

DRAFT

ESRS 1

GENERAL REQUIREMENTS

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Table of Contents

Objective.....	4
1. ESRS Standards and drafting conventions	4
1.1. ESRS standards and entity-specific disclosures.....	4
1.2. Drafting conventions.....	5
2. Fair presentation and qualitative characteristics of information	6
3. Double materiality as the basis for sustainability reporting.....	7
3.1. Assessing information to be reported	7
3.1.1. Information materiality.....	7
3.1.2. Steps in determining the information to be reported.....	7
3.1.3. Bases for assessing materiality.....	8
3.1.4. Periodicity of the double materiality assessment.....	10
3.2. Double materiality assessment: Impact materiality and financial materiality.....	10
3.2.1. Impact materiality assessment	10
3.2.2. Financial materiality assessment.....	13
3.3 Specific circumstances.....	14
3.3.1 Material impacts or risks arising from actions to address impacts or risks related to other topics	14
3.3.2 Level of aggregation and disaggregation	14
4. Due diligence	15
5. Reporting undertaking and upstream and downstream value chain	16
5.1. Reporting undertaking and own operations	16
5.2. Inclusion of upstream and downstream value chain information	16
5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain.....	17
5.4. Relief for acquisitions and disposals.....	18
6. Reporting period, base year and time horizons.....	18
6.1. Reporting period and base year	18
6.2. Time horizon: definition of short, medium and long term for reporting purposes	18
7. Preparation of sustainability information.....	19
7.1. Comparative information	19
7.2. Judgement, measurement uncertainty and outcome uncertainty.....	19
7.3. Reliefs for preparing the ESRS sustainability statement	20
7.4. Reasonable and supportable information that is available without undue cost or effort	21
7.5. Updating disclosures about events after the end of the reporting period	22

7.6. Reporting errors in prior periods.....	22
7.7. Omission of information in accordance with applicable Union law and regulations.....	23
7.8. Reporting on material opportunities	23
8. Presentation requirements and structure of the sustainability statement	24
8.1. General presentation requirement, structure and content of the sustainability statement.....	24
8.2. Presentation of supplementary information included in the sustainability statement	24
8.3. Options for presenting information across parts of the sustainability statement.....	24
9. Connected information and linkages with other parts of corporate reporting.....	25
9.1. Connected information	25
9.2. Direct and indirect connectivity with financial statements, including consistency of assumptions	25
9.3. Incorporation by reference	26
10. Transitional provisions	26
10.1. Transitional provision related to Chapter 7.1 <i>Comparative information</i>	27
10.2. Transitional provision: List of DRs that are phased in	27
Appendix A: List of topics.....	28
Appendix B: Qualitative characteristics of information	30

Objective

1. (1 amended) The European Sustainability Reporting Standards (ESRS) specify the sustainability information that undertakings are required to disclose in accordance with the Accounting Directive (Directive 2013/34/EU of the European Parliament and of the Council), as amended by the Corporate sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council).
2. (2 amended) ESRS require the undertaking to disclose information about its material **impacts** on people and the environment and about its material **sustainability-related risks** and **opportunities** (collectively ‘impacts, risks and/or opportunities’). Reporting under these two perspectives constitutes the **double materiality** principle (see Chapter 3).
3. (new) The objective of the **sustainability statement**, taken as whole, is to present fairly (see Chapter 2) all the undertaking’s sustainability-related material **impacts**, **risks** and **opportunities** and how the undertaking manages them. The reported information shall be decision-useful for the **users** of general-purpose sustainability statements.
4. (22(b) amended) **Users** of general-purpose **sustainability statements** are:
 - (a) primary users of general-purpose financial reports, such as existing and potential investors, lenders and other creditors, including asset managers, credit institutions and insurance undertakings; and
 - (b) other users of general-purpose sustainability statements, such as the undertaking’s business partners, trade unions and social partners, civil society and non-governmental organisations.
5. (new) In its **sustainability statement**, the undertaking shall disclose information about the material **impacts**, **risks** and **opportunities** organised under **topics** to which they relate. This information shall cover the following reporting areas: (a) governance, (b) strategy including **financial effects**, (c) impacts, risks and opportunities management, through **policies** and **actions**, and (d) **metrics** and **targets**.
6. (new) ESRS do not mandate behaviour except for behaviour specifically related to the reporting of sustainability information. Reporting in accordance with ESRS does not exempt the undertaking from other obligations laid down in EU law.

APPLICATION REQUIREMENTS – ARs

AR 1 for para. 4 (General-purpose)	(new) The terms ‘general-purpose financial reports’ and ‘general-purpose sustainability statements ’ refer to reports that: <ol style="list-style-type: none">(a) are addressed to users with a reasonable knowledge of the general subject matters of such reports; and(b) consider the information needs of groups of users.
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1. ESRS Standards and drafting conventions

1.1. ESRS standards and entity-specific disclosures

7. (6 amended) ESRS 1 *General Requirements* explains drafting conventions and sets out general requirements for identifying the undertaking’s material **impacts**, **risks** and **opportunities**, and for preparing and presenting information to be reported. It also sets out general requirements for the basis of preparation of the **sustainability statement**.
8. (5 amended) The undertaking shall apply this Standard in conjunction with ESRS 2 *General Disclosures* (both referred to as ‘cross-cutting standards’) and with the topical standards.

9. (7 amended) ESRS 2 *General Disclosures* establishes Disclosure Requirements (DRs) on the information that the undertaking shall provide at a general level across all the **topics** to which its material **impacts**, **risks**, and **opportunities** relate, covering the reporting areas listed in paragraph 5.
10. (8 amended) Topical standards address topics and sub-topics, complementing the requirements provided in ESRS 2 *General Disclosures*, and encompass the reporting areas listed in paragraph 5. The table in Appendix A *List of topics* provides an overview of the topics and sub-topics covered by topical standards.
11. (11 amended) If the undertaking concludes that a **topic** related to material **impact**, **risk** or **opportunity**, is not covered, or not covered with sufficient granularity, by an ESRS, it shall provide entity-specific disclosures taking account of the provisions on fair presentation in Chapter 2. This may be the case due to sectorial specificities or other facts and circumstances relevant to the undertaking itself.
12. (AR 4(b) amended) When developing its entity-specific disclosures, the undertaking shall consider comparability over time and with other undertakings that operate in the same sector(s).

APPLICATION REQUIREMENTS – ARs

AR 2 for para. 11 (Entity-specific topics)	(11 amended) Depending on the undertaking's facts and circumstances, there may be topics other than those covered in ESRS topical requirements that the undertaking shall cover following its materiality assessment. This may be the case where its business model and strategy are associated with material impacts , risks and opportunities that do not correspond to ESRS topics.
AR 3 for para. 11 (Requirements for entity-specific disclosures)	(AR 2) When developing entity-specific disclosures, the undertaking shall ensure that: <ol style="list-style-type: none"> (a) they meet the qualitative characteristics of information set out in Appendix B; and (b) where material impacts, risks or opportunities are not covered, or not covered with sufficient granularity by the ESRS, the disclosures include the material information needed for the relevant reporting areas listed in paragraph 5.
AR 4 for para. 11 (Entity-specific disclosures and metrics)	(AR 3 amended) When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall ensure that: <ol style="list-style-type: none"> (a) its chosen metrics provide relevant information about material impacts, risks or opportunities; (b) the measurement ensures faithful representation based on information and assumptions that are reasonable, supportable, and verifiable; and (c) it has provided sufficient contextual information.
AR 5 for para. 12 (Sources for entity-specific disclosures)	(131(b) amended) In developing its entity-specific disclosures, the undertaking may use available best practices, frameworks or reporting standards, such as IFRS industry-based guidance and GRI Standards (including GRI topic and sector standards).

1.2. Drafting conventions

13. (15) Throughout ESRS, the terms that are defined in the Glossary of Definitions (Annex II of Delegated Regulation (EU) 2023/2772) are denoted in **bold italic**, except when a defined term is used more than once in the same paragraph.
14. (2 amended) ESRS use the terms sustainability 'topic' and 'sub-topic' understood as synonymous with the terms 'sustainability matters' or 'sustainability factors' as used in the Accounting Directive (Directive

2013/34/EU). Disclosures in ESRS are structured into **topics**. A topic is further disaggregated into sub-topics. In ESRS, the term **topic** (in **bold italic**) is used to indicate either a topic or a sub-topic depending on the most appropriate level of granularity needed to meet the respective disclosure objectives.

15. (14) In all ESRS:
 - (a) '**impacts**' refers to actual and potential, positive and negative impacts on people and the environment; and
 - (b) '**risks**' and '**opportunities**' refer to the undertaking's **sustainability-related risks** and opportunities that affect (or could reasonably be expected to affect) the undertaking's financial performance, financial position, cash flows, access to finance or cost of capital over the short, medium or long term.
16. (new) Material **impacts**, **risks** and **opportunities** reported in the **sustainability statement** are understood to be the same as the undertaking's principal impacts, risks and opportunities referred to in the Accounting Directive (Directive 2013/34/EU).
17. (16 amended) The structure of information in ESRS is based on 'Disclosure Requirements' (DRs). Each DR consists of one or more distinct datapoints. DRs are signaled by the terms 'shall disclose', 'shall include', 'shall report', 'shall describe' and 'shall explain' to indicate that an information is prescribed, subject to **materiality** of information (see paragraphs 23 and 24).
18. (17 amended) ESRS contain mandatory 'Application Requirements' (ARs) that support the application of, and have the same authority as, the requirements prescribed in the main body of the standards. ARs in ESRS 2 *General Disclosures* and in topical standards support the preparation of disclosures that meet the qualitative characteristics of information (see Appendix B) (18 amended). ARs use the term 'shall consider' to indicate issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure. ARs also include presentation options, indicating that a given piece of information may be provided in tabular form, as narrative text or in other types of presentation options.

2. Fair presentation and qualitative characteristics of information

19. (new) Fair presentation requires disclosure of relevant information about the undertaking's material **impacts**, **risks** and **opportunities** in accordance with Chapter 3 and their faithful representation in accordance with the requirements set out in this Standard (for relevance and faithful representation see Appendix B). To achieve faithful representation, the undertaking shall provide a complete, neutral and accurate depiction of its material impacts, risks and opportunities.
20. (new) Fair presentation also requires that the undertaking discloses:
 - (a) information that is comparable, verifiable and understandable (see Appendix B); and
 - (b) entity-specific information when applying ESRS is not sufficient to enable **users** to understand the undertaking's material **impacts**, **risks** and **opportunities** and how the undertaking manages them (see paragraph 3).
21. (new) Applying ESRS, including the **materiality** filter as set out in paragraph 24, and with entity-specific disclosures, when necessary (see paragraph 11), is presumed to result in a **sustainability statement** that achieves fair presentation.

APPLICATION REQUIREMENTS – ARs

AR 6 for paras. 19 – 20 (Information considered as a whole)	(new) To meet the objective of its sustainability statement set out in paragraph 3, the undertaking shall consider the overall picture of the reported information. This can result in the addition of entity-specific information, as well as the implementation of the provision in paragraph 24, by using the criteria for information materiality in paragraph 23.
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	Making use of one or more of the provisions in Chapters 5.4, 7.3, 7.4, or 7.7 is not detrimental to fair presentation provided that the undertaking provides explanations that enable users to understand the consequences on the reported information and the resulting limitations.
AR 7 for para. 20(b) (Additional information in other reporting frameworks)	(new) Other reporting frameworks refer to 'additional information' as the content that an undertaking shall disclose beyond the requirements provided in the standards to ensure a fair presentation. In ESRS, the term 'entity-specific disclosures' serves the same purpose.

3. Double materiality as the basis for sustainability reporting

22. (21) The undertaking determines the information to be disclosed based on its **double materiality** assessment (see paragraph 2) and based on the provisions for determining the information to be reported, as explained in this Chapter.

3.1. Assessing information to be reported

3.1.1. Information materiality

23. (new) Information is material when omitting, misstating or obscuring that information could reasonably be expected to influence:

- (a) decisions that primary **users** of general-purpose financial reports make based on those reports, including financial statements and the **sustainability statement**, relating to providing resources to the undertaking; or
- (b) decisions, including informed assessments, that other users of 'general-purpose' sustainability statements make based on the sustainability statement regarding the undertaking's material **impacts, risks** and **opportunities** and how the undertaking manages them.

24. (new) The undertaking is not required to disclose information prescribed by an ESRS DR if that information is not material.

3.1.2. Steps in determining the information to be reported

25. The undertaking determines the information to be reported in two steps:

- (a) it identifies **topics** related to its material **impacts, risks** or **opportunities** (see Chapters 3.2.1 and 3.2.2); and then,
 - (b) it determines the information to be reported on each of those **topics** (see paragraphs 29, 30 and 31 of this Standard).
26. With respect to the identification of **topics**, the undertaking shall report material information for a topic or sub-topic when it relates to one or more material **impacts, risks** or **opportunities** identified based on the criteria in Chapters 3.2.1. and 3.2.2.
27. Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may derive a conclusion, without further assessment, on the **materiality** or non-materiality of its **impacts, risks** or **opportunities** for a topic or sub-topic, on the basis of an analysis of its strategy and **business model** including its sector(s) of operations, its **geographies**, and the features of its upstream and downstream value chain ('top-down' approach to materiality assessment). In this approach, if the materiality or non-materiality of one or more impacts, risks or opportunities is not evident on the basis of the above analysis, the undertaking shall perform a specific assessment of them.

28. Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may also rely on a **materiality assessment** conducted only at the level of **impacts, risks** and **opportunities** ('bottom-up' approach to materiality assessment).

29. (new) With respect to the information to be reported, the undertaking shall:
- apply ESRS 2 *General Disclosures*;
 - (30 amended) about a topic or sub-topic related to its material **impacts, risks** and **opportunities**:
 - apply ESRS 2 *General Disclosures* GDR-P, GDR-A, GDR-M, and GDR-T for **policies, actions, metrics** and **targets**;
 - disclose information for the DRs (including ARs) relevant to the specific topic or sub-topic in the topical standards; and
 - add entity-specific information where necessary under paragraph 11.

30. (new) When a material **impact, risk** or **opportunity** concerns a sub-topic, the undertaking shall report only the material information for that sub-topic concerned.

31. When using ESRS reliefs, the undertaking shall disclose the information prescribed in Sub-Chapters 5.4, 7.3, 7.4, and 7.7.

APPLICATION REQUIREMENTS – ARs

AR 8 for para. 27 (‘Top-down’ approach)	Following a top-down approach, the materiality conclusion can be reached at topic level for combined impacts, risks and opportunities .
AR 9 for paras. 27 - 28 (Combining approaches)	The undertaking may combine a ‘top-down approach’ for some topics with a ‘bottom-up’ analysis for others.
AR 10 for para. 27 (Geographies)	Geographies or geographic contexts can be analysed at different levels (country, region, county, water basin, ecosystem or site) according to their relevance for the assessment.
AR 11 for para. 29 (ESRS 2 <i>General Disclosures</i> DRs)	(new) The DRs in ESRS 2 <i>General Disclosures</i> are fundamental in nature and therefore likely to result in material information for all undertakings.

3.1.3. Bases for assessing materiality

32. (AR 17 amended) In its **double materiality** assessment, the undertaking:
- shall use reasonable and supportable evidence available to the undertaking at the reporting date without undue cost or effort (see Chapter 7.4);
 - it is not required to assess every possible **impact, risk** or **opportunity** across all areas of its operations and upstream and downstream value chain, but (39 amended) shall focus on areas where material impacts, risks or opportunities are deemed likely to arise based on the undertaking’s strategy and **business model, geographies, sectors, business relationships**, nature of the activities, or other factors.
33. (new) For **geographies** identified under paragraph 32(b), the undertaking shall consider the specific context to assess the **materiality of impacts, risks, or opportunities**.
34. (new) The undertaking may be able to conduct the **materiality** assessment regarding upstream and downstream value chain without direct input from value chain actors, using instead average regional data, sector data or generally available information about the existence of **impacts, risks** and **opportunities** in the context in question.

APPLICATION REQUIREMENTS – ARs

AR 12 for para. 32 (Reasonable and supportable information and identifying impacts, risks and opportunities)	<p>In accordance with the use of reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort (Chapter 7.4):</p> <ul style="list-style-type: none"> (a) the use of quantitative information or quantitative scoring is not required in all cases. A qualitative analysis may be sufficient for the undertaking to reasonably conclude on materiality of impacts, risks or opportunities related to a given topic; and (b) the undertaking is not required to perform an exhaustive search for information to identify material impacts, risks or opportunities.
AR 13 for para. 32 (Usual internal and external sources)	<p>(new) The undertaking may consider the following usual internal and external sources to support the materiality assessment: the undertaking's sustainability due diligence and general risk management processes; its engagement with affected stakeholders; peer experience; reports and statistics, scientific data, and expert advice.</p>
AR 14 for para. 32 (Time horizon and characteristics of severity)	<p>When conducting its materiality assessment (see paragraphs 27 and 32), the undertaking need not analyse:</p> <ul style="list-style-type: none"> (a) separately each characteristic of severity (see Chapter 3.2.1), unless further assessment is necessary, such as when the conclusion of the analysis of severity on that basis is unclear; and (b) every time horizon for each impact, risk or opportunity, unless further assessment is necessary, such as when the undertaking expects that the impact, risk or opportunity evolves overtime.
AR 15 for para. 33 (Level of materiality assessment)	<p>The following paragraphs support the determination of the level at which the materiality assessment takes place. For the determination of the level of aggregation or disaggregation adopted for reporting purposes, see Chapter 3.3.2.</p> <p>For environmental topics, factors that influence the existence of negative impacts in a specific context of the geography include, among others: local air, water and soil quality; water availability in water-risk areas; and presence of threatened species and ecosystems in biodiversity-sensitive areas.</p> <p>As it relates to nature-related impacts and dependencies, the first three steps of the LEAP approach (locate, evaluate, assess) provide a valuable reference for how to:</p> <ul style="list-style-type: none"> (a) locate where, within own operations and upstream and downstream value chain, interfaces with nature occur; (b) evaluate the related dependencies and impacts; and (c) assess the associated risks or opportunities. <p>For social topics, factors that influence the existence of negative impacts in a specific context of the geography include, among others: conflict-affected and high-risk areas, and the presence of vulnerable populations such as Indigenous people or migrant workers.</p>

3.1.4. Periodicity of the double materiality assessment

35. (new) At each reporting date, the undertaking shall consider whether significant changes have occurred that could affect the conclusions of the **materiality** assessment conducted in previous reporting periods. If such changes are identified, the undertaking shall review and update the assessment. Changes may relate to the undertaking's activities, structure, **business relationships**, understanding of **impacts, risks or opportunities**, assessment methodologies, or the external environment.

