/or end-users may include reputational or legal exposure where poorly designed or defective products result in injuries or deaths;
- (b) risks related to the undertaking's dependencies on consumers and/or end-users may include the loss of business continuity where an economic crisis makes consumers unable to afford certain products or services;
- (c) business opportunities related to the undertaking's impacts on consumers and/or end-users may include market differentiation and greater customer appeal from offering safe products or privacy-respecting services; and
- (d) business opportunities related to the undertaking's dependencies on consumers and/or end-users may include the achievement of a loyal future consumer base by ensuring, for example, that LGBTQI people are respected and that the undertaking's selling practices do not exclude such people from the products or services it offers.

AR 38. When disclosing whether **dependencies** turn into risks, the undertaking shall consider external developments.

AR 39. When disclosing policies, action and resources and **targets** related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, action and resources and **targets** in relation to that impact.

AR 40. The undertaking shall consider the extent to which its processes to manage material risks related to **consumers** and/or **end-users** are integrated into its existing risk management processes and how.

AR 41. When disclosing the resources allocated to the management of material impacts, the undertaking may disclose which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.

[404040] S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

TakingActionOnMaterialImpactsOnConsumersAndEndusersAndApproachesToManagingMaterialRisksAndPursuingMaterialOppor
rtunitiesRelatedToConsumersAndEndusersAndEffectivenessOfThoseActionsGeneralAbstract
TakingActionOnMaterialImpactsOnConsumersAndEndusersAndApproachesToManagingMaterialRisksAndPursuingMaterialOp
portunitiesRelatedToConsumersAndEndusersAndEffectivenessOfThoseActionsAbstract
TakingActionOnMaterialImpactsOnConsumersAndEndusersAndApproachesToManagingMaterialRisksAndPursuingMaterialO
pportunitiesRelatedToConsumersAndEndusersAndEffectivenessOfThoseActionsTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
TakingActionOnMaterialImpactsOnConsumersAndEndusersAndApproachesToManagingMaterialRisksAndPursuingMaterialO
pportunitiesRelatedToConsumersAndEndusersAndEffectivenessOfThoseActionsLineItems

DisclosureOfHowActionIsTakenToAddressMaterialNegativeAndPositiveImpactsAndToManageMaterialRisksAndPursueMaterialOpportunitiesRelatedToOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAndEffectivenessOfThoseActionsExplanatory
MaterialImpactsRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract
DescriptionOfActionsTakenPlannedOrUnderwayToPreventMitigateOrRemediateMaterialNegativeImpactsOnConsumersAndEndusersExplanatory
UndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusers
DisclosureOfHowUndertakingSeeksToUseLeverageInBusinessRelationshipsToManageMaterialNegativeImpactsAffectingOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
DisclosureOfHowParticipationInIndustryOrMultistakeholderInitiativeAndUndertakingsOwnInvolvementIsAimingToAddressMaterialImpactsExplanatory
DescriptionOfAdditionalActionsOrInitiativesWithPrimaryPurposeOfPositivelyContributingToImprovedSocialOutcomesForConsumersAndEndusersExplanatory
ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory
DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersAndLegitimateRepresentativesOrTheirCredibleProxiesPlayRoleInDecisionsRegardingDesignAndImplementationOfProgrammesOrProcessesExplanatory
DisclosureOfIntendedOrAchievedPositiveOutcomesOfProgrammesOrProcessesForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
SustainableDevelopmentGoalsWhichInitiativesOrProcessesWhosePrimaryAimIsToDeliverPositiveImpactsForPeopleInOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAreDesignedToSupportAchievementOf
DescriptionOfHowEffectivenessOfActionsAndInitiativesInDeliveringOutcomesForOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersIsTrackedAndAssessedExplanatory
DescriptionOfProcessesThroughWhichUndertakingIdentifiesWhatActionIsNeededAndAppropriateInResponseToParticularActualOrPotentialNegativeImpactOnOwnWorkforceNOValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersExplanatory
DescriptionOfApproachToTakingActionInRelationToSpecificMaterialNegativeImpactsOnValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
WiderIndustryOrCollaborativeActionWithOtherRelevantPartiesWillBeRequired
DescriptionOfHowItIsEnsuredThatProcessesToProvideOrEnableRemedyInEventOfMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersAreAvailableAndEffectiveInTheirImplementationAndOutcomesExplanatory
ActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPractices
DisclosureOfHowActionIsTakenToAvoidCausingOrContributingToMaterialNegativeImpactsOnValueChainWorkersNOAffectedCommunitiesNOConsumersAndEndusersThroughOwnPracticesExplanatory
DisclosureOfResourcesAllocatedToManagementOfMaterialImpactsExplanatory
DescriptionOfInternalFunctionsThatAreInvolvedInManagingImpactsAndTypesOfActionTakenByInternalFunctionsToAddressNegativeAndAdvancePositiveImpactsExplanatory
DisclosureOfGeneralAndSpecificApproachesToAddressingMaterialNegativeImpactsExplanatory
DisclosureOfInitiativesAimedAtContributingToAdditionalMaterialPositiveImpactsExplanatory
DisclosureOfHowFarUndertakingHasProgressedInEffortsDuringReportingPeriodExplanatory
DisclosureOfAimsForContinuedImprovementExplanatory
MaterialRisksAndOpportunitiesRelatedToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAbstract
DescriptionOfWhatActionIsPlannedOrUnderwayToMitigateMaterialRisksArisingFromImpactsAndDependenciesOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersAndHowEffectivenessIsTrackedExplanatory
DescriptionOfWhatActionIsPlannedOrUnderwayToPursueMaterialOpportunitiesInRelationToOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndusersExplanatory
SevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersHaveBeenReported
DisclosureOfSevereHumanRightsIssuesAndIncidentsConnectedToUpstreamAndDownstreamValueChainNOAffectedCommunitiesNOConsumersAndEndusersThatHaveBeenReportedExplanatory
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndusersAbstract
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndusersTable
IdentifierOfActionPlanTypedAxis
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
MinimumDisclosureRequirementActionPlansToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndusersLineItems
NameOrIdentifierOfActionPlan
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
NameOrIdentifierOfRelatedPolicy
DisclosureOfKeyActionExplanatory
StatusOfKeyAction
TimeHorizonUnderWhichKeyActionIsToBeCompleted
YearWhenKeyActionIsToBeCompleted