3.2. Double materiality assessment: Impact materiality and financial materiality

36. **Double materiality** has two dimensions: **impact materiality** and **financial materiality** and the undertaking shall consider how they interact. An **impact** can be financially material from the start or become financially material, when it is reasonably expected to affect the undertaking's financial performance, financial position, cash flows, its access to finance or the cost of capital over the short, medium or long term. Impacts can be material exclusively from an impact perspective, irrespective of whether they are financially material.
37. In general, the starting point is the assessment of **impacts**. The undertaking shall as well evaluate whether there are material **risks** or **opportunities** that are not related to the undertaking's impacts, such as **physical risks**.
38. (42 amended) The undertaking shall determine which **impacts, risks** or **opportunities** are material, based on the criteria in Chapters 3.2.1 and 3.2.2, and supported by appropriate qualitative considerations and quantitative thresholds.

3.2.1. Impact materiality assessment

39. The **impact materiality** assessment identifies the undertaking's material impacts.
40. The undertaking shall report information about a given **topic** from an **impact** perspective if that topic relates to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short, medium or long term. Impacts include those connected with the undertaking's own operations and its upstream and downstream value chain, including through its **products** and services, as well as through its **business relationships** in its upstream and downstream value chain. Business relationships are not limited to direct contractual relationships.
41. (45 amended) For actual negative **impacts, materiality** shall be assessed based on the severity of the impact. For potential negative impacts, it shall be assessed based on a combination of severity and likelihood. Severity shall be assessed based on the following factors: scale, scope and irremediable character of the impact. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.
42. (46) For actual positive **impacts, materiality** shall be assessed based on the scale and scope of the impact. For potential positive impacts, materiality shall be assessed based on the scale, scope and likelihood of the impact.
43. (24 amended) The results of engagement with affected **stakeholders** carried out in the context of ongoing sustainability due diligence activities is a key input to the **impact materiality** assessment. Affected stakeholders are individuals or groups whose interests are affected or could be affected by the undertaking's activities and its direct and indirect **business relationships** in its upstream and downstream value chain. Civil society, non-governmental organisations and trade unions as users can be proxies for affected stakeholders.
44. (new) The following applies in determining how to consider prevention, mitigation and remediation **policies** and **actions** in the **materiality** assessment:
- (a) the severity of actual negative **impacts** – those that manifest during the reporting year - shall be assessed as they actually manifested during the reporting year. **Actual impacts** include those that have originated in the previous reporting periods and continue to exist in the current reporting period. Their severity is assessed based on the current reporting period, i.e. taking into account

- how they were mitigated in the previous periods. **Remediation** of impacts realised during the reporting period shall not be considered;
- (b) the severity and likelihood of potential negative **impacts** – those that may manifest in the future - shall be assessed taking into account only implemented prevention and mitigation **policies** and **actions** if those policies and actions can reasonably be assumed to effectively reduce the severity or likelihood. Actions or policies that have not yet been implemented shall not be considered; and
 - (c) the information about **impacts** and how the undertaking manages them through **policies** and **actions** may be decision-useful to **users**, irrespective of how effectively the undertaking manages them or irrespective of how effectively the corresponding **topics** are regulated. In these cases, the materiality assessment needs to take this into account.
45. (new) Positive **impacts** shall be assessed on their own, without netting against negative **impacts**. The results of prevention, mitigation or **remediation actions** to address negative impacts the undertaking is connected to, or compliance with law and regulation, are not positive impacts. Positive impacts include effects of the undertaking's business activities, **products** or services that mitigate or remediate another party's negative impacts, when the undertaking is not connected to those impacts.

APPLICATION REQUIREMENTS – ARs

AR 16 for paras. 39 - 40 (Examples of impacts connected)	<p>(AR 12) The following are two examples of impacts that are connected with the undertaking:</p> <ul style="list-style-type: none"> (a) if the undertaking uses cobalt in its products, that is mined by using child labour, the negative impact that arises is connected with the undertaking's products through the tiers of business relationships in its upstream value chain. These business relationships include the suppliers, the smelter and minerals trader and the mining enterprise that uses child labour; and (b) if the undertaking provides financial loans to an undertaking for business activities that, in breach of agreed environmental standards, result in the contamination of water and land surrounding the operations, this negative impact is connected with the undertaking through its relationship with the undertaking it provides the loans to.
AR 17 for paras. 39 - 40 (Qualitative considerations and quantitative thresholds)	<p>(new) In the 'top-down' approach, qualitative considerations may be sufficient to derive a conclusion on materiality. In a 'bottom-up' approach the undertaking may use either qualitative considerations or quantitative thresholds, depending on the nature of the impact, available data and other circumstances.</p>
AR 18 for paras. 39 - 40 (Steps in the impact materiality assessment)	<p>(AR 9) The undertaking shall consider the following steps in impact materiality assessment:</p> <ul style="list-style-type: none"> (a) understand (activities, business relationships and stakeholders); (b) identify actual and potential impacts (negative and positive); and (c) assess the materiality of actual and potential impacts and determine the topics to be reported, based on the outcome of the assessment.

AR 19 for paras. 39 - 40 (Terms used in other reporting frameworks)	<p>(42) The term ‘most significant impacts’ is used in some existing reporting frameworks to refer to impacts that are described in ESRS as ‘material impacts’.</p>
AR 20 for para. 41 (Scale, scope and irremediable character)	<p>(AR 10) The severity of an impact is assessed based on its scale, scope and irremediable character:</p> <ul style="list-style-type: none"> (a) scale: how serious the negative impact is or how beneficial the positive impact is for people or the environment; (b) scope: how widespread the negative or positive impacts are. In the case of environmental impacts, ‘scope’ may be understood as the extent of environmental damage or as a geographical perimeter. In the case of impacts on people, ‘scope’ may be understood as the number of people negatively affected; and (c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e. by restoring the environment or affected people to their prior state. <p>(AR 11) Any of the three characteristics (scale, scope and irremediable character) can make a negative impact severe.</p>
AR 21 for para. 43 (Stakeholders)	<p>(AR 6) The typical categories of affected stakeholders of an undertaking are: workers and workers' representatives in the undertaking’s own workforce and in its upstream and downstream value chains, communities affected by its business operations or upstream and downstream value chain activities, and consumers and end-users of its products and services. Consideration of affected stakeholders requires particular attention to the stakeholders within these categories who are in particularly vulnerable situations.</p> <p>(AR 7) Nature may be considered a silent affected stakeholder.</p>
AR 22 for para. 43 (Engagement with affected stakeholders)	<p>(24 and AR 8 amended) If the undertaking engages with affected stakeholders as part of its due diligence process (if any) to identify, assess and address negative impacts, the results of this engagement provide a valuable input to its materiality assessment, without necessarily putting in place a separate engagement process for the materiality assessment. However, the undertaking may also seek direct input into its materiality assessment from affected stakeholders or their representatives (such as employee representatives or trade unions), as well as users of sustainability reporting and other experts. This includes feedback on the undertaking’s conclusions regarding the identification of material impacts, risks or opportunities, as well as regarding the topics to be reported.</p>
AR 23 for para. 43 (Workers' representatives)	<p>(new) In accordance with the Accounting Directive (Directive 2013/34/EU of the European Parliament and of the Council), as amended by the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council), the management of the undertaking shall inform workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. Such a process and, where applicable, the related communication to the relevant administrative, management and supervisory bodies constitute a valuable element of engagement with stakeholders.</p>
AR 24 for para. 44(a)	<p>(new) As an illustration, for the consideration of implemented policies and actions in the materiality assessment in relation to paragraph 44(a), when an oil spill occurs, the effort to contain the spill is considered as mitigation, while</p>

(Consideration of implemented policies and actions)	the repair of the damage or harm that was caused by the spill is considered as remediation .
AR 25 for para. 44(b) (Policy in isolation)	(new) If a policy implies future actions to ensure that it is effective in reducing severity or likelihood, the existence of that policy and of the related future actions shall not be considered in assessing the materiality of impacts .
AR 26 for para. 44(c)	In the cases described in paragraph 44(c), the undertaking shall adapt its approach to the materiality assessment as appropriate to meet the information needs of users, as described in paragraph 23.

3.2.2. Financial materiality assessment

46. (48 amended) The **financial materiality** assessment corresponds to the identification of information that is considered material for primary **users** of general-purpose financial reports in making decisions relating to providing resources to the undertaking (see paragraph 23(a)).
47. (47 and 49 amended) The scope of **financial materiality** for sustainability reporting is an expansion of the scope of **materiality** used in the process of determining which information shall be included in the undertaking's financial statements on the basis of the applicable recognition and measurement rules. The financial materiality of a **topic** is not limited to material **risks** or **opportunities** affecting entities that are within the control of the undertaking, but includes information on material risks and opportunities attributable to **business relationships** in the upstream and downstream value chain (see paragraph 63).
48. The undertaking shall report information on a **topic** from a **financial materiality** perspective, if it triggers, or could reasonably be expected to trigger, material **financial effects**. This is the case when the **risks** or **opportunities** related to a topic have, or could reasonably be expected to have, a material influence on its development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term.
49. **Risks** and **opportunities** may arise from past or future events. Material risks and opportunities arise from the undertaking's:
- (a) material **impacts** identified in the **impact materiality** assessment;
 - (b) **dependencies** on natural, human and social resources; and
 - (c) other factors, such as exposure to climate hazards or regulatory changes addressing **systemic risks**.
50. (40 amended) When identifying **risks** and **opportunities**, the undertaking shall consider **dependencies** as sources of **financial effects**, either in terms of cash flows or in terms of resources not recognised in financial statements. Dependencies may be sources of risks or opportunities regardless of **potential impacts** on the natural, human and social resources relied on.
51. (51) The **materiality of risks** and **opportunities** is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the **financial effects**.

APPLICATION REQUIREMENTS – ARs

AR 27 for para. 49 (Internal risk management)	(new) The internal risk management framework is a valuable input to materiality assessment of risks and opportunities . For credit institutions and insurance undertakings, consistency is expected with the applicable prudential regulatory frameworks.
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AR 28 for para. 49 (Dependencies)	<p>(50 amended) Dependencies may affect:</p> <ul style="list-style-type: none"> (a) the undertaking's ability to use or obtain the resources needed in its business processes; (b) the quality and pricing of those resources; or (c) the ability to rely on acceptable terms in relationships needed for business processes.
AR 29 for para. 49 (Contribution to financial effects)	<p>(AR 15) When assessing materiality of risks and opportunities, the undertaking shall consider their contribution to financial effects over short, medium and long term using:</p> <ul style="list-style-type: none"> (a) likely scenarios/forecasts; and (b) anticipated financial effects that are not (or are not yet) reflected in financial statements and arise from material risks and opportunities. This may derive from situations that do not yet lead to the recognition of assets and liabilities or income and expenses in financial statements in accordance with the accounting recognition criteria.

3.3 Specific circumstances

3.3.1 Material impacts or risks arising from actions to address impacts or risks related to other topics

52. (52 amended) The **materiality** assessment may identify situations where the undertaking's **actions** taken to address certain **impacts**, **risks**, or **opportunities**, related to one **topic** may create material negative impacts or material risks for one or more other topics. In such situations, the undertaking shall present its disclosure in a way that facilitates the understanding of the connections between different topics.

APPLICATION REQUIREMENTS – Ars

AR 30 for para. 52 (Impacts or risks arising from actions)	<p>(53) The following is an illustration of such situations. The climate-mitigation transition plan results in negative material impacts or risks related to own workforce. To promote connected information (see Chapter 9.2), the undertaking:</p> <ul style="list-style-type: none"> (a) discloses under own workforce the material negative impacts or risks resulting from the transition plan, including the actions that cause them, with a cross-reference to the climate disclosure; and (b) provides a description in the climate disclosure of how the climate-related material negative impacts or risks are addressed.
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3.3.2 Level of aggregation and disaggregation

53. (54 amended) The undertaking shall aggregate or disaggregate the information in a way that reflects the level at which significant variations of material **impacts**, **risks** or **opportunities** arise, such as by **topic**, sector, subsidiary, **geography**, asset. The undertaking shall consider relevant facts and circumstances to determine the level of aggregation that supports faithful representation of its impacts, risks or opportunities.

54. (56 amended) The undertaking shall ensure that the level of aggregation and disaggregation does not obscure material information.

55. (55) The disaggregation used to present a given disclosure shall reflect the level that provides the most relevant information to **users**, i.e. **topic**, group of **impacts**, **risks** or **opportunities**, individual impact, risk

or opportunity. This should reflect factors such as the nature of the impacts, risks or opportunities in question or the way the undertaking manages them.

56. (102) When reporting at a consolidated level, the undertaking shall carry out the assessment of material **impacts, risks** and **opportunities** for the consolidated group regardless of the group's legal structure. It shall ensure that the activities of its subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities at group level. (103) If the undertaking identifies significant differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries, it shall disaggregate and present information in a way that allows an adequate understanding of the material impacts, risks and opportunities, of the subsidiary or subsidiaries concerned. If a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in the group, the information may be provided at a disaggregated level, covering only the subsidiaries or activities for which the impact, risk or opportunity is relevant (see also the reliefs for **metrics** in paragraph 94).

APPLICATION REQUIREMENTS – ARs

AR 31 for para. 53 (Material geographies)	<p>The undertaking shall consider disaggregating reported information by material geographies (see AR 10) at appropriate level, when the severity of the underlying material impacts is highly dependent on the characteristics of the context of those geographies, or when there are significant differences in the undertaking's activities affecting those geographies.</p> <p>The adopted level of aggregation shall not obscure systemic interactions or drivers of impacts that exist in specific geographic contexts.</p>
AR 32 for para. 54 (Inappropriate level of aggregation)	<p>Information may be obscured where an inappropriate level of aggregation could influence the decision of primary users of general-purpose financial statements or the decisions including assessments of other users of the general-purpose sustainability statements. An inappropriate level of aggregation of impacts, risks and opportunities may result from aggregating those which do not have shared characteristics or disaggregating those which have shared characteristics. Information is obscured when material information is hidden by immaterial information.</p>

4. Due diligence

57. (59) Due diligence is the process by which the undertaking identifies, prevents, mitigates, remediates and brings to an end actual and potential negative **impacts** on people and the environment connected with its business. The description of such a process is available in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Due diligence is an ongoing practice that responds to and may trigger changes in the undertaking's strategy, **business model**, activities, **business relationships**, operating, sourcing and selling contexts.
58. (58 amended) ESRS do not impose any conduct requirements in relation to due diligence, nor do they extend or modify the role of the **administrative, management and supervisory bodies** of the undertaking with regard to the conduct of due diligence. The provisions of ESRS are without prejudice of the provisions of the Corporate Sustainability Due Diligence Directive for undertakings in the scope of it.
59. (58) The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments) informs the assessment of its material negative **impacts**.
60. (60) The international instruments identify a number of steps in the due diligence process. One of these steps is the identification and assessment of negative **impacts** connected with the undertaking's own operations, **products** or services, including through **business relationships** in the undertaking's upstream and downstream value chain. Where the undertaking cannot address all impacts at once, the

due diligence process allows for **action** to be prioritised based on the severity and likelihood of impacts. The impact identification and assessment steps in the due diligence process inform the assessment of material impacts for reporting purposes (see Chapter 3.2.1). The identification of material negative impacts also supports the identification of material sustainability **risks** and **opportunities**, which are often a result of such impacts.

APPLICATION REQUIREMENTS – ARs

AR 33 for para. 60 (Due diligence steps)	<p>(61 amended) The due diligence steps laid out by the international instruments detailed in paragraph 60 are: embedding due diligence in governance, strategy and business model; engaging with affected stakeholders; identifying and assessing negative impacts on people and the environment; taking action to address negative impacts on people and the environment; and tracking the effectiveness of these efforts.</p>
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5. Reporting undertaking and upstream and downstream value chain

5.1. Reporting undertaking and own operations

61. (62 amended) The **sustainability statement** shall be for the same reporting undertaking as for the financial statements. If the parent undertaking prepares consolidated financial statements, the sustainability statement shall be for the parent and its subsidiaries in accordance with the applicable accounting requirements. This does not apply if the undertaking is not required to prepare financial statements or if its consolidated sustainability reporting is prepared in accordance with Article 48(i) of Directive 2013/34/EU.
62. (new) In the case of group reporting, the reporting undertaking usually - except for specific circumstances, such as leasing and assets that are held by the undertaking's long-term employee benefit schemes - considers as part of own operations: the assets, liabilities, revenues and expenses of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirements. Paragraphs 63 to 76 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream value chain. In addition, the undertaking may exclude from the sustainability reporting boundary a subsidiary that has been excluded from the scope of the consolidated financial statements due to its non-materiality from a financial perspective, unless there are specific facts and circumstances that expose the group to **impacts** arising from such subsidiary, that meet the group's **materiality** thresholds.

APPLICATION REQUIREMENTS – ARs

AR 34 for para. 62 (Subsidiary with different reporting period)	<p>(new) When including subsidiaries with different reporting periods in the consolidated sustainability statement, the undertaking may make use of applicable accounting provisions that deal with those circumstances.</p>
AR 35 for para. 62 (Joint operations share)	<p>(new) Without prejudice to the relief in paragraph 93, the undertaking shall classify as 'own operations' the impacts, risks and opportunities connected with the share of its joint operation's assets, liabilities, revenues and expenses recognised in the financial statements.</p>

5.2. Inclusion of upstream and downstream value chain information

63. (63 amended) To the extent necessary for an understanding of the undertaking's material **impacts**, **risks** and **opportunities** and to meet the qualitative characteristics of information (see Appendix B), the reported information shall be extended beyond own operations to cover material impacts, risks and opportunities connected with the undertaking through its direct and indirect **business relationships** in

- the upstream and downstream value chain (value chain information), without prejudice to the relief on acquisitions in Chapter 5.4.
64. (63 amended) The undertaking shall include material upstream and downstream value chain information in accordance with the outcome of its **double materiality** assessment as described in this standard and any specific requirements related to the upstream and downstream value chain in other ESRS.
 65. Applying paragraph 64 does not require information on each and every actor in the upstream and downstream value chain but only the inclusion of material information.
 66. (69 amended) To identify material **impacts, risks or opportunities** that are connected with the undertaking through its **business relationships** in the upstream and downstream value chain, and to report on them, the undertaking may use information collected directly from counterparties in the upstream and downstream value chain, or it may use estimates, depending on practicability and reliability considerations related to the necessary input. When developing estimates, the undertaking may use internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, spend-based data or other proxies.
 67. (67 amended) When applying paragraph 66, the undertaking is not expected to collect from other undertakings in its upstream and downstream value chain information that exceeds any limits set by relevant EU law and regulation. This limitation also applies to non-EU undertakings in the upstream and downstream value chain of the reporting undertaking.
 68. (64 amended) Different **impacts, risks or opportunities** can be material in relation to different parts of the undertaking's upstream and downstream value chain.
 69. (71 amended) The information reported about **policies, actions and targets** shall include upstream or downstream value chain information only to the extent that the value chain is within the scope of the undertaking's policies, actions and targets.
 70. (new) Investments, including shareholding positions in associates and joint ventures, are treated as **business relationships**.
 71. (67 amended) Without prejudice to the relief in paragraph 93, in some cases, associates or joint ventures that are accounted for under the equity method are also part of the undertaking's upstream and downstream value chain beyond the shareholding relationship, such as when they are also **suppliers** or customers. In these cases, the undertaking shall disclose information related to these supply or customer relationship, in accordance with paragraph 63, consistent with the approach adopted for similar **business relationships**. In these cases, when determining **metrics**, the data of the associate or joint venture is not limited to the share of equity held, but it shall reflect the **impacts, risks and opportunities** that are connected with the undertaking through the supply or customer relationship. This means that the undertaking considers both its relationship as investor in the associate or joint venture and its supply or customer relationship with them.

APPLICATION REQUIREMENTS – ARs

AR 36 for para. 63 (Metrics and value chain)	(new) The undertaking is required to include entity-specific metrics to cover its upstream and downstream value chain, when this is necessary in accordance with paragraph 11, as the metrics defined in ESRS topical standards only cover own operations, with the exception of GHG emissions (ESRS E1-8).
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5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain

72. (new) **Impacts, risks and opportunities** relating to a leased asset might have different sources, depending on whether they result from the use of the asset or from its ownership. The lessee is using the leased asset, and shall report the impacts connected with the use of the asset in its own operations during the lease period. The lessor provides the right to use the asset to the lessee, and shall reports

the impacts connected with the use of the asset as part of its downstream value chain. Whether risks and opportunities relating to a leased asset, as well as impacts other than those connected with the use of the leased asset, accrue to the lessor or the lessee depends on the provisions of the lease contract, which should be reflected in the reported information.

73. (new) The **impacts, risks** or **opportunities** arising from assets that are held by the undertaking's long-term employee benefit schemes are connected with the undertaking through its **business relationships** in the **value chain**.
74. (new) The provisions of paragraph 72 and 73 take precedence over topical standards including over the provisions in ESRS E1-8.

APPLICATION REQUIREMENTS – ARs

AR 37 for para. 72 (Leased assets)	(new) For example, the lessor is not the one causing pollution , using energy or consuming water in a leased factory, but rather the lessee. The lessee therefore assesses the material impacts connected with the use of the leased assets in its own operations.
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5.4. Relief for acquisitions and disposals

75. (new) If the undertaking acquires a subsidiary or a business in the reporting period, it may defer the inclusion of the subsidiary or business in the **materiality assessment** and in the **sustainability statement** to the subsequent reporting period. If the undertaking loses control over a subsidiary or business in the reporting period, it may adjust the scope of the materiality assessment and the reporting boundary as from the beginning of the current reporting period.
76. (new) If the undertaking uses the relief of paragraph 75, it shall use available information to disclose significant events that affected during the reporting period the subsidiary or business acquired or sold since acquisition or until disposal, if this has an effect on the group's exposure to material **impacts, risks** and **opportunities**.

6. Reporting period, base year and time horizons

6.1. Reporting period and base year

77. (73 amended) The reporting period for the undertaking's **sustainability statement** – including for the calculation of **metrics** – shall be consistent with that of its financial statements.
78. (75) A base year is the historical reference date or period for which information is available and against which subsequent information can be compared over time.
79. (76) The undertaking shall present comparative information in respect of the base year for **metrics** reported in the current period when reporting progress towards a **target** unless the relevant DR specifically requires otherwise. If milestones between the base year and the reporting period have been reached, reporting about these achievements is useful contextual information.

6.2. Time horizon: definition of short, medium and long term for reporting purposes

80. (77) When preparing its **sustainability statement**, the undertaking shall adopt the following time intervals as of the end of the reporting period:
 - (a) short-term time horizon: the length of the period adopted for its financial statements;
 - (b) medium-term time horizon: from the end of the short-term period up to five years; and
 - (c) long-term time horizon: more than five years.
81. (78) The undertaking shall use additional breakdowns for a long-term time horizon if **impacts** or **actions** are expected over a period longer than five years as adding such a breakdown provides relevant information.

82. (80) The undertaking may adopt a different definition for medium- or long-term time horizons if the use of medium- or long-term horizons defined in paragraph 80 results in non-relevant information. This may happen if the undertaking uses a different definition for (a) its processes of identification and management of material **impacts, risks and opportunities** or (b) its **actions** and **targets**. These circumstances may be due to industry-specific characteristics, such as cash flow and business cycles or planning horizons typically used in the sector for decision-making, the expected duration of capital investments, the time horizons over which **users** conduct their assessments.
83. (81) References to ‘short term’, ‘medium term’ and ‘long term’ in ESRS refer to time horizons as determined by the undertaking in accordance with the provisions in paragraphs 80–82.

7. Preparation of sustainability information

7.1. Comparative information

84. (83) The undertaking shall disclose comparative information in respect of the previous period for all quantitative **metrics** and amounts. If relevant to an understanding of the current period’s **sustainability statement**, it is also required to disclose comparative information for narrative disclosures.
85. (95) The definition and calculation of **metrics**, including metrics used to set **targets** and monitor progress towards those targets, shall be consistent over time. The undertaking shall provide contextual information and revised comparative figures unless it is **impracticable** to do so if it has:
 - (a) redefined or replaced a metric or target; or
 - (b) identified new information in relation to the estimated figures disclosed in the preceding period, and the new information provides evidence of circumstances that existed in the preceding period.
86. (85 amended) If it is **impracticable** to revise comparative information for **metrics** for one or more prior periods, the undertaking shall disclose this fact.
87. (86) When an ESRS requires the undertaking to present more than one comparative period for a **metric** or datapoint, the requirements of that ESRS shall prevail.
88. (84 amended) For **metrics** and monetary amounts:
 - (a) if the undertaking reports comparative amounts that significantly differ from the information reported in the previous period, it shall provide the reasons for the change and the difference between the amounts reported in the previous period and the revised amounts;
 - (b) if the undertaking reports on a **topic** or on material **impacts, risks and opportunities** for the first time, it is not required to present comparative information related to them in the current reporting period (i.e. if they have not been reported in prior **sustainability statements** of the undertaking); and
 - (c) without prejudice to the relief on acquisitions (see Chapter 5.4), when necessary to provide an understanding of progress towards meeting a **target** following a major acquisition or disposal, the undertaking shall describe how the transaction affects the progress towards meeting the target.

APPLICATION REQUIREMENTS – ARs

AR 38 for para. 85(b) (Revise comparatives)	(new) The undertaking is not required to revise the comparative figure for new information received, if the revised comparatives do not provide useful information, such as when the estimation methodology for the relevant metric relies systematically at the reporting date on an input of the previous period.
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7.2. Judgement, measurement uncertainty and outcome uncertainty

89. (88 amended) The undertaking shall disclose information to enable **users** to understand:
 - (a) the judgements it makes that have the most significant effect on the reported information;

- (b) the significant uncertainties affecting the information presented, including whether it relies on estimates; and
 - (c) significant assumptions and limitations in the estimates.
90. (91) Some ESRS require the disclosure of information that have uncertain outcomes, such as explanations about possible future events. In judging whether information about such possible future events is material, the undertaking shall refer to the criteria in Chapter 3.2.2 and consider:
- (a) the ***anticipated financial effects*** of the events (the possible outcomes);
 - (b) the severity and likelihood of the ***potential impacts*** on people or the environment resulting from possible future events; and
 - (c) the range of possible outcomes and the likelihood of the possible outcomes within that range.

APPLICATION REQUIREMENTS – ARs

AR 39 for para. 89 (About judgements)	<p>(26) In preparing its <i>sustainability statement</i>, the undertaking makes various judgements, beyond those involving estimations, that can significantly affect the reported information, such as when:</p> <ul style="list-style-type: none"> (a) identifying material information to include in the sustainability statement (see paragraph 23); and (b) identifying material <i>impacts, risks or opportunities</i>, associating them to the relevant <i>topic(s)</i>, and assessing whether an update of the <i>materiality</i> assessment is necessary (see Chapter 3).
AR 40 for para. 89 (Use of reasonable and supportable assumptions and estimates)	<p>(89) The use of reasonable estimates, including when developing <i>scenario</i> or sensitivity analysis, is an essential part of preparing the undertaking's <i>sustainability statement</i>. It does not undermine the usefulness of that information provided that the significant assumptions and estimates are explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B).</p>
AR 41 for para. 89 (Use of reasonable and supportable assumptions and estimates)	<p>(new) The requirement in paragraph 89 relates to the estimates that require the most difficult, subjective or complex judgements.</p>

7.3. Reliefs for preparing the ESRS sustainability statement

91. (new) The undertaking may exclude activities from ***metric*** calculations if, due to their nature, they are not a significant driver of the ***impacts, risks or opportunities*** that the metric purports to represent, and if their exclusion from the calculation is not expected to impair the relevance and faithful representation of the reported information. The undertaking shall disclose if this relief is used and include any relevant information to enable ***users*** to understand the scope limitations resulting from it.
92. (new) Except when reporting ESRS E1-8 metrics, if the undertaking can provide without incurring undue cost or effort reliable direct or estimated data only for an objectively defined part of its own operations or its upstream or downstream value chain, it shall disclose that it has identified material ***impacts, risks or opportunities*** but that the corresponding ***metric*** can currently only be reported on a partial reporting scope or for a subset of the ***value chain***. In this circumstance, the undertaking shall disclose the actions it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period. The coverage of reported information is expected to

increase over time, particularly for metrics in own operations. This paragraph applies without prejudice to the applicability of the provisions in Sub-Chapter 7.4.

93. (new) The undertaking may exclude joint operations over which it does not have operational control from the scope of the calculation for environmental **metrics** reported in accordance with ESRS E2 *Pollution*, ESRS E3 *Water*, ESRS E4 *Biodiversity and Ecosystems* and ESRS E5 *Resource Use and Circular Economy*. The undertaking shall disclose if this relief is being used and include any relevant information to allow an understanding of the scope limitations resulting from it. In this circumstance, the undertaking shall disclose the **actions** it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period.

APPLICATION REQUIREMENTS – ARs

AR 42 for para. 92 (Relief and scope 3 GHG emissions)	(new) Within the boundaries of GHG emissions as set in this standard, the provisions for the calculation of scope 3 in the GHG Protocol can be considered in accordance with ESRS E1 <i>Climate Change</i> .
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7.4. Reasonable and supportable information that is available without undue cost or effort

94. (89) The undertaking shall use all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort:
- (a) to identify material **impacts, risks or opportunities**;
 - (b) to determine the scope of its upstream and downstream value chain, including its breadth and composition, in relation to material impacts, risks or opportunities;
 - (c) when extending the information to include upstream and downstream value chain information, as required by paragraph 63;
 - (d) to prepare information on **metrics**; and
 - (e) to report on current and **anticipated financial effects**.
95. (new) The assessment of what constitutes undue cost or effort depends on the undertaking's specific circumstances and requires a balanced consideration of the costs for the undertaking and the benefits of the resulting information for **users**.
96. (new) Reasonable and supportable information that is available to the undertaking without undue cost or effort is subject to reassessment for each reporting period. It reflects the results of the undertaking's past actions to improve data availability or the higher availability of external information. As a result, availability of information is expected to improve over time.

APPLICATION REQUIREMENTS – ARs

AR 43 for para. 94 (Reasonable and supportable information available without undue cost or effort)	<p>(new) Reasonable and supportable information covers factors that are specific to the undertaking, as well as general conditions in the external environment. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.</p> <p>When assessing whether the preparation of a disclosure would involve undue cost or effort at the reporting date, the undertaking shall consider, individually or jointly, criteria such as:</p> <ul style="list-style-type: none"> (a) its size, resources and technical readiness in relation to the scale and complexity of its upstream and downstream value chain; and (b) the availability of tools to access and share information, including digital tools. <p>The undertaking is not required to carry out an exhaustive search for such information.</p> <p>In identifying information that is reasonably available, the undertaking:</p> <ul style="list-style-type: none"> (a) shall use internal and external information that is available to the undertaking at the reporting date, acknowledging that the availability at the reporting date reflects the improvements in data gathering implemented since the previous period; and (b) is expected to consider available without undue cost or effort the information deriving from: <ul style="list-style-type: none"> (i) internal resources, such as: the undertaking's risk management processes; information that is used by the undertaking in preparing its financial statements, operating its business model, setting its strategy, conducting its sustainability due diligence and managing its impacts, risks and opportunities; and (ii) external resources, such as sector or peer group experience, and scientific research.
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7.5. Updating disclosures about events after the end of the reporting period

97. (93) If, after the reporting period but before the management report is authorised for issue, the undertaking receives information providing evidence or insights about conditions that existed at the end of the reporting period, the undertaking shall update its disclosures in light of the new information.
98. (94) The undertaking shall disclose information about material transactions, other events and conditions that occur after the end of the reporting period but before the date on which the management report is authorised for issue and provide narrative information indicating the existence, nature and potential consequences of these post-year events.

7.6. Reporting errors in prior periods

99. (96) The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is **impracticable** to do so. This requirement does not extend to reporting periods before the first year of application of ESRS by the undertaking.
100. (99) Potential reporting period errors discovered in the same reporting period are corrected before the **sustainability statement** is authorised for issue. However, material errors are sometimes not discovered until a subsequent period. In case of material errors discovered in a subsequent period, if it is **impracticable** to determine the effect of an error on all prior periods presented, the undertaking shall restate the comparative information to correct the error from the earliest date practicable.

APPLICATION REQUIREMENTS – ARs

AR 44 for para. 99 (Prior period errors)	<p>(97) Prior period errors are omissions from, and misstatements in, the undertaking's sustainability statement for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that:</p> <ul style="list-style-type: none"> (a) was available when the management report that includes the sustainability statement for those periods was authorised for issue; and (b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports. <p>(98) Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.</p> <p>(101) Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known.</p>
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7.7. Omission of information in accordance with applicable Union law and regulations

101. (new) The undertaking is relieved from disclosing qualitative and quantitative information required by an ESRS if applicable Union law and regulations prohibits the undertaking from disclosing or allows the undertaking to omit such disclosure. If the undertaking omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.
102. (107) If the undertaking omits information in accordance with paragraph 101, it shall comply with the DR in question by disclosing all other required information. (108) The undertaking shall make every reasonable effort to ensure that beyond this omission, the overall relevance of the disclosure in question is not impaired.

APPLICATION REQUIREMENTS – ARs

AR 45 for para. 101 (Member states option)	<p>(105-108) The CSRD leaves to the Member States the option to provide the following relief, which is therefore available to undertakings in Member States that have exercised this option:</p> <p><i>The undertaking may limit information relating to impending developments or matters in the course of negotiation in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, and the impact of its activity.</i></p> <p>If the undertaking elects to use this exemption, disclosing this fact provides useful information.</p>
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7.8. Reporting on material opportunities

103. (109 amended) When reporting on material **opportunities**, the disclosure shall consist of descriptive information allowing **users** to understand the opportunities. The undertaking shall not report general opportunities for the sector but only opportunities that are currently being pursued or incorporated in its general strategy. The provisions on **financial effects** in ESRS 2 *General Disclosures* apply when reporting on material opportunities.

8. Presentation requirements and structure of the sustainability statement

8.1. General presentation requirement, structure and content of the sustainability statement

104. (110 amended) The undertaking shall present all the disclosures required by ESRS within a dedicated section of the management report identified as the undertaking's **sustainability statement** which also includes those incorporated by reference in accordance with Chapter 9.3.

105. (111) Sustainability information shall be presented:

- (a) in a way that allows for clear identification of information required by ESRS from other information included in the management report; and
- (b) under a structure that facilitates access to and understanding of the **sustainability statement** in a format that is both human-readable and machine-readable.

106. (115 amended) The undertaking shall structure its **sustainability statement** in four parts in the following order: general information, environmental information, social information and governance information. It may use appendices or separate sub-parts in accordance with paragraphs 108 – 112.