DisclosureOfExpectedOutcomesOfKeyActionAndHowItsImplementationContributesToAchievementOfPolicyObjectivesAndTargetsExplanatory
 DescriptionOfScopeOfKeyActionExplanatory
 KeyActionIsTakenToProvideForAndCooperateInOrSupportProvisionOfRemedyForThoseHarmedByActualMaterialImpacts
 ActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTaken
 DisclosureOfHowActionToProvideOrEnableRemedyInRelationToActualMaterialImpactOnOwnWorkforceValueChainWorkersAffectedCommunitiesConsumersAndEndUsersHasBeenTakenExplanatory
 DisclosureOfQuantitativeAndQualitativeInformationRegardingProgressOfActionsOrActionPlansDisclosedInPriorPeriodsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersAbstract

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersTable

IdentifierOfActionPlanTypedAxis

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS4ConsumersAndEndusersMember

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersLineItems

DisclosureOfSignificantOperationalExpendituresOpexAndOrCapitalExpendituresCapexRequiredForImplementationOfActionPlanExplanatory

NameOrIdentifierOfActionPlan

DescriptionOfTypeOfCurrentAndFutureFinancialAndOtherResourcesAllocatedToActionPlanExplanatory

AbilityToImplementActionOrActionPlanDependsOnSpecificPreconditions

ExplanationOfHowCurrentFinancialResourcesRelateToMostRelevantAmountsPresentedInFinancialStatementsExplanatory

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersDetailedAbstract

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersDetailedTable

IdentifierOfActionPlanTypedAxis

ReportingScopeAxis

CurrentAndRetrospectiveMember

ShorttermMember

MediumtermMember

LongtermMember

RestatedCorrectedOrRevisedMember

TopicalESRSAxis

TopicTopicUnspecifiedMember

ESRSS4ConsumersAndEndusersMember

MinimumDisclosureRequirementResourcesToManageMaterialImpactsRisksAndOpportunitiesRelatedToConsumersAndEndUsersDetailedLineItems

FinancialResourcesAllocatedToActionPlanOpEx

FinancialResourcesAllocatedToActionPlanCapEx

68. The undertaking shall disclose how it takes action to address material impacts on consumers and end-users, and to manage material risks and pursue material opportunities related to consumers and end-users, and effectiveness of those actions.
69. The objective of this Disclosure Requirement is twofold. Firstly, it is to provide an understanding of any *actions* and initiatives through which the undertaking seeks to:
- bb. prevent, mitigate and remediate the negative material impacts on **consumers** and/or **end-users**, and/or
 - cc. achieve positive material impacts for consumers and/or end-users.
- Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material risks and pursuing the material opportunities related to consumers and/or end-users.
70. The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to **consumers** and **end-users** as per ESR 2 MDR-A *Actions and resources in relation to material sustainability matters*.
71. In relation to material impacts, the undertaking shall describe:
- dd. **actions** taken, planned or underway to prevent, mitigate or remediate material negative impacts on **consumers** and/or **end-users**;
 - ee. whether and how it has taken action to provide or enable **remedy** in relation to an actual material impact;

- ff. any additional actions or initiatives it has in place with the primary purpose of positively contributing to improved social outcomes for consumers and/or end-users; and
 - gg. how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering intended outcomes for consumers and/or end-users.
72. In relation to paragraph 28, the undertaking shall describe:
- hh. the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on **consumers** and/or **end-users**;
 - ii. its approaches to taking action in relation to specific material negative impacts on consumers and/or end-users, including any action in relation to its own practices regarding product design, marketing or sales, as well as whether wider industry or collaborative action with other relevant parties will be required; and
 - jj. how it ensures that processes to provide or enable **remedy** in the event of material negative impacts are available and effective in their implementation and outcomes.
73. In relation to material risks and opportunities, the undertaking shall describe:
- kk. what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and **dependencies** on **consumers** and/or **end-users** and how it tracks effectiveness in practice; and
 - ll. what action is planned or underway to pursue material opportunities for the undertaking in relation to consumers and/or end-users.
74. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on **consumers** and/or **end-users through** its own practices, including, where relevant, in relation to marketing, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.
75. When preparing this disclosure, the undertaking shall consider whether severe human rights issues and **incidents** connected to its **consumers** and/or **end-users** have been reported and, if applicable, disclose these¹².
76. Where the undertaking evaluates the effectiveness of an action by setting a target, in disclosing the information required under paragraph 32 (c), the undertaking shall consider ESRS 2 MDR- T *Tracking effectiveness of policies and actions through targets*.
77. The undertaking shall disclose what resources are allocated to the management of its material impacts with information that enables **users** to gain an understanding of how the material impacts are managed.

¹² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Number of identified cases of severe human rights issues and incidents”).

Metrics and targets

Disclosure Requirement S4-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

AR 42. When disclosing **targets** in relation to **consumers** and/or **end-users**, the undertaking may disclose:

- (a) the intended outcomes to be achieved in the lives of consumers and/or end-users, being as specific as possible;
- (b) their stability over time in terms of definitions and methodologies to enable comparability; and/or
- (c) references standards or commitments on which the **targets** are based are to be clearly defined in the reporting (for instance codes of conduct, sourcing policies, global frameworks or industry codes).

AR 43. **Targets** related to material **risks** and **opportunities** may be the same as or distinct from targets tied to material **impacts**. For example, a target to ensure equal access to finance for underserved **consumers** could both reduce **discrimination** impacts on those consumers and enlarge the undertaking’s pool of customers.

AR 44. The undertaking may also distinguish between short, medium and long-term **targets** covering the same **policy** commitment. For example, the undertaking may have as a main objective to make its online services accessible to people with disabilities, with the longterm goal of having adapted 100% of its online services by 2025, and with the short-term objective of adding x number of accessible features every year up and until 2025.

AR 45. When modifying or replacing a target in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the business model or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information as per ESR 2 BP-2 Disclosures in relation to specific circumstances.