107. (113 amended) If the undertaking prepares disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations, it is required to include them in its **sustainability statement**, and may do so in a separate appendix within the management report. These disclosures are not subject to the provisions of ESRS, with the exception of this paragraph.

8.2. Presentation of supplementary information included in the sustainability statement

108. (114 amended) The undertaking may include in its **sustainability statement** supplementary information stemming from (i) other legislation which requires it to disclose sustainability information, or (ii) generally accepted reporting standards or frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard setting bodies (such as by the Global Reporting Initiative), even if that information is not material. Such information shall be clearly identified with an appropriate reference to the related legislation, standard or framework.

109. (new) If needed to meet the data demands of a specific **user**, the undertaking may include in its **sustainability statement** supplementary disclosures that are not material. Such information shall be clearly identified as not resulting from the **materiality** assessment.

110. (new) Disclosures made in accordance with paragraphs 108 and 109 shall provide a faithful representation of the aspects they intend to represent and shall be presented in a way that does not obscure material information.

8.3. Options for presenting information across parts of the sustainability statement

111. (new) The undertaking may provide an executive summary in the **sustainability statement** which includes the key messages about its material environmental, social and governance **impacts, risks or opportunities** and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information and is an integral part of the sustainability statement prepared in accordance with the provisions of ESRS. Alternatively, the undertaking may incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference (see Sub-Chapter 9.3).

112. (new) The undertaking may use appendices or separate sub-parts in its **sustainability statement**:

- (a) to present more detailed information related to any of the four parts;
- (b) to facilitate readability with content indices, tables mapping different disclosures or cross-reference tables; and
- (c) to present supplementary information prepared in accordance with Sub-Chapter 8.2 above.

APPLICATION REQUIREMENTS – ARs

AR 46 for para. 111 (Presentation of more detailed information)	(new) The undertaking may use internal references across different parts or subparts (including appendices) in the sustainability statement to facilitate the understanding of linkages that exist between different items of information. These internal references are not incorporation by reference.
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9. Connected information and linkages with other parts of corporate reporting

9.1. Connected information

113. (118 amended) The undertaking shall provide information that enables **users** of its **sustainability statement** to understand the connections:
- (a) within the sustainability statement; and
 - (b) between the sustainability statement and other corporate reporting documents published by the undertaking, including its financial statements.
114. (new) Repeating the same information within the **sustainability statement** may obscure material information and impair the provision of concise and understandable information. If the same information is relevant to more than one DR, the undertaking may present the information where it considers it to be most relevant and cross-refer to that location as appropriate.

APPLICATION REQUIREMENTS – ARs

AR 47 for para. 113(a) (Connections within the sustainability statement)	(new) Connections within the sustainability statement include: <ul style="list-style-type: none"> (a) those between the general disclosures on governance and strategy and the disclosures about a specific topic; and (b) those between the information about material impacts, risks and opportunities in accordance with ESRS 2 <i>General Disclosures</i> (SBM 3 and IRO 2) and the respective policies, actions, targets and metrics.
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9.2. Direct and indirect connectivity with financial statements, including consistency of assumptions

115. (124 amended) If the **sustainability statement** includes monetary amounts or other quantitative information also presented in the undertaking's financial statements, the undertaking shall cross-reference to its financial statements ('direct connectivity').
116. (125 amended) If the **sustainability statement** includes amounts that are an aggregation or part of amounts presented in the undertaking's financial statements ('indirect connectivity'), the undertaking shall explain how these amounts relate to the most relevant ones presented in the financial statements.
117. (90 amended) Data and assumptions used in preparing the **sustainability statement** shall, to the extent possible, be consistent with the corresponding data and assumptions used in preparing the financial statements. To support the understanding of significant data and assumptions, the undertaking shall explain any significant differences in assumptions between those used in preparing the sustainability statements and those used in preparing the financial statements.

APPLICATION REQUIREMENTS – ARs

AR 48 for para. 115 (Currency to be used)	(124) For monetary amounts the undertaking shall use the same currency as in the financial statements.
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9.3. Incorporation by reference

118. (119) Provided that the conditions in paragraph 119 are met, information or a specific datapoint prescribed by a DR may be incorporated in the **sustainability statement** by cross-reference to:
- (a) another section of the management report;
 - (b) the financial statements;
 - (c) the corporate governance statement (if not part of the management report);
 - (d) the remuneration report required by Directive 2007/36/EC of the European Parliament and of the Council;
 - (e) the universal registration document, as referred to in Article 9 of Regulation (EU) 2017/1129; and
 - (f) public disclosures under Regulation (EU) No 575/2013 of the European Parliament and of the Council (Pillar 3 disclosures). In this case, the information shall match the scope of consolidation used for the sustainability statement by complementing the incorporated information with additional elements as necessary.
119. (120 amended) The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 118, provided that the information incorporated by reference:
- (a) constitutes a separate element of information clearly identified in the source document as addressing the relevant ESRS DR or datapoint;
 - (b) is published before or at the same time as the management report;
 - (c) is in the same language as the **sustainability statement**;
 - (d) is subject to at least the same level of assurance as the rest of the sustainability statement. In this case it is not required that the entire document containing the information is subject to assurance; and
 - (e) allows the same technical digitalisation requirements as the other information in the sustainability statement.
120. (121) Provided that the conditions established in paragraph 119 are met, information prescribed by an DR or datapoint may be incorporated in the **sustainability statement** by reference to the undertaking's report prepared in accordance with the EU Eco-Management and Audit Scheme Regulation (EU) No 1221/2009. In this case, the undertaking shall ensure that the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of upstream and downstream value chain information.
121. (122 amended) The undertaking shall consider the overall cohesiveness of the reported information and ensure that the incorporation by reference does not impair the readability of the **sustainability statement**.

10. Transitional provisions

122. (new) Unless otherwise stated, the transitional provisions in this Chapter apply from the first financial year the undertaking is subject to the preparation and publication of a **sustainability statement** as required by Directive 2013/34/EU. Accordingly, earlier voluntary application of ESRS does not limit the use of the reliefs in this chapter and does not trigger the start of the phase-in provisions. In this chapter financial year refers to the reporting period of an undertaking's sustainability statement starting on or after January 1 of the respective year.
123. 'Wave-one' undertakings are those that were scheduled to report on sustainability for the first time for financial year 2024, irrespective of whether the corresponding Member State transposed the Directive (EU) 2022/2464 (CSRD). They are defined in Article 5(2), first subparagraph, point (a), and third subparagraph, point (a), of the CSRD.

10.1. Transitional provision related to Chapter 7.1 Comparative information

124. (136) 'Wave one' undertakings, as defined in paragraph 123, are not required to disclose comparative information as required by Chapter 7.1 for the financial year 2024. Other undertakings that are subject for the first time to reporting under ESRS based on the provisions of the CSRD are not required to disclose comparative information as required by Chapter 7.1 for their first reporting period.

10.2. Transitional provision: List of DRs that are phased in

NOTE TO THE EUROPEAN COMMISSION: CONSIDERING THE CLOSE LINKAGE OF THE PHASING IN FOR UNDERTAKINGS OTHER THAN WAVE 1 UNDERTAKINGS - INCLUDING FUTURE NEW REPORTERS - WITH THE LEVEL 1 PROVISIONS IN COURSE OF NEGOTIATION AND FINALISATION, EFRAG LEAVES TO THE EUROPEAN COMMISSION THE DECISION ON WHICH PHASING IN TREATMENT IS APPROPRIATE FOR THEM. ACCORDINGLY THIS CHAPTER ONLY DEALS WITH WAVE 1 UNDERTAKINGS.

125. (new) 'Wave-one' undertakings may omit in their **sustainability statement**:

- (a) all the DRs of ESRS E4 *Biodiversity and Ecosystems*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities*, and ESRS S4 *Consumers and End-users* for their financial years prior to financial year 2027;
- (b) all information about **anticipated financial effects**, required in paragraph 27 of ESRS 2 *General Disclosures* and in ESRS E1-11 for their financial years prior to financial year 2027, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b).
- (c) quantitative information about **anticipated financial effects**, required in paragraph 27 of ESRS 2 *General Disclosures* and in ESRS E1-11 for their financial years prior to financial year 2030, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b);
- (d) quantitative information related to **substances of concern (SoC)** prescribed by ESRS E2-5, for their financial years prior to financial year 2030; and
- (e) ESRS S1-6, S1-7 for non-EEA countries, S1-10, S1-11, S1-12, S1-13 datapoints paragraph 40(d)(e) and non-employees datapoints, and S1-14 for their financial years prior to financial year 2027.

Appendix A: List of topics

(former AR 16 amended) This Appendix is an integral part of ESRS 1 *General Requirements* and provides non-binding guidance to support the application of provisions in this Standard.

The following table provides the list of topics and sub-topics covered by topical standards as one of the inputs to the ***double materiality*** assessment. The undertaking needs to consider its own specific circumstances when determining the topics or sub-topics to be reported. Where necessary, it shall consider topics or sub-topics not covered by ESRS to develop entity-specific disclosures on material ***impacts, risks*** and ***opportunities***, as described in paragraph 11.

Topics	Sub-topics
Climate Change (ESRS E1)	Climate change mitigation
	Climate change adaptation
	Energy
Pollution (ESRS E2)	Pollution of air
	Pollution of water
	Pollution of soil
	Substances of concern, including substances of very high concern
	Microplastics
Water (ESRS E3)	Water use, which include withdrawal, consumption, discharges and storage
Biodiversity and Ecosystems (ESRS E4)	Drivers of biodiversity and ecosystem change (terrestrial and marine habitat change, invasive species)
	State of species
	The extent and condition of terrestrial and marine ecosystems
	Ecosystem services
Circular Economy and Resource Use (ESRS E5)	Resource inflows
	Resource outflows related to products and services
	Resource outflows (waste)
Own Workforce and Workers in the Value Chain (ESRS S1/S2) (*)	Working conditions (including adequate wages, work-life balance, working time, secure employment, social protection)

	Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining
	Health and safety
	Training and skills development
	Diversity and equal treatment (including gender equality, equal pay for work of equal value, employment and inclusion of people with disabilities, non-discrimination, anti-harassment, measures against violence)
Affected Communities (ESRS S3)	Other labour-related human rights (including child labour, forced labour, privacy and adequate housing, water and sanitation (**))
	Communities' economic, social and cultural rights (including land-related impacts, security-related impacts, adequate housing and food, water and sanitation)
	Communities' civil and political rights (including freedom of expression, freedom of assembly, impacts on human rights defenders)
Consumers and End-users (ESRS S4)	Rights of indigenous peoples (including free, prior and informed consent (FPIC), self-determination, cultural rights)
	Information-related impacts for consumers or users (including privacy, access to information, freedom of expression)
	Personal safety of consumers or end-users (including health and safety, protection of children, security of a person)
Business Conduct (ESRS G1)	Social inclusion of consumers or end-users (including, access to products and services, responsible marketing practices, non-discrimination)
	Corporate culture, including anti-corruption and bribery, the protection of whistle-blowers and animal welfare
	Political influence, including lobbying activities
	Management of relationships with suppliers, including payment practices especially late payment to small- and medium-sized undertakings (SMEs)

(*) Note for ESRS S2 *Workers in the Value Chain*. The level of detail of the **materiality** assessment for workers in the value chain, compared to that performed for own workforce, depends on the type and quality of data available. This can lead to different levels of depth and granularity in the analysis — especially for impacts and risks in the upstream/downstream value chain. As a result, while sub-topics under ESRS S1 *Own Workforce* and ESRS S2 *Workers in the Value chain* are aligned, the way the undertaking considers and assesses negative impacts and risks may differ between them.

(**) 'Water and sanitation' is applicable to ESRS S2 *Workers in the value chain*.

Appendix B: Qualitative characteristics of information

This Appendix is an integral part of ESRS 1 *General Requirements* and has the same authority as the other parts of the Standard. This Appendix defines the qualitative characteristics that the information presented in the **sustainability statement** prepared in accordance with ESRS shall meet, as outlined in Chapter 2 of ESRS 1 *General Requirements*.

Relevance

QC1. Sustainability information is relevant when it may make a difference in the decisions of **users** under a **double materiality** approach (see Chapter 3).

QC2. Information may make a difference in a decision even if some **users** choose not to take advantage of it or are already aware of it from other sources. Sustainability information may **impact** decisions of users if it has predictive value, confirmatory value or both. Information has predictive value if it can be used as an input to processes employed by users to predict future outcomes. Sustainability information need not be a prediction or forecast to have predictive value but rather has predictive value when employed by users in making their own predictions.

QC3. Information has confirmatory value when it provides feedback about (confirms or changes) previous evaluations.

QC4. **Materiality** is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates, as assessed in the context of the undertaking's sustainability reporting (see Chapter 3).

Faithful representation

QC5. To be useful, the information must not only represent relevant phenomena; it must also faithfully represent the substance of the phenomena that it purports to represent. Faithful representation requires information to be (a) complete, (b) neutral and (c) accurate.

QC6. A complete depiction of an **impact**, a **risk** or an **opportunity** includes all material information necessary for the **users** to understand that impact, risk or opportunity. This includes how the undertaking has adapted its strategy, risk management and governance in response to that impact, risk or opportunity, as well as the **policies** and **actions** in place to manage it, and **metrics** identified to set **targets** and measure performance.

QC7. A neutral depiction is without bias in its selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that the **users** will receive that information favourably or unfavourably. It shall be balanced so as to cover favourable/positive and unfavourable/negative aspects. Both negative and positive material **impacts** from an **impact materiality** perspective as well as material **risks** and **opportunities** from a **financial materiality** perspective shall receive equal attention. Any aspirational sustainability information, for example, **targets** or plans, shall cover both aspirations and factors that could prevent the undertaking from achieving these aspirations in order to have a neutral depiction.

QC8. Neutrality is supported by the exercise of prudence, i.e. caution when making judgements under conditions of uncertainty. Information shall not be netted or compensated to be neutral. The exercise of prudence means that **opportunities** are not overstated and **risks** are not understated. Equally, the exercise of prudence does not allow for the understatement of opportunities or the overstatement of risks. The undertaking may present net information, in addition to gross values, if such presentation does not obscure relevant information and includes a clear explanation about the effects of the netting and the reasons for the netting.

QC9. Information can be accurate without being perfectly precise in all respects. Accurate information implies that the undertaking has implemented adequate processes and internal controls to avoid material errors or material misstatements. As such, estimates shall be presented with a clear emphasis on their possible limitations and associated uncertainty (see Chapter 7.2). The amount of precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the **topics** it addresses. For example, accuracy requires that:

- (a) factual information is free from material error;
- (b) descriptions are precise;

- (c) estimates, approximations and forecasts are clearly identified as such;
- (d) no material errors have been made in selecting and applying an appropriate process for developing an estimate, approximation or forecast, and that the inputs to that process are reasonable and supportable;
- (e) assertions are reasonable and based on information of sufficient quality and quantity; and
- (f) information about judgements about the future faithfully reflect both those judgements and the information on which they are based.

Comparability

QC10. Sustainability information is comparable when it can be compared with information provided by the undertaking in previous periods and can be compared with information provided by other undertakings, in particular those with similar activities or operating within the same sector. A point of reference for comparison can be a **target**, a baseline, a sector benchmark, comparable information from either other undertakings or from an internationally recognised organisation, etc..

QC11. Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for the same **topic** from period to period by the undertaking and other undertakings. Consistency helps to achieve the goal of comparability.

QC12. Comparability is not uniformity. For information to be comparable, like components shall look alike and different components shall look different. Comparability of sustainability information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.

Verifiability

QC13. Verifiability helps to give **users** confidence that information is complete, neutral and accurate. Sustainability information is verifiable if it is possible to corroborate the information itself or the inputs used to derive it.

QC14. Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Sustainability information shall be provided in a way that enhances its verifiability, for example, by:

- (a) including information that can be corroborated by comparing it with other information available to **users** about the undertaking's business, about other businesses or about the external environment;
- (b) providing information about inputs and methods of calculation used to produce estimates or approximations; and
- (c) providing information reviewed and agreed by the **administrative, management and supervisory bodies** or their committees.

QC15. Some sustainability information will be in the form of explanations or forward-looking information. Those disclosures can be supportable by faithfully representing on a factual basis, for example, the strategies, plans and risk analyses of the undertaking. To help **users** decide whether to use such information, the undertaking shall describe the underlying assumptions and methods of producing the information as well as other factors that provide evidence reflecting the actual plans or decisions made by the undertaking.

Understandability

QC16. Sustainability information is understandable when it is clear and concise. Understandable information enables any reasonably knowledgeable **user** to readily comprehend the information being communicated.

QC17. For sustainability disclosures to be concise, they need to (a) avoid generic 'boilerplate' information, which is not specific to the undertaking; (b) avoid unnecessary duplication of information, including information also provided in financial statements; and (c) use clear language and well-structured sentences and paragraphs. Disclosures are concise if they include only material information. Supplementary information presented pursuant to Sub-Chapter 8.2 shall be provided in a way that avoids obscuring material information

QC18. Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains relatively unchanged from one period to the next. This can be done, for example, by separately describing features of the undertaking's sustainability-related governance

and risk management processes that have changed since the previous reporting period compared to those that remain unchanged.

QC19. The completeness, clarity and comparability of sustainability disclosures all rely on information being presented as a coherent whole. For sustainability disclosures to be coherent, they shall be presented in a way that explains the context and the connections between the related information. Coherence also requires the undertaking to provide information in a way that allows **users** to relate information about its **impacts, risks and opportunities** to information in the undertaking's financial statements.

QC20. If **risks** and **opportunities** discussed in the financial statements have implications for sustainability reporting, the undertaking shall include in the **sustainability statement** the information necessary for **users** to assess those implications and present appropriate links to the financial statements (see Chapter 9). The level of information, granularity and technicality shall be aligned with the needs and expectations of users. Abbreviations shall be avoided and the units of measure need to be defined and disclosed.



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DRAFT

ESRS 2

GENERAL DISCLOSURES

NOVEMBER 2025



Table of contents

OBJECTIVE.....	3
DISCLOSURE REQUIREMENTS.....	3
<i>Disclosure Requirement BP-1 – Basis for preparation of the sustainability statement</i>	<i>3</i>
<i>Disclosure Requirement BP-2 – Specific information if the undertaking uses phasing-in options.....</i>	<i>4</i>
GOVERNANCE	4
<i>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies in relation to sustainability.....</i>	<i>5</i>
<i>Disclosure Requirement GOV-2 – Integration of sustainability-related performance in incentive schemes.....</i>	<i>6</i>
<i>Disclosure Requirement GOV-3 – Statement on due diligence</i>	<i>6</i>
<i>Disclosure Requirement GOV-4 – Risk management and internal controls over sustainability reporting.....</i>	<i>6</i>
STRATEGY.....	6
<i>Disclosure Requirement SBM-1 – Strategy, business model and value chain.....</i>	<i>6</i>
<i>Disclosure Requirement SBM-2 – Interests and views of stakeholders</i>	<i>8</i>
<i>Disclosure Requirement SBM-3 – Interaction of material impacts risks and opportunities with strategy and business model, and financial effects</i>	<i>8</i>
<i>Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported</i>	<i>10</i>
<i>Disclosure Requirement IRO-2 – Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement.....</i>	<i>11</i>
GENERAL DISCLOSURE REQUIREMENTS ('GDR') FOR POLICIES, ACTIONS, METRICS AND TARGETS.....	12
<i>General Disclosure Requirement for policies – GDR-P</i>	<i>13</i>
<i>General Disclosure Requirement for actions and resources – GDR-A</i>	<i>14</i>
<i>General Disclosure Requirement for metrics – GDR-M</i>	<i>15</i>
<i>General Disclosure Requirement for targets – GDR-T.....</i>	<i>16</i>
APPENDIX A: LIST OF DATAPoints IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION.....	18
Table 1: Datapoints in the main body of the Standard	18
Table 2: Methodological specifications in AR corresponding to EU legislation	25

Objective

1. (1) ESRS 2 *General Disclosures* sets out the Disclosure Requirements (DRs) that apply across sustainability **topics** (i.e. cross-cutting). It covers the reporting areas defined in ESRS 1 *General Requirements*, paragraph 5.
2. (new) The undertaking shall apply the DRs defined in this Standard when providing information on material **impacts, risks** and **opportunities** and the **topics** related to them and present such information in accordance with ESRS 1 *General Requirements*, paragraph 55.

Disclosure Requirements

Disclosure Requirement BP-1 – Basis for preparation of the sustainability statement

3. (4 and 7 amended) The objective of this DR is to enable an understanding of the basis for preparation of the **sustainability statement**, including the disclosures required by ESRS 1 *General Requirements* in specific circumstances.
4. (5 amended) The undertaking shall disclose:
 - (a) whether the **sustainability statement** has been prepared on a consolidated or individual basis and in case the reporting boundary of the undertaking's own operations differs from the one adopted in the consolidated financial statements, a description of and the reasons for this difference; and
 - (b) an overview of the extent to which the sustainability statement covers the undertaking's upstream and downstream value chain.
5. The undertaking shall state that its **sustainability statement** has been prepared in accordance with ESRS as applicable at the end of the reporting period.
6. The undertaking shall disclose any relief, option or other specific provision prescribed in ESRS 1 *General Requirements* that it applies, together with the related required information.

APPLICATION REQUIREMENTS FOR BP-1

AR 1 for para. 4(a)	Differences from the reporting boundary used in the consolidated financial statements may arise when a subsidiary is excluded from consolidation as financially non-material (ESRS 1 <i>General Requirements</i> , paragraph 62).
AR 2 for para. 6	(new) Reliefs, options or other specific provisions to be considered are the following: <ol style="list-style-type: none">(a) relief for acquisitions and disposals (ESRS 1 <i>General Requirements</i>, paragraphs 75 and 76);(b) deviation from pre-defined time horizons (ESRS 1 <i>General Requirements</i>, paragraph 82);(c) changes in preparation or presentation of sustainability information (ESRS 1 <i>General Requirements</i>, paragraphs 85 and 86);(d) adjustments to comparative information (ESRS 1 <i>General Requirements</i>, paragraph 88);(e) application of material judgement and information subject to significant uncertainties (ESRS 1 <i>General Requirements</i>, paragraph 89);(f) omission of required information if applicable law or regulations prohibit the disclosure of such information or allow the omission of such disclosure (ESRS 1 <i>General Requirements</i>, paragraph 101);(g) relief to exclude from the calculation of a metric activities that are not significant drivers of impacts, risks or opportunities (ESRS 1 <i>General Requirements</i>, paragraph 91);(h) relief to report a partial reporting boundary for a metric due to lack of reliable data (ESRS 1 <i>General Requirements</i>, paragraph 92);

APPLICATION REQUIREMENTS FOR BP-1

	<ul style="list-style-type: none"> (i) relief to exclude joint operations from environmental metrics (ESRS 1 <i>General Requirements</i>, paragraph 93); (j) significant limitations affecting the reported information under the undue cost or effort provision for specific datapoints (ESRS 1 <i>General Requirements</i>, Chapter 7.4); (k) update of disclosures for events after the end of the reporting period (ESRS 1 <i>General Requirements</i>, paragraphs 97 and 98); (l) reporting errors in prior periods (ESRS 1 <i>General Requirements</i>, paragraphs 98 and 99). <p>The undertaking may present the information required under paragraph 6 in the General Information section of its sustainability statement or alongside the relevant disclosures to which the information pertains.</p>
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Disclosure Requirement BP-2 – Specific information if the undertaking uses phasing-in options

7. The objective of this DR is to enable an understanding of the phasing-in provisions that the undertaking has used.
8. If, by applying the phase-in provisions provided by ESRS 1 *General Requirements* paragraph 125(a), the undertaking omits the information required by the standards listed in this paragraph, it shall nevertheless disclose whether the **impacts**, **risks** and **opportunities** organised under the related **topics** covered in those standards have been assessed to be material as a result of the undertaking's **materiality** assessment.
9. In addition to paragraph 8, if one or more of these **topics** have been assessed to be material, the undertaking shall:
 - (a) disclose the topic or sub-topic(s) that are assessed to be material, and briefly describe how the undertaking's **business model** and strategy take account of its **impacts** related to those topics. The undertaking may disclose at the level of topic or sub-topic;
 - (b) briefly describe any time-bound **targets** it has set related to the topics 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 topics in question;
 - (d) briefly describe **actions** it has taken to identify, monitor, prevent, mitigate, remediate or bring an end to **actual** or **potential** negative **impacts** related to the topic in question, and the result of such actions; and
 - (e) disclose **metrics** relevant to the topic in question.
10. (17 amended) If, by applying the other phase-in provisions provided by ESRS 1 *General Requirements* in paragraphs 125(b)-(e), the undertaking omits the information required by other DRs listed in those paragraphs, it shall disclose this fact.

APPLICATION REQUIREMENTS FOR BP-2

AR 3 for para. 9	(new) The undertaking may present the information required in paragraph 9 either in the general part of its sustainability statement or alongside the relevant topical disclosures.
AR 4 for para. 10	(new) The undertaking may present the information required in paragraph 10 either in the general part of its sustainability statement or within the content index, if it opts for this as defined in ESRS 2 <i>General Disclosures</i> IRO-2, AR 30.

Governance

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

11. (20 amended) The objective of this DR is to enable an understanding of the roles and responsibilities of the **administrative, management and supervisory bodies**, as well as the associated processes, controls and procedures in monitoring, managing and overseeing material **impacts, risks and opportunities**.
12. The undertaking shall disclose:
 - (a) (21(d), (e) and (b)) with respect to the composition of its **administrative, management and supervisory bodies**, the percentage of *independent board members*¹, the representation of *employees* and other workers, if present, and the percentage by gender and by other aspects of diversity that the undertaking takes into account;
 - (b) (23 amended) how the administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to manage or oversee strategies and other measures designed to respond to material **impacts, risks and opportunities**;
 - (c) (22(a)(b), 26(6) amended) the identity and responsibilities of the individuals, board committee or similar body within the administrative, management and supervisory bodies, which are responsible for the management or oversight of material impacts, risks and opportunities, with an indication of those impacts, risks and opportunities that are directly addressed by the administrative, management and supervisory bodies without delegating key decision to other bodies or to management if any;
 - (d) (22(d)) how the administrative, management and supervisory bodies manage or oversee the setting of *targets* related to material impacts, risks and opportunities, and how they monitor progress towards them; and
 - (e) (26(b)) how the administrative, management and supervisory bodies take into account material impacts, risks and opportunities when managing or overseeing the undertaking's strategy, its decisions on major transactions, and its risk management process and related *policies*, including whether the body(ies) or individual(s) have considered trade-offs associated with those impacts, risks and opportunities.

APPLICATION REQUIREMENTS FOR GOV-1

AR 5 for para. 12(a)	(21(d)) The board's gender diversity shall be calculated as the average ratio of female to male board members ² .
AR 6 for para. 12(b)	Sustainability-related expertise refers to expertise that the bodies directly possess or have access to.
AR 7 for para. 12(c)	The description of the responsibilities shall consist of an overview of how the responsibilities of each body or individual for material impacts, risks and opportunities and related topics are reflected in the undertaking's terms of reference, board mandates and other related <i>policies</i> .
AR 8 for para. 12 (e)	For the purposes of this disclosure, the management of material impacts, risks and opportunities includes the due diligence process put in place.

¹ 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.

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 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.

Disclosure Requirement GOV-2 – Integration of sustainability-related performance in incentive schemes

13. (28) The objective of this DR is to enable an understanding of the key features of any incentive schemes that are linked to sustainability **topics** that are in place for members of the **administrative, management and supervisory bodies**.
14. (29) If the undertaking has incentive schemes for members of the **administrative, management and supervisory bodies** that are linked to sustainability **topics**, it shall disclose how members' remuneration is linked to sustainability topics, including:
 - (a) a description of the key characteristics of the incentive schemes;
 - (b) (29(b)) **targets** or **metrics** used if the performance is assessed against specific sustainability-related targets or metrics; and
 - (c) (29(d)) the proportion of variable remuneration dependent on sustainability-related targets or metrics.

Disclosure Requirement GOV-3 – Statement on due diligence

15. (31) The objective of this DR is to enable an understanding of where, within the **sustainability statement**, the main steps of the due diligence process (see ESRS 1 *General Requirements*, Chapter 4) applied with regard to sustainability **topics** are disclosed.
16. (32) The undertaking shall explain where its application of the main aspects and steps of the due diligence process, outlined in ESRS 1 *General Requirements*, AR 33, are reflected in its **sustainability statement**³.

APPLICATION REQUIREMENTS FOR GOV-3

AR 9 for para. 16	(AR 8) The undertaking may present the information required in paragraph 16 in the form of a table, cross-referencing the main steps of its due diligence process to the relevant disclosures in its sustainability statement .
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Disclosure Requirement GOV-4 – Risk management and internal controls over sustainability reporting

17. (35) The objective of this DR is to enable an understanding of the undertaking's risk management and internal control processes and systems in relation to sustainability reporting.
18. (36(a)) The undertaking shall disclose the scope, main features and components of its risk management and internal control processes and systems in relation to sustainability reporting.

APPLICATION REQUIREMENTS FOR GOV-4

AR 10 for para. 18	(AR 11) The undertaking shall consider the completeness and integrity of the data, and the accuracy of estimation results, as aspects that are relevant in the context of the risk management associated with the reporting process.
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Strategy

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

19. (39) The objective of this DR is to enable an understanding of the key elements of the undertaking's general strategy, **business model** and upstream and downstream value chain that relate to or affect material **impacts**, **risks** and **opportunities**, in order to enable an understanding of its exposure to such material impacts, risks and opportunities and where they originate.

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').

20. (40 amended) The undertaking shall disclose the following information about the key elements of its general strategy and **business model** that relate to, or affect, the **topics** associated with its **material impacts, risks and opportunities**:

- (a) a description of its **business model**, its upstream and downstream value chain and its position in that value chain;
- (b) a description of:
 - i. the significant groups of **products** and services offered, significant markets or customer groups served, and their relevance in contributing to the undertaking's sustainability-related overall objectives, including significant changes in the reporting period (e.g. new/removed products, services, markets or customer groups);
 - ii. where applicable and significant, **products** and **services banned** in certain markets;
- (c) the significant sectors, including activities that are internal to the group if those activities are significant or are connected or may be connected to material impacts, risks and opportunities;
- (d) where applicable, a statement indicating, together with the related revenues, whether the undertaking is active in:
 - i. the **fossil fuel** (coal, oil and gas) sector⁴;
 - ii. chemicals production⁵, i.e. whether its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006;
 - iii. the controversial weapons industry⁶ (anti-personnel mines, cluster munitions, chemical weapons or biological weapons); and
 - iv. the cultivation and production of tobacco⁷.

APPLICATION REQUIREMENTS FOR SBM-1

AR 11 for para. 20(c)	(new) Disclosing the significant sectors is relevant for users , as it supports the understanding of material impacts, risks and opportunities to which the undertaking is connected, notably when these are common in a given sector. In addition, this supports the understanding of possible entity-specific information included in the sustainability statement to cover aspects that are either specific to the undertaking or common in a given sector.
AR 12 for para. 20(c)	The sectors in which the undertaking is active are those of its own operations.
AR 13 for para. 20 (b)(c)	(AR 13 amended) A sector, a market, and a group of products , services or consumers shall be considered significant if: <ul style="list-style-type: none"> (a) it accounts for more than 10 per cent of the undertaking's revenue; or (b) it is connected with the undertaking's actual or potential material impacts.

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 set out by indicator #4 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Exposure to companies active in the fossil fuel sector').

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 by indicator #9 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Investments in companies producing chemicals').

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 set out by indicator #14 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)').

⁷ 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.

APPLICATION REQUIREMENTS FOR SBM-1

	<p>For significant sectors arising from activities that are internal to the group only the criterion in letter (b) applies.</p> <p>ESRS 2 <i>General Disclosures</i> does not mandate a specific classification system of business activities. When disclosing its significant sectors, the undertaking may apply one of the following approaches:</p> <ul style="list-style-type: none"> (a) the NACE classification system (<i>Nomenclature générale des Activités Economiques dans les Communautés Européennes NACE Rev.2.1</i>); (b) the reportable segments disclosed in the financial statements in accordance with IFRS 8 <i>Operating segments</i> or local generally accepted accounting principles; or (c) available classification best practices or frameworks, such as the IFRS industry-based guidance and GRI Standards defined in ESRS 1 <i>General Requirements</i>, AR 5.
AR 14 for para. 20(d)(i)	<p>(40 (d)(i)) The calculation of revenues derived from the fossil fuel sector shall be based on revenues from the exploration, mining, extraction, production, processing, storage, refining or distribution of fossil fuels, including their transportation, storage and trade, as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council). The undertaking may present a disaggregation of revenues derived from coal, oil and gas.</p>

Disclosure Requirement SBM-2 – *Interests and views of stakeholders*

21. (44 amended) The objective of this DR is to enable an understanding of the undertaking's **stakeholder engagement** and how key **stakeholders'** interests and views are brought to the attention of its **administrative, management and supervisory bodies** and inform its strategy and **business model**.
22. (45 amended) The undertaking shall disclose:
- (a) a summarised description of its **stakeholder engagement**, including information about the key **stakeholders** with which it engaged, with reference to typical categories of affected stakeholders defined in ESRS 1 *General Requirements*, AR 21;
 - (b) its understanding of the interests and views of its key stakeholders as they relate to its strategy and **business model**; and
 - (c) how the **administrative, management and supervisory bodies** are informed about the views and interests of key affected stakeholders (including **workers' representatives**) with regard to its material **impacts, risks** and **opportunities**.

Disclosure Requirement SBM-3 – *Interaction of material impacts risks and opportunities with strategy and business model, and financial effects*

23. (47 amended) The objective of this DR is to enable an understanding of the interactions between the undertaking's material **impacts, risks** and **opportunities** and its strategy and **business model**, as well as of the related **financial effects**.
24. (48 amended) The undertaking shall disclose a high-level description of how material **impacts** originate from its strategy and **business model**, the effects of **risks** and **opportunities** on its business model and **value chain**, and how it has responded, and plans to respond, to them in its strategy and decision-making.
25. The undertaking shall disclose qualitative and quantitative information about how material **risks** and **opportunities** have affected its financial position, financial performance and cash flows for the reporting period (**current financial effects**).
26. The undertaking shall disclose qualitative information about the material **risks** and **opportunities** identified in paragraph 25 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.

27. The undertaking shall disclose qualitative and quantitative information on how it expects its financial position, financial performance, and cash flows to change over the short, medium and long term, given its strategy to manage material **risks** and **opportunities** (**anticipated financial effects**).
28. (new) The undertaking need not provide quantitative information about the **current financial effects** or **anticipated financial effects** if it determines that:
 - (a) the effects are not separately identifiable; or
 - (b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful (see ESRS 1 *General Requirements*, paragraphs 89 and 90).
29. (new) The undertaking need not provide quantitative information about the **anticipated financial effects** of material **risks** or **opportunities** if it does not have the skills, capabilities or resources to provide that quantitative information.
30. (new) In preparing disclosures about its **anticipated financial effects**, the undertaking shall use all reasonable and supportable information available to it at the reporting date without undue cost or effort (see ESRS 1 *General Requirements*, paragraphs 94, 95 and 96).
31. If the undertaking cannot provide quantitative information about the **current financial effects** or **anticipated financial effects** of a **risk** or **opportunity** in accordance with paragraphs 28 and 29, it shall:
 - (a) explain why it has not provided quantitative information;
 - (b) provide qualitative information about those **financial effects**, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that risk or opportunity; and
 - (c) provide quantitative information about the combined financial effects of that risk or opportunity with other risks or opportunities and other factors, unless the undertaking determines that quantitative information about the combined financial effects would not be useful.
32. (48(f) amended) When providing quantitative information, the undertaking may present single amounts or ranges.
33. The undertaking shall disclose qualitative information about the resilience of its strategy and **business model** regarding its capacity to manage its material **risks** as disclosed in accordance with paragraph 24. This information shall include how the analysis was conducted and the time horizons considered.