[404050] S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (consumers and end-users)

TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesConsumersAndEndUsersGeneralAbstract
TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesConsumersAndEndUsersAbstract
TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesConsumersAndEndUsersTable
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
TargetsRelatedToManagingMaterialNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesConsumersAndEndUsersLineItems
DisclosureOfTimeboundAndOutcomeorientedTargetsExplanatory
DisclosureOfProcessForSettingTimeboundAndOutcomeorientedTargetsExplanatory
ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargets
DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInSettingTargetsExplanatory
ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargets
DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInTrackingPerformanceAgainstTargetsExplanatory
ValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformance
DisclosureOfHowValueChainWorkersAffectedCommunitiesConsumersAndEndUsersTheirLegitimateRepresentativesOrCredibleProxiesWereEngagedDirectlyInIdentifyingLessonsOrImprovementsAsResultOfUndertakingsPerformanceExplanatory
MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnConsumersAndEndUsersAbstract
MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnConsumersAndEndUsersTable
IdentifierOfTargetTypedAxis
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
TopicalESRSAxis
TopicTopicUnspecifiedMember
ESRSS4ConsumersAndEndusersMember
MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterialRisksAndOpportunitiesOnConsumersAndEndUsersLineItems
DisclosureOfMeasurableOutcomeorientedAndTimeboundTargetExplanatory
NameOrIdentifierOfTarget
NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
TargetRelationshipToImpactsRisksAndOpportunities
NameOrIdentifierOfRelatedPolicy
MeasurableTargetAbsoluteValue
MeasurableTargetPercentage

AbsoluteOrRelativeTarget
 ESRSMetricsUsedForTarget
 DescriptionOfScopeOfTargetExplanatory
 BaselineValueOfMeasurableTargetAbsoluteValue
 BaselineValueOfMeasurableTargetPercentage
 BaseYearFromWhichProgressIsMeasured
 PeriodToWhichTargetApplies
 IndicationOfMilestonesOrInterimTargetsExplanatory
 DescriptionOfMethodologiesAndSignificantAssumptionsUsedToDefineTargetExplanatory
 StakeholdersHaveBeenInvolvedInTargetSetting
 DisclosureOfHowStakeholdersHaveBeenInvolvedInTargetSettingExplanatory
 DescriptionOfAnyChangesInTargetAndCorrespondingMetricsOrUnderlyingMeasurementMethodologiesSignificantAssu
 mptionsLimitationsSourcesAndAdoptedProcessesToCollectDataExplanatory
 DescriptionOfPerformanceAgainstDisclosedTargetExplanatory
 MeasurableTargetCurrentProgressAbsoluteValue
 MeasurableTargetCurrentProgressPercentage
 ProgressIsInLineWithWhatHadBeenInitiallyPlanned
 DisclosureOfIntendedOutcomesToBeAchievedInLivesOfPeopleInOwnWorkforceValueChainWorkersAffectedCommuniti
 esConsumersAndEndusersExplanatory
 DisclosureOfStabilityOfTargetOverTimeInTermsOfDefinitionsAndMethodologiesToEnableComparabilityExplanatory
 DisclosureOfStandardsOrCommitmentsOnWhichTargetIsBasedExplanatory

MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMaterial
 RisksAndOpportunitiesOnConsumersAndEndUsersTargetsNotAdoptedAbstract
 MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMater
 ialRisksAndOpportunitiesOnConsumersAndEndUsersTargetsNotAdoptedTable
 IdentifierOfPolicyTypedAxis
 ReportingScopeAxis
 CurrentAndRetrospectiveMember
 RestatedCorrectedOrRevisedMember
 TopicalESRSAxis
 TopicTopicUnspecifiedMember
 ESRSS4ConsumersAndEndusersMember
 MinimumDisclosureRequirementTargetsRelatedToReducingNegativeImpactsAdvancingPositiveImpactsAndManagingMater
 ialRisksAndOpportunitiesOnConsumersAndEndUsersTargetsNotAdoptedLineItems
 MeasurableOutcomeorientedTargetsHaveNotBeenSet
 NameOrIdentifierOfRelatedImpactsRisksAndOpportunities
 MeasurableOutcomeorientedTargetsWillBeSet
 DisclosureOfTimeframeForSettingOfMeasurableOutcomeorientedTargetsExplanatory
 DescriptionOfReasonsWhyThereAreNoPlansToSetMeasurableOutcomeorientedTargetsExplanatory
 EffectivenessOfPoliciesAndActionsIsTrackedInRelationToMaterialSustainabilityrelatedImpactRiskAndOpportunity
 relatedImpactRiskAndOpportunityExplanatory
 DescriptionOfDefinedLevelOfAmbitionToBeAchievedAndOfAnyQualitativeOrQuantitativeIndicatorsUsedToEvaluatePr
 ogressExplanatory
 BaseYearFromWhichProgressIsMeasured
 BaselineValueAgainstWhichProgressIsConsideredAbsoluteValue
 BaselineValueAgainstWhichProgressIsConsideredPercentage

78. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:
- mm. reducing negative impacts on consumers and/or end-users; and/or
 - nn. advancing positive impacts on consumers and/or end-users; and/or
 - oo. managing material risks and opportunities related to consumers and/or end-users.
79. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented **targets** to drive and measure progress in addressing material negative impacts, and/or advancing positive impacts on **consumers** and/or **end-users**, and/or in managing material risks and opportunities related to consumers and/or **end-users** .
80. The summarised description of the **targets** to manage its material **impacts, risks** and **opportunities** related to **consumers** and/or **end-users** shall contain the information requirements defined in ESR 2 MDR-T.
81. The undertaking shall disclose the process for setting the **targets**, including whether and how the undertaking engaged directly with **consumers** and/or **end-users**, their legitimate representatives, or with **credible proxies** that have insight into their situation in:
- pp. setting any such targets;
 - qq. tracking the undertaking’s performance against them; and

rr. identifying, if any, lessons or improvements as a result of the undertaking's performance.

ESRS - G Business Conduct

The role of the administrative, management and supervisory bodies

When disclosing information about the role of the administrative, management and supervisory bodies, the undertaking shall cover the following aspects:

- a. the role of the administrative, management and supervisory bodies related to business conduct; and
- b. the expertise of the administrative, management and supervisory bodies on business conduct matters.

Description of the processes to identify and assess material impacts, risks and opportunities

When describing the process to identify material impacts, risks and opportunities in relation to business conduct matters, the undertaking shall disclose all relevant criteria used in the process, including location, activity, sector and the structure of the transaction.

Business conduct policies and corporate culture

The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or *remediation* of its material *impacts*, *risks* and *opportunities* related to business conduct matters. It also aims to provide an understanding of the undertaking's approach to *corporate culture*.

Management of relationships with suppliers

The objective of this Disclosure Requirement is to provide an understanding of the undertaking's management of its procurement process including fair behaviour with *suppliers*.

Prevention and detection of corruption or bribery

The objective of this Disclosure Requirement is to provide transparency on the key procedures of the undertaking to prevent, detect, and address allegations about *corruption* and *bribery*. This includes the training provided to own workers and/or information provided internally or to *suppliers*.

Incidents of corruption or bribery

The objective of this Disclosure Requirement is to provide transparency on the incidents relating to *corruption* or *bribery* during the reporting period and the related outcomes.