APPLICATION REQUIREMENTS FOR SBM-3

AR 15 for para. 24	<p>The undertaking may consider the linkages that exist between paragraph 24 and IRO-2, paragraph 37(a) to present the content in a way that avoids duplications and facilitates an understanding of the information reported in accordance with these paragraphs. Paragraph 24 focuses on reporting the interaction of the undertaking's material impacts, risks and opportunities with its strategy and business model. IRO-2, paragraph 37(a) focuses on a description of those impacts, risks and opportunities and how they are likely to affect people and the environment.</p> <p>A description of the undertaking's material impacts, risks and opportunities is required in accordance with IRO-2, paragraph 37(a). The undertaking may present the descriptions of its material impacts, risks and opportunities in the same location as its disclosures on the related policies, actions, metrics and targets through which it manages them, in order to avoid duplication and support a coherent narrative.</p>
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APPLICATION REQUIREMENTS FOR SBM-3

AR 16 for paras. 25 and 26	If the information is included in the financial statements, it may be incorporated by reference (see ESRS 1 <i>General Requirements</i> , Chapter 9.3).
AR 17 for para. 27	(48(d) amended) In preparing the disclosure on <i>anticipated financial effects</i> , the undertaking shall consider how it expects its financial position, financial performance and cash flows to change over the short, medium and long term, given its strategy to manage <i>risks</i> and <i>opportunities</i> , taking into consideration: <ul style="list-style-type: none"> (a) its announced investment and disposal plans (e.g. capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements), including plans to which the undertaking is not contractually committed; and (b) its planned sources of funding to implement its strategy.
AR 18 for paras. 25 and 27	Quantitative information may consist of non-monetary information such as volumes, number of <i>products</i> , or number of <i>employees</i> .
AR 19 for paras. 25 and 27	In presenting information reported in accordance with paragraphs 25 and 27 about <i>current financial effects</i> and <i>anticipated financial effects</i> , the undertaking may consider the linkage with the information reported in accordance with GDR-A, paragraphs 46(b)(c) about financial resources allocated to the key <i>actions</i> .
AR 20 for paras. 25 and 27	The DR related to <i>current financial effects</i> and <i>anticipated financial effects</i> are designed to produce information that complements information provided in the financial statements. See Chapter 9 of ESRS 1 <i>General Requirements</i> for the requirements on how to support the understandability of connections between <i>risks</i> and <i>opportunities</i> and the information reported in the financial statements.
AR 21 for paras. 28 and 29	(new) If the undertaking cannot provide quantitative information in accordance with paragraphs 28 and 29, it is expected to provide qualitative information that is decision useful according to paragraph 23 of ESRS 1 <i>General Requirements</i> . In such instance, paragraph 24 of ESRS 1 <i>General Requirements</i> also applies.

Disclosure Requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported

34. (52) The objective of this DR is to enable an understanding of the process through which the undertaking identifies ***impacts***, ***risks***, ***opportunities*** and the related ***topics***, and assesses their ***materiality***, as the basis for determining the disclosures to be made in its ***sustainability statement*** (see ESRS 1 *General Requirements*, Chapter 3).
35. (53 amended) The undertaking shall disclose:
- (a) a concise description of the process and decision-making steps it follows to identify ***impacts***, ***risks*** and ***opportunities*** and the related ***topics*** and to assess their ***materiality***, including the approach to cover its own operations and its upstream and downstream value chain covered, the key methodologies, inputs and assumptions adopted, as well as the qualitative considerations or quantitative thresholds;
 - (b) how it assessed and prioritised impacts based on their severity and likelihood (see ESRS 1 *General Requirements*, paragraphs 44 and 45), how prevention, mitigation and ***remediation actions*** are considered, and how the undertaking considered areas of heightened risks of negative impacts related to specific activities, ***business relationships***, or ***geographies***;
 - (c) whether the assessment is informed by the undertaking's sustainability due diligence process, and, if it consults with affected ***stakeholders*** and external experts to understand the impacts, how it ***leverages*** it in the process; and

- (d) significant changes to the process compared to the prior reporting period.

APPLICATION REQUIREMENTS FOR IRO-1

AR 22 for para. 35(a)	(new) Input may include, where relevant and beyond generic information, due diligence processes that informed the assessment, specific data sources, sector benchmark analysis, and risk management processes; engagement with affected stakeholders ; industry and peer group experience; reports, statistics and scientific data; and experts' engagement.
AR 23 for para. 35(a)	(new) The description of the process to identify and assess material risks and opportunities is expected to cover dependencies when relevant.
AR 24. for para. 35(a)–(d)	(new) The undertaking shall focus on information that is specific to its own materiality assessment process. It shall avoid standardised, generic disclosures, sometimes referred to as 'boilerplate', such as information describing in detail that it has applied the criteria outlined in ESRS 1 <i>General Requirements</i> or followed the recommended process.
AR 25. for para. 35(b)	(new) Information concerning engagement with affected stakeholders is addressed in ESRS 2 IRO-1 and SBM-2 and ESRS S1-S4. To avoid duplication and support a coherent narrative: <ul style="list-style-type: none"> (a) relevant disclosures under ESRS 2 IRO-1, paragraph 35(c), include how the materiality process includes consultation with affected stakeholders and external experts; (b) information on ongoing engagement with affected stakeholders (as defined in ESRS 1 <i>General Requirements</i>, AR 21) is addressed in the respective social standards (ESRS S1-2, S2-2, S3-2 and S4-2); (c) disclosures related to how key affected stakeholders' (including workers' representatives) interests and views are brought to the attention of the undertakings's administrative, management and supervisory bodies and inform its strategy and business model, with regard to its material impacts, risks and opportunities, are covered under ESRS 2 SBM-2, paragraph 22(c).
AR 26 for para. 35(b)	In disclosing how the undertaking considered areas of heightened risks of negative impacts related to specific activities, business relationships , or geographies , guidance is provided in ESRS 1 <i>General Requirements</i> , paragraphs 32 (b) and 33.
AR 27 for para. 35(d)	Disclosing changes from the previous period allows <i>users</i> to understand the last reporting period in which a full double materiality assessment was conducted and the aspects of it that have been updated in the reporting period in accordance with ESRS 1 <i>General Requirements</i> , paragraph 35.

Disclosure Requirement IRO-2 – *Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement*

36. (55) The objective of this DR is to enable an understanding of the outcome of the **materiality** assessment, in terms of material **impacts**, **risks** and **opportunities** and material information reported in accordance with ESRS.

37. (56) The undertaking shall disclose:

- (a) (48(a) amended) a concise description of its **actual** and **potential**, positive and negative material **impacts**, including how they affect or are likely to affect people or the environment, and its **material risks** and **opportunities**, specifying the related **topics** and how and where impacts, risks and opportunities are connected to its own operations and its upstream and downstream value chain;

- (b) (57 amended) the basis for concluding that climate change is not material, if the undertaking has reached this conclusion and therefore omits all DRs in ESRS E1 *Climate Change*;
- (c) (48(g) amended) changes related to its material impacts, risks and opportunities compared to the previous reporting period;
- (d) a list of the DRs complied with in preparing the **sustainability statement**, allowing **users** to identify where the related disclosures are located in the sustainability statement and giving a separate indication of those that are incorporated by reference (see ESRS 1 *General Requirements*, Chapter 9.3);
- (e) (15 amended) a list of ‘supplementary’ information provided in accordance with ESRS 1 *General Requirements*, Chapter 8.2;
- (f) its exposure to heightened risk of **incidents** related to **forced** or compulsory **labour** and **child labour** by type of operations (such as manufacturing plants), or by countries or **geographies**⁸, if the undertaking is connected through its own operations or its upstream and downstream value chain to material negative impacts related to forced or compulsory labour or child labour; and
- (f) a table of all the datapoints that derive from other EU legislation as listed in Appendix A of this Standard, indicating where they can be found in the sustainability statement or, for those that the undertaking has assessed as not material, that they are ‘not material’.

APPLICATION REQUIREMENTS FOR IRO-2

AR 28 for para. 37(a)	<p>(new) The description of material risks and opportunities also covers the related dependencies to the extent that is necessary for an understanding of those risks and opportunities.</p> <p>Paragraph 50 of ESRS 1 <i>General Requirements</i> applies in presenting the disclosure prescribed by this DR.</p>
AR 29 for para. 37(a)	<p>The undertaking may present the description of its material impacts, risks or opportunities in the same location as its disclosures on the related policies, actions, metrics and targets through which it manages them, in order to avoid duplication and support a coherent narrative. If the undertaking exercises this option, it shall still present a concise description of its material impacts, risks and opportunities alongside its disclosures prepared in accordance with IRO-2.</p>
AR 30 for para. 37(d)	<p>(AR 19) The undertaking may present the disclosure as a content index, i.e. a tabular list of the DRs included in the sustainability statement, to support the identification of where they are located (page/paragraphs). It may present the list of information incorporated by reference in an appendix within its sustainability statement, or by including the necessary information in the list of reported DRs as required in paragraph 37(d).</p> <p>The undertaking may directly reference the DR numbers within its sustainability statement (e.g. in section headings or paragraph titles).</p> <p>The undertaking may present the ‘supplementary’ information provided under paragraph 37(e) by highlighting it in the section headings, paragraph titles, or the aforementioned content index, so that it is clearly distinguished as supplementary.</p>

General Disclosure Requirements ('GDR') for policies, actions, metrics and targets

38. (new) Information about **policies**, **actions**, **metrics** and **targets** shall enable an understanding of the level at which the undertaking manages its material **impacts**, **risks** and **opportunities**. If the undertaking

⁸ 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 and 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 forced or compulsory labour” and “Operations and suppliers at significant risk of child labour”).

has adopted policies, put in place actions, set targets or uses metrics only for certain aspects of a **topic**, this shall be reflected in the way the disclosure is prepared and presented, enabling **users** to understand the specific aspects that are covered.

39. (62 and 72 amended) If the undertaking has not adopted **policies**, **actions**, and **targets** with reference to a **topic** related to material **impacts**, **risks** and **opportunities**, it shall disclose this fact.
40. (56) The undertaking shall apply the requirements provided below when disclosing either in accordance with a topical standard or on an entity-specific basis on:
 - (a) its policies and **actions** to manage the prevention, mitigation and **remediation** of **actual** and **potential** material negative **impacts**, and to manage material **risks** or pursue actual and potential material positive impacts and material **opportunities**; and
 - (b) the **metrics** and the **targets** to assess progress over time in relation to its material impacts, risks and opportunities.

APPLICATION REQUIREMENTS FOR GDR PATM

AR 31 for para. 38	<p>(new) If the undertaking applies the same policies, actions, metrics or targets across more than one material impact, risk or opportunity (or topic), it may disclose the information only once, in aggregate, reflecting the level at which they are managed, while making clear the scope of its application. It may cross-refer to that information from other locations in the report where it is relevant.</p> <p>The undertaking may structure and present its disclosures in a way that reflects the managerial approach based on its management priorities that reflect and align with its strategy and business model.</p>
AR 32 for para. 39	<p>(new) If the undertaking presents its material impacts, risks and opportunities (IRO-2, paragraph 37(a)) and the related topics in a tabular form, it may indicate in the same table the material topics or material impacts, risks and opportunities for which it does not have policies, actions or targets in place by marking them as such in the table.</p>
AR 33 for para. 38	<p>(new) The level of detail provided may vary with regard to each DR, depending on the nature of the material impacts, risks and opportunities in question, and differences in the undertaking's current approach to their management.</p> <p>The level of detail provided shall be proportionate to the severity of the impacts, the magnitude of risk or opportunity, or the importance of the impacts, risks and opportunities for the undertaking's strategy and business model.</p> <p>The information shall, wherever possible, be specific to the reporting period.</p> <p>(new) When reporting on policies, actions, metrics and targets, the undertaking shall report relevant information, avoiding information that is boilerplate, and therefore not relevant for users. Excessive detail, especially about common practices, which are known to reasonably knowledgeable users, may obscure material information.</p>
AR 34 for para. 40	<p>(new) To avoid duplication and support a coherent narrative, the undertaking may present the description of its material impacts, risks and opportunities, as required under IRO-2, paragraph 37(a), alongside information about the policies, actions, metrics and targets through which it manages them.</p>

General Disclosure Requirement for policies – GDR-P

41. (64) The objective of this GDR is to enable an understanding of the **policies** that the undertaking has in place to manage the prevention, mitigation or **remediation** of material **actual** and **potential** negative **impacts**, and material **risks** and pursue material **opportunities** or positive impacts.
42. (65 amended) The undertaking shall disclose the following information about **policies** adopted to manage its material **impacts**, **risks** and **opportunities**:

- (a) a description of the key contents of the policy, including its general objectives and the material impacts, risks or opportunities it relates to, and, if there have been changes to the policies adopted during the reporting period, a description of those changes;
 - (b) a description of the scope of the policy, or of its exclusions, in terms of the undertaking's own operations, its upstream or downstream value chain and **geographies** and, if defined, the affected **stakeholder** groups;
 - (c) if the policy refers to third-party standards or initiatives that the undertaking commits to respect through the implementation of the policy, a reference to the third-party standard or initiative in question; and
 - (d) for social **topics**, a description of the consideration given to the interest of affected stakeholders in setting this policy, if such considerations have been given.
43. (new from ESRS S1-S4) The undertaking shall disclose whether it has an overarching human rights **policy** committing to implement⁹ the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. If this is the case, the undertaking shall disclose the information specified in paragraph 42 and shall specify which groups of affected **stakeholders** are covered (e.g. **own workforce, workers in the value chain, affected communities, consumers and end-users**).

APPLICATION REQUIREMENTS FOR GDR-P

AR 35 for para. 43	When disclosing information about its human rights policy to implement the UN Guiding Principles on Business and Human Rights, the undertaking shall consider the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement them, and the ILO principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
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General Disclosure Requirement for actions and resources – GDR-A

44. (67) The objective of this GDR is to enable an understanding of the undertaking's key **actions**, taken or planned, to manage its material **impacts, risks** and **opportunities**, and where applicable, to achieve the objectives of related **policies**.
45. (68 amended) When the undertaking implements key **actions** to manage material **impacts, risks** and **opportunities**, it shall disclose:
- (a) a description of the key actions taken in the reporting year and those planned for the future, including their scope and timeframe; and
 - (b) the expected outcomes of the key actions and, where applicable, how their implementation contributes to achieving the related **policy** objectives.
46. (69 amended) Where significant financial resources (operational or capital expenditure) have been or are expected to be allocated to the implementation of the key **actions**, the undertaking shall:
- (a) describe the type of current and future significant financial resources allocated to the key actions, and whether the ability to implement these key actions depends on specific preconditions (e.g., granting of financial support or public **policy** and market developments);
 - (b) disclose the amount of significant financial resources allocated to the key actions in the reporting period (if any), and indicate the corresponding line items or notes where they are included in the financial statements; and
 - (c) provide an indicative range of future financial resources expected to be allocated for the implementation of the key actions.

⁹ (SFDR table 1 indicator 11 and SFDR table 3 indicator 9).

APPLICATION REQUIREMENTS FOR GDR-A

AR 36 for para. 45	(AR 22) Key actions in the context of this DR are those actions that play a significant role in managing the undertaking's material impacts risks and opportunities including actions taken to support the provision of remedy . Key actions include actions that are part of the undertaking's business practices, sustainability due diligence and overall business and risk management . Key actions may have been initiated in prior reporting periods and continue to be implemented or produce effects in the current reporting period. For the sake of understandability, key actions may be aggregated if applicable. Conversely, if key actions cover more than one material impact, risk or opportunity, this can be indicated and cross-referenced if necessary.
AR 37 for para. 45	(new) Actions may be undertaken individually or in collaboration with other undertakings, especially if actual impacts or potential impacts are systemic or widespread in nature and cannot be addressed by the undertaking alone. Users may find it useful to know whether a key action is collaborative.
AR 38 for para. 45	(new) In the description of environmental actions , these may be classified in accordance with the mitigation hierarchy (i.e. avoidance, minimisation, restoration and compensation).
AR 39 for para. 45(a)	(68(a)(b) amended) The scope of key actions refers to their coverage in terms of activities within its own operations, its upstream and downstream value chain, subsidiaries, geographies , and if defined, the affected stakeholder groups in scope. The timeframe refers to the time horizons over which the undertaking intends to complete each action.
AR 40 for para. 46	The undertaking may present the information on resource allocation in the form of a table broken down between (i) capital expenditure and operating expenditure, and between (ii) resources applied in the current reporting year and the planned allocation of resources over specific time horizons.
AR 41 for para. 46(b) and (c)	(new). If the undertaking has allocated significant non-financial resources (e.g. full-time equivalent resources), the information about those resources may be presented as non-monetary quantities.
AR 42 for para. 46(b) and (c)	(new) When preparing disclosures on significant financial resources that have been or are expected to be allocated to the implementation of key actions , the undertaking may limit the disclosure to: (a) its approved and announced key actions and action plans; and (b) its planned sources of funding for implementing these key actions.