Political influence and lobbying activities

The objective of this Disclosure Requirement is to provide transparency on the undertaking's activities and commitments related to exerting its political influence with political contributions, including the types and purpose of lobbying activities.

Payment practices

The objective of this Disclosure Requirement is to provide insights on the contractual payment terms and on its performance with regard to payment, especially as to how these impact SMEs and specifically with respect to late payments to SMEs.

Color code:

ESRS taxonomy elements

Textblock
Boolean
Value : Monetary / Percent / Integer...
Abstract
Table
Table Axis

Text

Annex_Application requirements [reclassified]

ESRS G1 Business Conduct

Objective

1. The objective of this Standard is to specify disclosure requirements which will enable users of the undertaking's **sustainability statements** to understand the undertaking's strategy and approach, processes and procedures as well as its performance in respect of business conduct.
2. This Standard focusses on the following matters, collectively referred to in this Standard as 'business conduct or business conduct matters':
 - a. business ethics and **corporate culture**, including anti-**corruption** and anti-**bribery**, the protection of whistleblowers, and animal welfare;
 - b. the management of relationships with **suppliers**, including payment practices, especially with regard to late payment to small and medium-sized undertakings.
 - c. activities and commitments of the undertaking related to exerting its political influence, including its **lobbying activities**

Interaction with other ESRS

3. The content of this Standard on general disclosures as well as impact, risk and opportunity management and **metrics** and **targets** shall be read in conjunction respectively with ESRS 1 *General principles* and ESRS 2 *General requirements*.

Disclosure Requirements

ESRS 2 General disclosures

4. The requirements of this section should be read in conjunction with and reported alongside the disclosures required by ESRS 2 on Governance (GOV), Strategy (SBM) and Management of impacts, risks and opportunities (IRO).

Governance

Disclosure Requirement related to ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

- | |
|--|
| <p>d. AR 1. The undertaking may consider the following aspects when determining its disclosure under paragraph 7:</p> <ol style="list-style-type: none">(a) the aspects of corporate culture that are taken into consideration and discussed by the administrative, management and supervisory bodies and with which frequency;(b) the principal themes that are promoted and communicated as part of the corporate culture;(c) how the members of the undertaking's administrative, management and supervisory bodies provide direction to promote a corporate culture; and |
|--|

- (d) specific incentives or tools for its own workers to foster and encourage its corporate culture.

[501001] G1.GOV-1 Role of administrative, management and supervisory bodies (G1)

InformationAboutRolesAndResponsibilitiesOfAdministrativeManagementAndSupervisoryBodiesExplanatory
DisclosureOfRoleOfAdministrativeManagementAndSupervisoryBodiesRelatedToBusinessConductExplanatory

DisclosureOfExpertiseOfAdministrativeManagementAndSupervisoryBodiesOnBusinessConductMattersExplanatory

5. When disclosing information about the role of the administrative, management and supervisory bodies, the undertaking shall cover the following aspects:
- a. the role of the administrative, management and supervisory bodies related to business conduct; and
 - b. the expertise of the administrative, management and supervisory bodies on business conduct matters.

[refer to ESRS 2_General disclosures]

Impact, risk and opportunity management

Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

[501006] G1.IRO-1 Description of processes to identify and assess material impacts, risks and opportunities (G1)

DisclosureOfProcessToIdentifyImpactsRisksAndOpportunitiesAndToAssessWhichOnesAreMaterialExplanatory
DisclosureOfAllRelevantCriteriaUsedInProcessToIdentifyMaterialImpactsRisksAndOpportunitiesInRelationToBusinessConductMattersExplanatory

6. When describing the process to identify material impacts, risks and opportunities in relation to business conduct matters, the undertaking shall disclose all relevant criteria used in the process, including location, activity, sector and the structure of the transaction.

[refer to ESRS2_General disclosures]

Disclosure Requirement G1-1– Business conduct policies and corporate culture

c. AR 1. The undertaking may consider the following aspects when determining its disclosure under paragraph 7:

- (a) the aspects of **corporate culture** that are taken into consideration and discussed by the **administrative, management and supervisory bodies** and with which frequency;
- (b) the principal themes that are promoted and communicated as part of the corporate culture;
- (c) how the members of the undertaking’s administrative, management and supervisory bodies provide direction to promote a corporate culture; and
- (d) specific incentives or tools for its own workers to foster and encourage its corporate culture.

Disclosure Requirement G1-1– Business conduct policies and corporate culture

AR 1. The undertaking may consider the following aspects when determining its disclosure under paragraph 7:

- (e) the aspects of **corporate culture** that are taken into consideration and discussed by the **administrative, management and supervisory bodies** and with which frequency;
- (f) the principal themes that are promoted and communicated as part of the corporate culture;
- (g) how the members of the undertaking’s administrative, management and supervisory bodies provide direction to promote a corporate culture; and
- (h) specific incentives or tools for its own workers to foster and encourage its corporate culture.

[501010] G1-1 Business conduct policies and corporate culture

DisclosureOfPoliciesWithRespectToBusinessConductMattersAndHowCorporateCultureIsFosteredExplanatory	
7.	The undertaking shall disclose its policies with respect to business conduct matters and how it fosters its corporate culture.
8.	The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or <i>remediation</i> of its material <i>impacts, risks</i> and <i>opportunities</i> related to business conduct matters. It also aims to provide an understanding of the undertaking’s approach to <i>corporate culture</i> .
DisclosureOfHowCorporateCultureIsEstablishedDevelopedPromotedAndEvaluatedExplanatory	
9.	The disclosures required under paragraph 7 shall include how the undertaking establishes, develops, promotes and evaluates its corporate culture
DescriptionOfMechanismsForIdentifyingReportingAndInvestigatingConcernsAboutUnlawfulBehaviourOrBehaviourInContradictionOfCodeOfConductOrSimilarInternalRulesExplanatory	

MechanismsForIdentifyingReportingAndInvestigatingConcernsAboutUnlawfulBehaviourOrBehaviourInContradictionOfCodeOfConductOrSimilarInternalRulesAccommodateReportingFromInternalAndOrExternalStakeholders

10. The disclosures in paragraph 7 shall cover the following aspects related to the undertaking's policies on business conduct matters:
- a. a description of the mechanisms for identifying, reporting and investigating concerns about unlawful behaviour or behaviour in contradiction of its code of conduct or similar internal rules; and whether it accommodates reporting from internal and/or external *stakeholders*;

PoliciesOnAnticorruptionConsistentWithUnitedNationsConventionAgainstCorruptionAreInPlace
PoliciesOnAnticorruptionConsistentWithUnitedNationsConventionAgainstCorruptionArePlannedToBeImplemented

PoliciesOnAntibriberyConsistentWithUnitedNationsConventionAgainstCorruptionAreInPlace
PoliciesOnAntibriberyConsistentWithUnitedNationsConventionAgainstCorruptionArePlannedToBeImplemented

TimetableForImplementationOfPoliciesOnAnticorruptionOrAntibriberyConsistentWithUnitedNationsConventionAgainstCorruptionExplanatory

- b. where the undertaking has no policies on anti-**corruption** or anti-**bribery** consistent with the United Nations Convention against Corruption¹, it shall state this and whether it has plans to implement them and the timetable for implementation;

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #15 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Lack of anti-corruption and anti-bribery policies").

² Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #6 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Insufficient whistleblower protection").

DisclosureOfHowWhistleblowersAreProtectedExplanatory

InformationAboutEstablishmentOfInternalWhistleblowerReportingChannelsExplanatory

InformationAndTrainingOfOwnWorkersAndInformationAboutDesignationAndTrainingOfStaffReceivingReportsProvided

InformationAboutMeasuresToProtectAgainstRetaliationToOwnWorkersWhoAreWhistleblowersInAccordanceWithApplicableLawTransposingDirectiveEU2019NO1937Explanatory

- c. how the undertaking protects whistleblowers, including:
 - i. details on the establishment of internal whistleblower reporting channels, including whether the undertaking provides for information and **training** to its own workers and information about the designation and training of staff receiving reports; and
 - ii. measures to protect against retaliation its own workers who are whistleblowers in accordance with the applicable law transposing Directive (EU) 2019/1937 of the European Parliament and of the Council²;

PoliciesOnProtectionOfWhistleblowersAreInPlace

PoliciesOnProtectionOfWhistleblowersArePlannedToBeImplemented

TimetableForImplementationOfPoliciesOnProtectionOfWhistleblowersExplanatory

- d. where the undertaking has no policies on the protection of whistle-blowers³, it shall state this and whether it has plans to implement them and the timetable for implementation;

ProceduresToInvestigateBusinessConductIncidentsPromptlyIndependentlyAndObjectivelyAreInPlace

- e. beyond the procedures to follow-up on reports by whistleblowers in accordance with the applicable law transposing Directive (EU) 2019/1937, whether the undertaking has procedures to investigate business conduct **incidents**, including incidents of **corruption** and **bribery**, promptly, independently and objectively;

PoliciesWithRespectToAnimalWelfareAreInPlace

- f. where applicable, whether the undertaking has in place policies with respect to animal welfare;

InformationAboutPolicyForTrainingWithinOrganisationOnBusinessConductExplanatory

- g. the undertaking's **policy** for **training** within the organisation on business conduct, including target audience, frequency and depth of coverage; and

DisclosureOfFunctionsWithinUndertakingThatAreMostAtRiskInRespectOfCorruptionAndBriberyExplanatory

- h. the functions within the undertaking that are most at risk in respect of **corruption** and **bribery**.

UndertakingIsSubjectToLegalRequirementsUnderNationalLawTransposingDirectiveEU2019NO1937OrToEquivalentLegalRequirementsWithRegardToProtectionOfWhistleblowers

11. Undertakings that are subject to legal requirements under national law transposing Directive (EU) 2019/1937, or to equivalent legal requirements with regard to the protection of whistleblowers, may comply with the disclosure specified in paragraph 10 (d) by stating that they are subject to those legal requirements.

Disclosure Requirement G1-2 – Management of relationships with suppliers

AR 2. For purposes of this standard, management of relationships with the undertaking's **suppliers** may include the following:

- (a) how the undertaking's practices, including activities to avoid or minimise the impacts of disruptions to its **supply chain**, support its strategy and risk management;

- (b) training of the undertaking's procurement/supply chain workforce on engagement and dialogue with **suppliers** as well as incentives of its procurement workforce including whether such incentives refer to price, quality or sustainability factors;
- (c) the screening and evaluation of social and environmental performance of suppliers;
- (d) the inclusion of locally based suppliers in its supply chain and/or suppliers with certification;
- (e) how the undertaking's practices deal with vulnerable suppliers;
- (f) the undertaking's **targets** and **actions** with regard to communication and management of relationships with suppliers; and
- (g) how the outcomes of these practices are evaluated, including supplier visits, audits or surveys.

AR 3. 'Vulnerable suppliers' includes **suppliers** that are exposed to significant economic, environmental and/or social risks.

[501020] G1-2 Management of relationships with suppliers

DisclosureOfManagementOfRelationshipsWithSuppliersAndImpactsOnSupplyChainExplanatory

- 12. The undertaking shall provide information about the management of its relationships with its suppliers and its impacts on its supply chain.
- 13. The objective of this Disclosure Requirement is to provide an understanding of the undertaking's management of its procurement process including fair behaviour with **suppliers**.

DescriptionOfPolicyToPreventLatePaymentsExplanatory

- 14. The undertaking shall provide a description of its policy to prevent late payments, specifically to SMEs.

InformationAboutApproachToRelationshipsWithSuppliersExplanatory

SocialAndEnvironmentalCriteriaAreTakenIntoAccountForSelectionOfSuppliers

DisclosureOfHowSocialAndEnvironmentalCriteriaAreTakenIntoAccountForSelectionOfSuppliersExplanatory

- 15. The disclosure required under paragraph 12 shall include the following information:
 - a. the undertaking's approach to its relationships with its **suppliers**, taking account of risks to the undertaking related to its **supply chain** and of **impacts** on **sustainability matters**; and
 - b. whether and how it takes into account social and environmental criteria for the selection of its suppliers

Disclosure Requirement G1-3 – Prevention and detection of corruption or bribery

AR 4. 'Functions-at-risk' means those functions deemed to be at risk of corruption and bribery as a result of its tasks and responsibilities.

AR 5. Disclosures may include details about the risk assessments and/or mapping, as well as monitoring programmes and/or internal control procedures performed by the undertaking to detect corruption and bribery.

AR 6. The undertaking's policies on corruption and bribery may be relevant to specific groups of people, either because they are expected to implement them (for example, the undertaking's employees, contractors and suppliers), or because they have a direct interest in their implementation (for example, value chain workers, investors). The undertaking may disclose the communication tools and channels (e.g., flyers, newsletters, dedicated websites, social media, face to face interactions, unions and/or workers representatives) to communicate policies to such groups. This may also include the identification and/or removal of potential barriers to dissemination, such as through translation into relevant languages or the use of graphic depictions.