General Disclosure Requirement for metrics – GDR-M

47. (74) The objective of this GDR is to support the preparation of the disclosures on **metrics** by the undertaking.
48. (75 and 76 amended) The undertaking shall disclose the **metrics** required by topical standards, in relation to material **impacts**, **risks** and **opportunities**, as well as metrics defined on an entity-specific basis in accordance with ESRS 1 *General Requirements*, paragraph 11. This may include those used by the undertaking to evaluate its performance and to track the effectiveness of its **actions** to manage its material impacts, risks and opportunities.
49. (77 amended) For each **metric**, the undertaking shall disclose:

- (a) the metric itself, its unit of measurement, the calculation methodology and the sources (e.g. input parameters) used for the calculation, and where relevant, the estimation methodology, including significant assumptions and limitations;
- (b) for **value chain** metrics, if applicable, the reliance on data from indirect sources or proxies and the planned **actions** to improve the data quality in the future if such actions are planned (see ESRS 1 General Requirements, Chapter 5);
- (c) contextual information about the metric; and
- (d) significant changes in the performance compared to the previous reporting periods, including informing about the progress made in achieving the **targets** set by the undertaking, and in case of major acquisitions or disposals, how the transaction affects the progress.

APPLICATION REQUIREMENTS FOR GDR-M

AR 43 for para. 48	(76 amended) Metrics 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, such as for ESRS S2-S4 topical standards that do not contain metrics.
AR 44 for para. 49(a)	(new) The European system of units of measurement stems from the International System of Units (SI). The units of measurement shall be expressed using the names and symbols set down in Directive 80/181/EEC, as amended by Directive 2009/3/EC. Metrics shall be disclosed using the units specified in the topical standards, which are aligned with this Directive. SI prefixes and their corresponding symbols may be used to designate certain decimal multiples or submultiples where appropriate, in order to present values at the level the undertaking considers most appropriate. For example, instead of reporting 1 200 000 tCO2e, the undertaking may report 1.2 MtCO2e.
AR 45 for para. 49(c)	(new) Contextual information about a metric may include: <ul style="list-style-type: none"> (a) the reasons why the undertaking has chosen a particular measurement approach, as well as the reasons for the inputs and assumptions it uses; and (b) for environmental metrics, the specific environmental conditions and characteristics of the area where the impact is occurring that are necessary to understand the metric in question.

General Disclosure Requirement for targets – GDR-T

50. (79 amended) The objective of this GDR is to enable an understanding of how the undertaking sets **targets**, as defined in terms of expected results for people, the environment or the undertaking itself, and of how the undertaking tracks the effectiveness of its **policies** and **actions** in relation to its material **impacts, risks** and **opportunities**, as well as the overall progress and effectiveness towards the adopted targets over time. This includes – where applicable – whether the progress is aligned with a related action plan or whether any significant facts and circumstances related to the action plan affect the achievement of the target.

51. (80 amended) The undertaking shall disclose the measurable, time-bound, outcome-oriented qualitative or quantitative **targets** it has set related to its material **impacts, risks** and **opportunities**. For each target, the undertaking shall disclose:

- (a) a description of the relationship of the target to its **policy** objectives and **actions**;
- (b) the defined target value (or level if the target is qualitative) to be achieved, including whether the target is absolute or relative if these are defined as such and in which unit it is measured;
- (c) the scope of the target, in terms of the undertaking's activities within its own operations or its upstream and downstream value chain, as well as geographical boundaries;
- (d) the baseline value (or level if the target is qualitative) and the base year from which progress is measured, if defined by the undertaking;

- (e) the target year or period to which the target applies, and if the undertaking has set any milestones or interim targets, a description of those milestones or interim targets;
 - (f) the methodologies and significant assumptions used to define targets, whether the target is required by law, and, where applicable, the selected *scenarios* on which it is based, the key data sources and the level of compatibility with national, EU or international policy goals; and
 - (g) whether the undertaking's targets related to environmental *topics* are based on conclusive scientific evidence.
52. (81 amended) If the undertaking has not set any measurable outcome-oriented *targets*, it shall disclose whether and, if so, how it nevertheless tracks the effectiveness of its *policies* and *actions* in relation to its material *impacts*, *risks* and *opportunities*.

APPLICATION REQUIREMENTS FOR GDR-T

AR 46 for para. 50	Information about progress and effectiveness towards the adopted <i>targets</i> over time is disclosed under GDR-M, paragraph 49(d).
AR 47 for para. 51	Outcome-oriented <i>targets</i> regarding material <i>impacts</i> are defined in terms of expected results for people and the environment.
AR 48 for para. 51 (g)	'Based on conclusive scientific evidence' shall be understood as the use of robust, peer-reviewed or otherwise authoritative biophysical information that identifies relevant <i>ecological thresholds</i> or that quantifies conditions, trajectories, and constraints using empirical data, modelling, or recognised scientific frameworks. Such evidence shall enable the undertaking to set ecologically grounded, context-specific and measureable <i>targets</i> .

Appendix A: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

This Appendix is an integral part of ESRS 2 *General Disclosures* and provides a non-binding illustration of the datapoints in ESRS 2 *General Disclosures* and topical standards that derive from other EU legislation.

NOTE TO THE EUROPEAN COMMISSION: THIS MAPPING DOES NOT TAKE INTO ACCOUNT POTENTIAL AMENDMENTS TO PILLAR 3 ARISING FROM ONGOING UPDATES TO REGULATION (EU) NO 575/2013 AND AMENDEMENTS TO SFDR ARISING FROM ONGOING REVISIONS TO REGULATION (EU) 2019/2088.

Table 1: Datapoints in the main body of the Standard

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
ESRS 2 GOV-1 Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 GOV-4 Statement on due diligence	Indicator number 10 Table #3 of Annex 1		Delegated Regulation (EU) 2022/1288, Annex I	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013 read in conjunction with Article 435 of that Regulation; Commission Implementing Regulation (EU) 2024/3172 ¹⁴ Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk; Template 1: Banking book- Indicators of potential climate Change	Delegated Regulation (EU) 2020/1816, Annex II	

¹⁰ 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).

¹¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation ‘CRR’).

¹² Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

¹³ 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).

¹⁴ Commission Implementing Regulation (EU) 2024/3172, of 29 November 2024, laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to public disclosures by institutions of the information referred to in Part Eight, Titles II and III, of that Regulation, and repealing Commission Implementing Regulation (EU) 2021/637.

Disclosure Requirement and related datapoint in ESRS	SFDR¹⁰ reference	Pillar 3¹¹ reference	Benchmark Regulation¹² reference	EU Climate Law¹³ reference
		transition risk: Credit quality of exposures by sector, emissions and residual maturity		
ESRS 2 SBM-1 Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ¹⁵ , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
ESRS E1-1 <i>Transition plan for climate change mitigation</i>				Regulation (EU) 2021/1119, Article 2(1)
ESRS E1-6 <i>GHG emission reduction targets</i>	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	
ESRS E1-7 Energy consumption from fossil sources disaggregated by sources (only high climate <i>impact</i> sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1			

¹⁵ 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).

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
ESRS E1-7 Energy consumption and mix	Indicator number 5 Table #1 of Annex 1			
ESRS E1-8 Gross Scope 1, 2, 3 <i>GHG emissions</i>	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	
ESRS E1-9 <i>GHG removals and carbon credits</i>				Regulation (EU) 2021/11 19, Article 2(1)
ESRS E1-11 Exposure of the benchmark portfolio to <i>climate-related physical risks</i>			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II	
ESRS E1-11 Location of significant assets at material <i>physical risk</i>		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.		
ESRS E1-11 Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/3172; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral		

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
ESRS E1-11 Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II	
ESRS E2-4 Amount of material pollutants emitted to air, water and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1			
ESRS E3-1 Water-related policies	Indicator number 7 Table #2 of Annex 1			
ESRS E3-1 Policy covering areas with- water stress	Indicator number 8 Table 2 of Annex 1			
ESRS E3-4 Total water recycled and reused	Indicator number 6.2 Table #2 of Annex 1			
ESRS E4-5 Activities negatively affecting biodiversity-sensitive areas	Indicator number 7 Table #1 of Annex 1			
ESRS E4-2 Policy covering sites in or near biodiversity-sensitive areas	Indicator number 14.2 Table #2 of Annex 1			
ESRS E5-5 Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1			
ESRS 2 IRO-2	Indicator number 13			

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
Risk of incidents of forced labour	Table #3 of Annex I			
ESRS 2 IRO-2 Risk of incidents of child labour	Indicator number 12 Table #3 of Annex I			
ESRS 2 GDR-P Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-1 Processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I			
ESRS S1-1 Occupational risk prevention policy or management system	Indicator number 1 Table #3 of Annex I			
ESRS S1-2 Grievance mechanism , including employee -related matters	Indicator number 5 Table #3 of Annex I and Indicator number 11 Table #1 of Annex I			
ESRS S1-13 Rate of work-related accidents	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-13 Number of days lost to injuries, accidents, illness	Indicator number 3 Table #3 of Annex I			
ESRS S1-15 Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S1-15	Indicator number 8 Table #3 of Annex I			

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
<i>Annual total remuneration ratio</i>				
ESRS S1-16 <i>Incidents of discrimination</i>	Indicator number 7 Table #3 of Annex I			
ESRS S1-16 <i>Human rights incidents</i>	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S2-1 Processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I			
ESRS S2-1 Code of conduct	Indicator number 4 Table #3 of Annex 1			
ESRS S3-2 <i>Grievance mechanism</i>	Indicator number 11 Table #1 of Annex I			
ESRS S2-3 <i>Human rights incidents</i>	Indicator number 10 Table #1 of Annex I and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S3-3 <i>Human rights incidents</i>	Indicator number 10 Table #1 of Annex I and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS S4-2 <i>Grievance mechanism</i>	Indicator number 11 Table #1 of Annex I			

Disclosure Requirement and related datapoint in ESRS	SFDR ¹⁰ reference	Pillar 3 ¹¹ reference	Benchmark Regulation ¹² reference	EU Climate Law ¹³ reference
ESRS S4-3 <i>Human rights incidents</i>	Indicator number 10 Table #1 of Annex I and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
ESRS G1-1 <i>Policies</i> consistent with United Nations Convention against <i>Corruption</i>	Indicator number 15 Table #3 of Annex 1			
ESRS G1-1 Protection of whistle-blowers	Indicator number 6 Table #3 of Annex 1			
ESRS G1-4 Convictions and Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex 1			
ESRS G1-4 <i>Actions</i> to address breaches of Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex 1			

Table 2: Methodological specifications in AR corresponding to EU legislation

Application Requirement in [Draft] Amended ESRS	SFDR ¹⁶ reference	Pillar 3 ¹⁷ reference	Benchmark Regulation ¹⁸ reference	EU Climate Law ¹⁹ reference
ESRS 2 GOV-1 Board's gender diversity	Indicator number 13 of Table #1 of Annex 1			
ESRS E4-5 <i>"Land degradation, desertification, soil sealing"</i>	Indicator number 10 Table #2 of Annex 1			
ESRS E4-5 Natural species and protected areas	Indicator number 14.1 Table #2 of Annex 1			
ESRS E4-2 Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex 1			
ESRS E4-2 Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex 1			
ESRS E4-2 Policies to address deforestation	Indicator number 15 Table #2 of Annex 1			

¹⁶ 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).

¹⁷ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation 'CRR') (OJ L 176, 27.6.2013, p. 1).

¹⁸ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

¹⁹ 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).



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DRAFT

ESRS E1

CLIMATE CHANGE

NOVEMBER 2025



Table of Contents

Objective	3
Interaction with other ESRS	3
Disclosure Requirements.....	4
Strategy	4
Disclosure Requirement E1-1 – Transition plan for climate change mitigation	4
Disclosure Requirement E1-2 – Identification of climate-related risks and scenario analysis	6
Disclosure Requirement E1-3 – Resilience in relation to climate change	6
Impact, risk and opportunity management.....	7
Disclosure Requirement E1-4 – Policies related to climate change mitigation and adaptation	7
Disclosure Requirement E1-5 – Actions and resources in relation to climate change mitigation and adaptation	8
Metrics and targets	8
Disclosure Requirement E1-6 – Targets related to climate change.....	8
Disclosure Requirement E1-7 – Energy consumption and mix.....	10
Disclosure Requirement E1-8 – Gross scope 1, 2, 3 GHG emissions	12
Disclosure Requirement E1-9 – GHG removals and GHG mitigation projects financed through carbon credits.....	16
Disclosure Requirement E1-10 – Internal carbon pricing	17
Disclosure Requirement E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	17

Objective

1. The **sustainability statement** shall include information in relation to ESRS E1 *Climate Change* if this **topic** relates to material **impacts**, **risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies**, **actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This Standard takes into account the EU regulatory frameworks and other relevant frameworks, including the EU Climate Law (Regulation (EU) 2021/1119), the Climate Benchmark Standards Regulation (Regulation (EU) 2020/1818), the Sustainable Finance Disclosure Regulation (SFDR) (Regulation (EU) 2019/2088), the EU Taxonomy Regulation (Regulation (EU) 2020/852) and so-called ‘Pillar 3’ disclosures under the Capital Requirements Regulation (Regulation (EU) 2022/2453).
5. This Standard sets out DRs related to climate change, particularly with respect to the following sub-topics: **climate change mitigation**, **climate change adaptation** and energy.
6. **Climate change mitigation** relates to the undertaking’s efforts to limit the increase in the global average temperature to 1.5°C above pre-industrial levels in line with the Paris Agreement and the objectives of the European Climate Law (Regulation (EU) 2021/1119). This Standard covers DRs related to how the undertaking addresses its **GHG emissions** as well as the associated **transition risks**.
7. **Climate change adaptation** relates to the undertaking’s process of adjustment to actual and expected consequences of climate change. This Standard covers DRs related to climate-related hazards that may lead to physical climate **risks** for the undertaking and its adaptation solutions for reducing these risks. It also covers **transition risks** stemming from the need to adapt to climate-related hazards.
8. The DRs related to energy cover all types of energy production and consumption.

Interaction with other ESRS

9. Social and environmental **topics** interact with each other. The main points of interaction between ESRS E1 *Climate Change* and the other topical standards are the following:
 - (a) ESRS E1 *Climate Change* covers, but is not limited to, the seven GHGs: CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. ESRS E2 *Pollution* addresses ozone-depleting substances (ODS), nitrogen oxides (NO_x) and sulphur oxides (SO_x), among other air emissions, that are connected to climate change;
 - (b) **climate change mitigation** and **climate change adaptation** are related to **topics** addressed in particular in ESRS E3 *Water* and ESRS E4 *Biodiversity and Ecosystems*. ESRS E1 *Climate Change* addresses, among other things, acute and chronic physical risks arising from the water and ocean-related hazards. ESRS E1 *Climate Change* also addresses **GHG emissions** from the use of natural resources, land-use and **land-use change** as well as removals of GHG from the atmosphere, for example through **nature-based solutions**. **Biodiversity loss** and ecosystem degradation caused or accelerated by climate change are addressed in ESRS E4 *Biodiversity and Ecosystems*;
 - (c) **Impacts** on people that may arise from the transition to a climate-neutral economy are covered under ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities* and ESRS S4 *Consumers and End-users*.

Disclosure Requirements

Strategy

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

10. (15 amended) The objective of this DR 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 limiting global warming to 1.5°C in line with the Paris Agreement and the objectives of the European Climate Law (Regulation (EU) 2021/1119), including achieving climate neutrality by 2050.
11. (16 amended) The information about the **transition plan for climate change mitigation** shall include:
 - (a) a description of its key features. This includes **GHG emission reduction targets**, the **decarbonisation levers**, key **actions**, investments and funding needed to support the implementation of the plan, the approval of the plan by the **administrative, management and supervisory bodies**, and how the plan is embedded in and aligned with the undertaking's overall business strategy. It shall also include information on how the undertaking's strategy and **business model** are or will be compatible, pursuant to the implementation of the plan, with the limiting of global warming to 1.5°C in line with the Paris Agreement and with the EU's objective of achieving climate neutrality by 2050;
 - (b) CapEx amounts invested during the reporting period related to coal, oil and gas economic activities¹ if the undertaking has them;
 - (c) information about key assumptions used and dependencies on which the plan relies;
 - (d) a qualitative assessment and explanation of how potential **locked-in GHG emissions** from key physical assets and products may jeopardise the achievement of the plan and drive **transition risk**; and
 - (e) an explanation of the undertaking's progress in implementing the transition plan.
12. (17 amended) If the undertaking does not have in place a **transition plan for climate change mitigation** which includes the key features listed in paragraph 11(a), it shall disclose this fact and indicate whether and, if so, when it expects to adopt one.

APPLICATION REQUIREMENTS

AR 1 for para. 11 (Transition plan for climate change mitigation)	(AR 1 amended) A transition plan for climate change mitigation sets out how the undertaking intends to transform its strategy and business model to ensure compatibility with the transition to a sustainable economy, and it includes the key features listed out in paragraph 11. The undertaking's transition plan for climate change mitigation can be either stand-alone or included in a broader transition plan covering both mitigation and adaptation aspects. If the undertaking's transition plan also covers adaptation, the disclosure shall specify this fact and cross-reference the information provided in accordance with ESRS E1-3 and E1-5.
AR 2 for para. 11(a) (Key features description)	(New) In disclosing the key features referred to in paragraph 11(a), the undertaking shall refer, if applicable, to disclosures on policies, actions, resources and targets made elsewhere (e.g. ESRS E1-5 and E1-6 as well as ESRS 2 <i>General Disclosures</i>). The transition plan disclosure consolidates the

¹ The CapEx amounts considered are related to the following NACE codes: (a) B.05 Mining of coal and lignite, B.06 Extraction of crude petroleum and natural gas (limited to crude petroleum), B.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 or heat generation), (e) D.46.81 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels).