AR 7. The undertaking may disclose an analysis of its training activities by, for example, region of training or category of own workforce where its programmes differ significantly based on such factors and such information would be useful to users.

[501030] G1-3 Prevention and detection of corruption or bribery

DisclosureOfSystemToPreventAndDetectInvestigateAndRespondToAllegationsOrIncidentsRelatingToCorruptionAndBriberyExplanatory

16. 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.
17. The objective of this Disclosure Requirement is to provide transparency on the key procedures of the undertaking to prevent, detect, and address allegations about *corruption* and *bribery*. This includes the training provided to own workers and/or information provided internally or to *suppliers*.
18. The disclosure required under paragraph 16 shall include the following information:

DescriptionOfProceduresInPlaceToPreventDetectAndAddressAllegationsOrIncidentsOfCorruptionAndBriberyExplanatory

InvestigatorsOrInvestigatingCommitteeAreSeparateFromChainOfManagementInvolvedInPreventionAndDetectionOfCorruptionAndBribery

InformationAboutProcessToReportOutcomesToAdministrativeManagementAndSupervisoryBodiesExplanatory

- a. a description of the procedures in place to prevent, detect, and address allegations or **incidents of corruption and bribery**;
- b. whether the investigators or investigating committee are separate from the chain of management involved in the matter; and
- c. the process, if any, to report outcomes to the **administrative, management and supervisory bodies**.

ProceduresToPreventDetectAndAddressAllegationsOrIncidentsOfCorruptionAndBriberyAreInPlace DisclosureOfPlansToAdoptProceduresToPreventDetectAndAddressAllegationsOrIncidentsOfCorruptionAndBriberyExplanatory

19. Where the undertaking has no such procedures in place, it shall disclose this fact and, where

applicable, its plans to adopt them.

InformationAboutHowPoliciesAreCommunicatedToThoseForWhomTheyAreRelevantPreventionAndDetectionOfCorruptionAndBriberyExplanatory

20. The disclosures required by paragraph 16 shall include information about how the undertaking communicates its policies to those for whom they are relevant to ensure that the **policy** is accessible and that they understand its implications.

InformationAboutNatureScopeAndDepthOfAnticorruptionAndAntibriberyTrainingProgrammesOfferedOrRequiredExplanatory

PercentageOfFunctionsatriskCoveredByAnticorruptionAndAntibriberyTrainingProgrammes

InformationAboutExtentToWhichTrainingIsGivenToMembersOfAdministrativeManagementAndSupervisoryBodiesExplanatory

PreventionAndDetectionOfCorruptionAndBriberyAnticorruptionAndAntibriberyTrainingAbstract

PreventionAndDetectionOfCorruptionAndBriberyAnticorruptionAndAntibriberyTrainingTable

RegionTypedAxis

EmployeesAxis

EmployeesMember

AtriskFunctionsMember

ManagersMember

AdministrativeManagementAndSupervisoryBodiesMember

OtherOwnWorkersMember

PreventionAndDetectionOfCorruptionAndBriberyAnticorruptionAndAntibriberyTrainingLineItems

TrainingCoverageAbstract

NumberOfEmployeesHeadCountDuringPeriod

NumberOfEmployeesReceivingAnticorruptionAndAntibriberyTrainingDuringPeriod

DeliveryMethodAndDurationAbstract

AnticorruptionAndAntibriberyTrainingDeliveryMethod

DurationOfClassroomTrainingHours

DurationOfComputerbasedTrainingHours

DurationOfVoluntaryComputerbasedTrainingHours

FrequencyAbstract

DisclosureOfHowOftenAnticorruptionAndAntibriberyTrainingIsRequiredExplanatory

TopicsCoveredAbstract

TopicsCoveredByAnticorruptionAndAntibriberyTraining

21. The disclosure required by paragraph 16 shall include information about the following with respect to training:
- the nature, scope and depth of anti-**corruption** and anti-**bribery** training programmes offered or required by the undertaking;
 - the percentage of functions-at-risk covered by training programmes; and
 - the extent to which training is given to members of the administrative, management and supervisory bodies.

AR 8. The undertaking may present the required information about training using the following table:

Anti-corruption and bribery training illustrative example

During the 20XY financial year ABC provided training to its at-risk own workers in terms of its policy (see note x). For those at-risk functions the training is mandatory, but ABC also made available voluntary training for other own workers. Details of its training during the year is as follows:

	At-risk functions	Managers	AMSB⁶	Other own workers
Training coverage				
Total	20,000	200	16	70,000
Total receiving training	19,500	150	8	5,000
Delivery method and duration				
Classroom training	5 hours			
Computer-based training	1 hour	2 hours	1 hour	
Voluntary computer-based training				1 hour
Frequency				
How often training is required	Annually	Annually	Bi-annually	-
Topics covered				
Definition of corruption	X	X	X	X
Policy	X	X	X	X
Procedures on suspicion/detection	X	X		
Etc.	X			

Metrics and targets

Disclosure Requirement G1-4 – Incidents of corruption or bribery

[501040] G1-4 Confirmed incidents of corruption or bribery

IncidentsOfCorruptionOrBriberyGeneralAbstract										
DisclosureOfIncidentsOfCorruptionOrBriberyExplanatory										
22.	The undertaking shall provide information on incidents of corruption or bribery during the reporting period.									
23.	The objective of this Disclosure Requirement is to provide transparency on the incidents relating to <i>corruption</i> or <i>bribery</i> during the reporting period and the related outcomes.									
24.	The undertaking shall disclose:									
<table border="1"> <tr> <td>IncidentsOfCorruptionOrBriberyAbstract</td> </tr> <tr> <td>IncidentsOfCorruptionOrBriberyTable</td> </tr> <tr> <td>ReportingScopeAxis</td> </tr> <tr> <td>CurrentAndRetrospectiveMember</td> </tr> <tr> <td>MilestonesAndTargetYearsMember</td> </tr> <tr> <td>RestatedCorrectedOrRevisedMember</td> </tr> <tr> <td>IncidentsOfCorruptionOrBriberyLineItems</td> </tr> <tr> <td>NumberOfConvictionsForViolationOfAnticorruptionAndAntibriberyLaws</td> </tr> <tr> <td>AmountOfFinesForViolationOfAnticorruptionAndAntibriberyLaws</td> </tr> </table>		IncidentsOfCorruptionOrBriberyAbstract	IncidentsOfCorruptionOrBriberyTable	ReportingScopeAxis	CurrentAndRetrospectiveMember	MilestonesAndTargetYearsMember	RestatedCorrectedOrRevisedMember	IncidentsOfCorruptionOrBriberyLineItems	NumberOfConvictionsForViolationOfAnticorruptionAndAntibriberyLaws	AmountOfFinesForViolationOfAnticorruptionAndAntibriberyLaws
IncidentsOfCorruptionOrBriberyAbstract										
IncidentsOfCorruptionOrBriberyTable										
ReportingScopeAxis										
CurrentAndRetrospectiveMember										
MilestonesAndTargetYearsMember										
RestatedCorrectedOrRevisedMember										
IncidentsOfCorruptionOrBriberyLineItems										
NumberOfConvictionsForViolationOfAnticorruptionAndAntibriberyLaws										
AmountOfFinesForViolationOfAnticorruptionAndAntibriberyLaws										

DisclosureOfAnyActionsTakenToAddressBreachesInProceduresAndStandardsOfAnticorruptionAnd
AntibriberyExplanatory
 NumberOfConfirmedIncidentsOfCorruptionOrBribery
 DisclosureOfNatureOfConfirmedIncidentsOfCorruptionOrBriberyExplanatory
 NumberOfConfirmedIncidentsInWhichOwnWorkersWereDismissedOrDisciplinedForCorruptionOrB
 riberyrelatedIncidents
 NumberOfConfirmedIncidentsRelatingToContractsWithBusinessPartnersThatWereTerminatedOrN
 otRenewedDueToViolationsRelatedToCorruptionOrBribery
 DisclosureOfDetailsOfPublicLegalCasesRegardingCorruptionOrBriberyBroughtAgainstUndertaking
 AndOwnWorkersAndOutcomesOfSuchCasesExplanatory

25. The undertaking may disclose:
- a. the total number and nature of **confirmed incidents** of corruption or bribery;
 - b. the number of **confirmed incidents** in which own workers were dismissed or disciplined for corruption or bribery-related incidents;
 - c. the number of **confirmed incidents** relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery; and
 - d. details of public legal cases regarding **corruption** or **bribery** brought against the undertaking and its own workers during the reporting period and the outcomes of such cases. This includes cases that were initiated in previous years where the outcome was only established in the current reporting period.

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts set out in indicator #17 of Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosures rules on sustainable investments (respectively “Number of convictions and amount of fines for violation of anti-corruption and anti-bribery laws”) and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws” in section 1 and 2 of Annex 2.

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out in indicator #16 of Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments (“Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery

26. The disclosures required shall include **incidents** involving actors in its **value chain** only where the undertaking or its **employees** are directly involved.

Disclosure Requirement G1-5 – Political influence and lobbying activities

AR 9. For purposes of this Standard ‘political contribution’ means financial or in-kind support provided directly to political parties, their elected representatives or persons seeking political office. Financial contributions can include donations, loans, sponsorships, advance payments for services, or the purchase of tickets for fundraising events and other similar practices. In-kind contributions can include advertising, use of facilities, design and printing, donation of equipment, provision of board membership, employment or consultancy work for elected politicians or candidates for office.

AR 10. 'Indirect political contribution' refers to those political contributions made through an intermediary organisation such as a lobbyist or charity, or support given to an organisation such as a think tank or trade association linked to or supporting particular political parties or causes.

AR 11. When determining 'comparable position' in this standard, the undertaking shall consider various factors, including level of responsibility and scope of activities undertaken.

AR 12. The undertaking may provide the following information on its financial or in-kind contributions with regard to its lobbying expenses

(a) the total monetary amount of such internal and external expenses; and (b) the total amount paid for membership to lobbying associations.

AR 13. If the undertaking is legally obliged to be a member of a chamber of commerce or other organisation that represents its interests, it may disclose that this is the case.

AR 14. In meeting the requirement in paragraph 29(c) the undertaking shall consider the alignment between its public statements on its material impacts, risks and opportunities and its lobbying activities.

[[501050] G1-5 Political influence and lobbying activities – general

PoliticalInfluenceAndLobbyingActivitiesGeneralAbstract

DisclosureOfActivitiesAndCommitmentsRelatedToExertingPoliticalInfluenceIncludingLobbyingActivitiesRelatedToMaterialImpactsRisksAndOpportunitiesExplanatory

27. The undertaking shall provide information on the activities and commitments related to exerting its political influence, including its lobbying activities related to its material impacts, risks and opportunities.
28. The objective of this Disclosure Requirement is to provide transparency on the undertaking's activities and commitments related to exerting its political influence with political contributions, including the types and purpose of lobbying activities.
29. The disclosure required by paragraph 27 shall include:

PoliticalInfluenceAndLobbyingActivitiesAbstract

PoliticalInfluenceAndLobbyingActivitiesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

PoliticalInfluenceAndLobbyingActivitiesLineItems

InformationAboutRepresentativesResponsibleInAdministrativeManagementAndSupervisoryBodiesForOversightOfActivitiesRelatedToExertingPoliticalInfluenceAndLobbyingExplanatory

- a. applicable, the representative(s) responsible in the **administrative, management and supervisory bodies** for the oversight of these activities;

PoliticalInfluenceAndLobbyingActivitiesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

RestatedCorrectedOrRevisedMember

PoliticalInfluenceAndLobbyingActivitiesLineItems

InformationAboutFinancialOrInKindPoliticalContributionsExplanatory

FinancialPoliticalContributionsMade

InKindPoliticalContributionsMade

FinancialAndInKindPoliticalContributionsMade

DisclosureOfHowMonetaryValueOfInKindContributionsIsEstimatedExplanatory

- b. for financial or in-kind political contributions:

- i. the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking aggregated by country or geographical area where relevant, as well as type of recipient/beneficiary; and
- ii. where appropriate, how the monetary value of in-kind contributions is estimated.

FinancialAndInkindPoliticalContributionsMadeByCountryAbstract
FinancialAndInkindPoliticalContributionsMadeByCountryTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
TypeOfRecipientOrBeneficiaryTypedAxis
CountryAxis
CountryMember
FinancialAndInkindPoliticalContributionsMadeByCountryLineItems
FinancialPoliticalContributionsMade
InkindPoliticalContributionsMade
FinancialAndInKindPoliticalContributionsMade
FinancialAndInkindPoliticalContributionsMadeByGeographicalAreaAbstract
FinancialAndInkindPoliticalContributionsMadeByGeographicalAreaTable
TypeOfRecipientOrBeneficiaryTypedAxis
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
GeographicalAreaTypedAxis
FinancialAndInkindPoliticalContributionsMadeByGeographicalAreaLineItems
FinancialPoliticalContributionsMade
InkindPoliticalContributionsMade

AR 15. An example of what such disclosures could look like:

Political engagement (including lobbying activities) illustrative example

*During the 20XY financial year ABC was involved in activities around the proposed regulation XXX which could have significant negative impacts on its **business model** if implemented in the current format. ABC's considers that while the proposed regulation will realise some improvements to the regulatory regime such as xxx, in its current format the costs relating to xxx will outweigh the benefits. ABC and its peers continue to work with XXX (the regulator) to improve this balance.*

ABC also supported the QRP political party in Country X and EFG party in Country Y as both ABC is registered in its local transparency register, i.e., XYZ, and its registration number is 987234.

Amounts in € thousands.

	2023	2022 [TBC]
Political funding provided	100	
Funding to QRP	75	
Funding to EFG	25	
	100	

PoliticalInfluenceAndLobbyingActivitiesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
PoliticalInfluenceAndLobbyingActivitiesLineItems
DisclosureOfMainTopicsCoveredByLobbyingActivitiesAndUndertakingsMainPositionsOnTheseTopicsExplanatory

- c. the main topics covered by its **lobbying activities** and the undertaking's main positions on these in brief. This shall include explanations on how this interacts with its material impacts, risks and opportunities identified in its **materiality** assessment per ESRS 2; and

PoliticalInfluenceAndLobbyingActivitiesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
PoliticalInfluenceAndLobbyingActivitiesLineItems
UndertakingIsLegallyObligatedToBeMemberOfChamberOfCommerceOrOtherOrganisationThatRepresentsItsInterests
RegistrationInEuTransparencyRegisterOrInEquivalentTransparencyRegisterInMemberStateAbstract
NameOfTransparencyRegister
IdentificationNumberInTransparencyRegister

- d. if the undertaking is registered in the EU Transparency Register or in an equivalent transparency register in a Member State, the name of any such register and its identification number in the register

PoliticalInfluenceAndLobbyingActivitiesTable
ReportingScopeAxis
CurrentAndRetrospectiveMember
RestatedCorrectedOrRevisedMember
PoliticalInfluenceAndLobbyingActivitiesLineItems
InformationAboutAppointmentOfAnyMembersOfAdministrativeManagementAndSupervisoryBodiesWhoHeldComparablePositionInPublicAdministrationInTwoYearsPrecedingSuchAppointmentExplanatory

30. The disclosure shall also include information about the appointment of any members of the administrative, management and supervisory bodies who held a comparable position in public administration (including regulators) in the 2 years preceding such appointment in the current reporting period.

Disclosure Requirement G1-6 – Payment practices

AR 16. In some cases, the undertaking's standard contractual payment terms may differ significantly depending on country or type of **supplier**. In such cases, information about the standard terms per main categories of suppliers or country or geographical region could be examples of additional contextual information to explain the disclosures in paragraph 33(b).

AR 17. An example of what the description of standard contract term disclosures in paragraph 33(b) could look like:

ABC's standard contract payment terms are payment on receipt of invoice for wholesalers which encompass approximately 80% of its annual invoices by value. It pays for services received within 30 days after receipt of the invoice which are about 5% of its annual invoices. The remainder of its invoices are paid within 60 days of receipt except for those in country X which in accordance with the marketplace standards are paid within 90 days of receipt

[501060] G1-6 Payment practices

PaymentPracticesGeneralAbstract

DisclosureOfPaymentPracticesEspeciallyWithRespectToLatePaymentsToSmallAndMediumEnterprisesSmesExplanatory

31. The undertaking shall provide information on its payment practices, especially with respect to late payments to small and medium enterprises (SMEs).
32. The objective of this Disclosure Requirement is to provide insights on the contractual payment terms and on its performance with regard to payment, especially as to how these impact SMEs and specifically with respect to late payments to SMEs.
33. The disclosure under paragraph 31 shall include:

PaymentPracticesAbstract

PaymentPracticesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

PaymentPracticesLineItems

AverageNumberOfDaysToPayInvoiceFromDateWhenContractualOrStatutoryTermOfPaymentStartsTo

ulated

- a. the average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated, in number of days;

StandardPaymentTermsAbstract

StandardPaymentTermsTable

TypeOfSupplierTypedAxis

GeographicalAreaTypedAxis

CountryAxis

CountryMember

StandardPaymentTermsLineItems

DescriptionOfUndertakingsStandardPaymentTermsExplanatory

PercentageOfPaymentsAlignedWithStandardPaymentTerms

NumberOfLegalProceedingsOutstandingForLatePayments

- b. a description of the undertaking's standard payment terms in number of days by main category of **suppliers** and the percentage of its payments aligned with these standard terms;
- c. the number of legal proceedings currently outstanding for late payments; and

PaymentPracticesTable

ReportingScopeAxis

CurrentAndRetrospectiveMember

MilestonesAndTargetYearsMember

RestatedCorrectedOrRevisedMember

PaymentPracticesLineItems

DisclosureOfContextualInformationRegardingPaymentPracticesExplanatory

- d. complementary information necessary to provide sufficient context. If the undertaking has used representative sampling to calculate the information required under point (a), it shall state that fact and briefly describe the methodology used.

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS G1 and has the same authority as the other parts of the [draft] Standard.

Bribery	Dishonestly persuading someone to act in your favour by giving them a gift of money or another inducement.
Corporate culture	Corporate culture expresses goals through values and beliefs. It guides the undertaking's activities through shared assumptions and group norms such as values or mission statements or a code of conduct.
Confirmed incident of corruption or bribery	An incident of corruption or bribery that has been found to be substantiated. Confirmed incidents of corruption do not include incidents of corruption that are still under investigation at the end of the reporting period. The determination of potential non-compliance cases as substantiated may be made either by the undertaking's compliance officer or similar function or an authority. A determination as substantiated by a court of law is not required.
Corruption	Abuse of entrusted power for private gain, which can be instigated by individuals or organisations. It includes practices such as facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the undertaking's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.
Lobbying activities	Refers to activities carried out with the objective of influencing the formulation or implementation of policy or legislation, or the decision-making processes of governments, governmental institutions, regulators, European Union institutions, bodies, offices and agencies or standard setters. Such activities include (non-exhaustive list): <ul style="list-style-type: none"> • organising or participating in meetings, conferences, events; • contributing to/participating in public consultations, hearings or other similar initiatives; • organising communication campaigns, platforms, networks, grassroots initiatives; • preparing/commissioning policy and position papers, opinion polls, surveys, open letters, research work as per the activities covered by transparency register rules.