	<p>key features of the undertaking's plan into a coherent description that demonstrates that they are strategically aligned to drive business transformation. The relevant disclosures under this paragraph are:</p> <ul style="list-style-type: none"> (a) (AR 2 amended) a statement on whether the <i>GHG emission reduction targets</i> are science-based and compatible with limiting global warming to 1.5°C (with reference to ESRS E1-6, paragraph 23, and the associated Application Requirements (ARs)); (b) (16(b) amended) <i>decarbonisation levers</i> identified (with reference to ESRS E1-5), including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, upstream or downstream value chain; (c) (16(c) amended) the amount of significant financial resources (operational or capital expenditure), allocated or expected to be allocated for the implementation of its <i>transition plan for climate change mitigation</i>, including an indicative range of future financial resources expected (with reference to ESRS E1-5 and ESRS 2 GDR-A). This disclosure can be limited to (a) the approved and announced key actions and action plans and (b) the planned funding sources for implementing those actions (ESRS 2 AR 41). <p>(New) The disclosure required by paragraph 11(a) focuses on providing the key elements necessary for demonstrating the coherence and credibility of the undertaking's transition plan for climate change mitigation. The undertaking is not required to disclose detailed internal information used to manage the undertaking's transition plan for climate change mitigation beyond the scope of this disclosure.</p>
AR 3 for para. 11(c) (Key assumptions and dependencies)	<p>(New) Information on dependencies relate to, for instance, deployment of certain technologies, workforce availability or ability to implement changes in the <i>value chain</i>. If applicable, the undertaking shall include information in line with ESRS 2 GDR-A regarding dependencies of future financial <i>resources</i> and other resources and how these may constrain the <i>actions</i> of the <i>transition plan for climate change mitigation</i>.</p> <p>Information on assumptions relate to, e.g., expectations about regulatory requirements or the ability of an entity to implement planned changes within its value chain.</p>
AR 4 for para. 11(d) (Locked-in emission assessment)	<p>(AR 3 amended) The qualitative assessment of <i>locked-in emissions</i> seeks to ensure that these emissions are adequately considered by the undertaking in its <i>transition plan for climate change mitigation</i>, explaining how the magnitude of the locked-in emissions can potentially put at risk – or not – the eventual implementation of the transition plan.</p>
AR 5 for para. 11(e) (Progress explanation)	<p>(New) When explaining its progress in implementing the <i>transition plan for climate change mitigation</i>, the undertaking shall explain quantitative and qualitative components such as the deployment of <i>resources</i>, the <i>actions</i> taken and the <i>GHG emission reductions</i> achieved or expected to be achieved. Information on progress shall include, where applicable, sector-specific <i>metrics</i> that can be used to track progress against specific climate <i>targets</i> that the undertaking may have set, using recognised sectoral decarbonisation standards.</p>

Disclosure Requirement E1-2 – Identification of climate-related risks and scenario analysis

13. (New) The objective of this DR is to enable an understanding of how the undertaking identifies and assesses **climate-related risks** and **opportunities** for financial **materiality**.
14. (18 amended) The undertaking shall explain for each material climate-related **risk** identified (per ESRS 2 IRO-2, paragraph 37) whether it classifies the risk as a **climate-related physical risk** or a **climate-related transition risk**.
15. (20 amended) In addition to the disclosure provided in accordance with ESRS 2 IRO-1, the undertaking shall disclose key elements of the methodology used to assess how its assets and business activities in own operations and its upstream and downstream value chain may be exposed and be sensitive over the short, medium and long term to:
 - (a) climate-related hazards; and
 - (b) climate-related transition events and trends.
16. (21 amended) If climate-related **scenario analysis** is used, the undertaking shall disclose: (a) the ranges of scenarios applied, including (i) whether for physical climate **risks** at least one high-emission scenario was used, and (ii) whether for climate transition risks at least one scenario in line with limiting global warming to 1.5°C with no or limited overshooting was used, and (iii) the associated global average temperature projection of the scenarios and why they are considered relevant; (b) the scope of operations used (e.g. operating locations, business units); (c) the key assumptions made (e.g. policies, macroeconomic trends, national or regional variables, energy use and mix, technology developments); (d) the time period when it was carried out.

APPLICATION REQUIREMENTS

AR 6 for para. 15 (Key elements of the methodology)	<p>(AR 11 and AR 12 amended) In conducting its climate-related risk analysis, the undertaking shall:</p> <ol style="list-style-type: none"> (a) identify climate-related hazards (for climate-related physical risks) or transition events (for climate-related transition risks) over the short, medium and long term and screen its assets and business activities to assess whether they are exposed to them; and (b) assess the extent to which its assets and business activities are exposed and are sensitive to the identified climate-related hazards or transition events, taking into consideration the likelihood, magnitude and duration of them, as well as the locations of its assets and business dependencies in its value-chain (for climate-related hazards).
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Disclosure Requirement E1-3 – Resilience in relation to climate change

17. The objective of this DR is to enable an understanding of the extent to which the undertaking's strategy and **business model** are prepared for, and can adapt to, material climate-related **risks**.
18. (19 amended) In addition to the disclosure in ESRS 2 SBM-3, the undertaking shall disclose the following information on the resilience of its strategy and **business model** to climate-related **risks**:
 - (a) the results of its analysis of **climate resilience** in relation to climate-related risks. The undertaking shall explain: (i) the implications of the assessment, if any, on its strategy and business model; (ii) how the effects identified through the climate-related **scenario analysis**, if used, inform the undertaking's potential response to climate-related risks; (iii) how its **transition plan**, if existent, and its current and planned mitigation and adaptation **actions** (ESRS E1-5) contribute to its resilience to climate-related risks;
 - (b) significant areas of uncertainty in the assessment of its **climate resilience**; and
 - (c) its capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term.

APPLICATION REQUIREMENTS

AR 7 for para. 18	The analysis of <i>climate resilience</i> builds upon the identification of climate-related <i>risks</i> reported in ESRS E1-2, paragraph 15. Therefore, the scope of the analysis of <i>climate</i> resilience is aligned with that of the undertaking's material climate-related risks and informed by climate-related scenario analysis if performed. If climate-related scenario analysis is used specifically for the purpose of assessing climate resilience, the undertaking shall disclose the information prescribed under paragraph 16 and 18.
AR 8 for para. 18 (Resilience of strategy)	When assessing the <i>climate resilience</i> of its strategy and business model, the undertaking shall consider the implications for its strategy and <i>business model</i> of the assessments performed in accordance with ESRS E1-2 and of the exposures at <i>risk</i> disclosed in accordance with ESRS E1-11 (<i>anticipated financial effects</i>), including <i>actions</i> required to respond to the climate-related risks and <i>opportunities</i> identified through climate-related <i>scenario analysis</i> if performed.
AR 9 for para. 18(a) (Resilience of strategy)	<p>(AR 8 amended) When disclosing the results and implications of its analysis of <i>climate resilience</i> in accordance with paragraph 18(a), the undertaking shall provide its assessment of its <i>climate resilience</i> as at the reporting date. An undertaking is not required to perform an analysis of climate resilience on an annual basis. If the undertaking has updated its assessment of climate-related <i>impacts, risks</i> and <i>opportunities</i> (per ESRS E1-2), it shall update its analysis of resilience.</p> <p>When disclosing under paragraph 18, financial institutions may leverage on the applicable prudential regulatory framework if it includes references to resilience analysis or to related concepts such as usage of scenarios in the context of sustainability risk plans.</p>
AR 10 for para. 18(c) (Resilience of strategy)	<p>(AR 8 amended) When disclosing on its capacity to adjust its strategy and <i>business model</i> in accordance with paragraph 18(c), the undertaking shall consider:</p> <ul style="list-style-type: none"> (a) the availability of, and flexibility in, existing financial <i>resources</i> to manage financial effects of climate-related <i>risks</i> and to capitalise on <i>climate-related opportunities</i>; (b) its ability to redeploy, <i>repurpose</i>, upgrade or decommission existing assets in response to climate-related changes; (c) the effect of current and planned investments in <i>climate change mitigation</i>, adaptation and transition <i>opportunities</i> for <i>climate resilience</i>; (d) cross-referencing to its <i>climate change mitigation</i> and <i>climate change adaptation actions</i>, disclosed in ESRS E1-5.

Impact, risk and opportunity management**Disclosure Requirement E1-4 – Policies related to climate change mitigation and adaptation**

19. (24 amended) The undertaking shall disclose its ***climate change mitigation*** and ***climate change adaptation policies*** in accordance with the provisions of ESRS 2 GDR-P.

Disclosure Requirement E1-5 – Actions and resources in relation to climate change mitigation and adaptation

20. (28 amended) The undertaking shall disclose its key **climate change mitigation** and the **climate change adaptation actions** and resources allocated to their implementation, in accordance with the provisions of ESRS 2 GDR-A.
21. (29 amended) In addition to ESRS 2 GDR-A, when disclosing current and planned **actions**, the undertaking shall:
- (a) present its key **climate change mitigation** actions by **decarbonisation lever**; and
 - (b) disclose the achieved and expected **GHG emission reduction** by **decarbonisation lever**.

Metrics and targets**Disclosure Requirement E1-6 – Targets related to climate change**

22. (32 amended) The undertaking shall disclose its **climate change targets** in accordance with the provisions of ESRS 2 GDR-T.
23. (34 amended) The undertaking shall disclose the **GHG emission reduction targets** it has set, including:
- (a) absolute GHG emission reduction targets for scopes 1, 2 and 3, either separately or combined, and where relevant, in intensity value. 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 and the share related to each respective GHG emission scope;
 - (b) (AR 24 amended) if the scope (geography, GHGs covered, entities included) of the GHG emission reduction target diverges from the scope of the GHG inventory (reported under ESRS E1-8), the percentages for scopes 1, 2 and 3 covered by the target, as well as which GHGs are covered; and
 - (c) a statement on 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 the underlying climate and policy scenarios. As part of the critical assumptions used 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.

APPLICATION REQUIREMENTS

AR 11 for para. 22 (Climate change targets)	(60 amended) If the undertaking discloses a net-zero target separately to any GHG emission reduction targets it has set, as per ESRS 2 GDR-T, it shall explain how it intends to permanently neutralise any residual GHG emissions.
AR 12 for para. 23 (GHG emissions reduction targets)	(AR 34(b) amended) The GHG emission reduction targets shall be gross targets, meaning that the undertaking shall not include GHG removals, carbon credits or avoided emissions as means of achieving the GHG emission reduction targets. In accordance with GDR-T, the undertaking shall provide information about the scope and methodologies used to define the target, including the method used to calculate scope 2 GHG emissions (i.e. either the location-based or market-based method).
AR 13 for para. 23	(AR 23 amended) If the undertaking discloses intensity targets , they shall be formulated as ratios of GHG emissions relative to a unit of physical activity or economic

(GHG emissions reduction targets)	<p>output. In cases where the undertaking has only set a GHG intensity reduction target, it shall disclose the associated absolute values for the target year and interim target year(s) – except for financial institutions scope 3, category 15 emissions, as explained below. This may result in a situation where the undertaking is required to disclose an increase of absolute GHG emissions for the target year and interim target year(s), e.g. because it anticipates the organic growth of its business.</p> <p>Financial institutions are exempted from disclosing absolute values for their scope 3, category 15 emission intensity targets, provided they:</p> <ul style="list-style-type: none"> (a) use physical or financial measures as denominators for intensity targets and consistently disclose absolute financed emissions for those targets (such as targets for material high-impact sectors); and (b) provide contextual information (as per GDR-M) for the targets that have been set, describing the key factors influencing expected changes in absolute financed emissions over time and how they relate with the observed trends in the past 3 to 5 years. 																																																												
AR 14 for para. 23 (GHG emissions reduction targets)	<p>(AR 25(b), AR 25(c) amended) When applying GDR-T:</p> <ul style="list-style-type: none"> (a) the baseline value and base year are not to be changed unless key changes occur in either the target or reporting boundary; and (b) the undertaking shall select a recent and representative base year. The base year chosen by the undertaking may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements. 																																																												
AR 15 for para. 23 (Presentation of targets and actions)	<p>(AR 31 amended) The undertaking may present its GHG emission reduction targets together with its climate change mitigation actions (see paragraph 21) showing the decarbonisation levers and their quantitative contributions to achieve the GHG emission reduction targets as a table (see, e.g., Figure 1) or graphic over time (see, e.g., Figure 2).</p> <table border="1" data-bbox="430 1298 1264 1680"> <thead> <tr> <th></th> <th>Base year (e.g., 2025)</th> <th>2030 target</th> <th>2035 target</th> <th>...</th> <th>Up to 2050 target</th> </tr> </thead> <tbody> <tr> <td>GHG emissions (ktCO₂eq)</td> <td>100</td> <td>60</td> <td>40</td> <td></td> <td></td> </tr> <tr> <td>Energy efficiency and consumption reduction</td> <td>-</td> <td>-10</td> <td>-4</td> <td></td> <td></td> </tr> <tr> <td>Material efficiency and consumption reduction</td> <td>-</td> <td>-5</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Fuel switching</td> <td>-</td> <td>-2</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Electrification</td> <td>-</td> <td>-</td> <td>-10</td> <td></td> <td></td> </tr> <tr> <td>Use of renewable energy</td> <td>-</td> <td>-10</td> <td>-3</td> <td></td> <td></td> </tr> <tr> <td>Phase out, substitution or modification of product</td> <td>-</td> <td>-8</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Phase out, substitution or modification of process</td> <td>-</td> <td>-5</td> <td>-3</td> <td></td> <td></td> </tr> <tr> <td>Other</td> <td>-</td> <td>-</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Figure 1: ESRS E1 Climate Change – Table 1</p>		Base year (e.g., 2025)	2030 target	2035 target	...	Up to 2050 target	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, substitution or modification of product	-	-8	-			Phase out, substitution or modification of process	-	-5	-3			Other	-	-			
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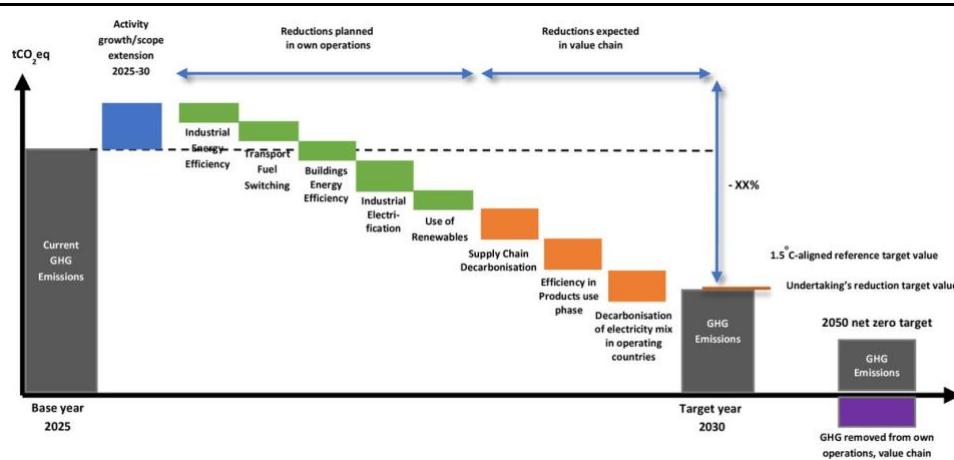


Figure 2: ESRS E1 Climate Change – Graphic 1

AR 16 for para. 23 (GHG emissions reduction targets)	<p>(New) If the undertaking reports under ESRS E1-8 using an operational control boundary, it may report scope 1 and scope 2 GHG emission reduction targets referring to this organisational boundary.</p>
AR 17 for para. 23(c) (GHG emissions reduction targets compatible with 1.5°C)	<p>(AR 26 amended) When disclosing the information required under paragraph 23(c), the undertaking shall compare its target value(s) with 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 a separate one for scope 3 if it has scope 3 GHG emissions reduction targets) against which its own GHG emission reduction targets or interim targets in the respective scopes can be compared.</p> <p>The explanation of how the targets are compatible is done by benchmarking the target value against the reference target value. Validation through an independent third party, including information on the third party, the methodology/standard applied and the trajectory used can be valuable inputs to be considered in this explanation.</p>

Disclosure Requirement E1-7 – Energy consumption and mix

24. (36 amended) The objective of this DR is to provide an understanding of the undertaking's energy consumption and mix.
25. (37 amended) The undertaking shall disclose its total energy consumption in megawatt hours (MWh) related to its own operations, disaggregated by:
 - (a) total energy consumption from fossil sources²;
 - (b) total energy consumption from nuclear sources; and
 - (c) total energy consumption from renewable sources.

² 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').

26. (38 amended) The undertaking with operations in ***high climate impact sectors*** shall further disaggregate its 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; and
 - (e) consumption of ***purchased or acquired electricity, heat, steam, or cooling*** from fossil sources.
27. (39 amended) If the undertaking produces energy, it shall also disaggregate and disclose separately its ***non-renewable energy*** production and ***renewable energy*** production in MWh³.

APPLICATION REQUIREMENTS

AR 18 for para. 25 (Energy consumption and mix)	<p>(AR 32 amended) When preparing the information on energy consumption required under paragraph 25, the undertaking shall adopt the following calculation approaches:</p> <ul style="list-style-type: none"> (a) (AR 32(b) amended) exclude feedstocks and fuels that are not combusted for energy purposes (e.g. natural gas to produce polymers). The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures; (b) (AR 32(c) amended) use MWh in Lower Heating Value or net calorific value for all quantitative combustion-related information; (c) (AR 32(d) amended) base all quantitative energy-related information on final energy consumption, therefore referring to the amount of energy the undertaking actually consumes; (d) (AR 32(e) amended) 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 accounted only once under fuel consumption; (e) (AR 32(f) amended) not offset energy consumption even if onsite generated energy is sold to and used by a third party; (f) (AR 32(g) amended) not count energy that is sourced from within the organisational boundary under ‘purchased or acquired’ energy; (g) (AR 32(h) amended) account for steam, heat or cooling received as ‘waste energy’ from a third party’s industrial processes under ‘purchased or acquired’ energy; (h) (AR 32(i) amended) account for renewable hydrogen 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 (i) (AR 32(j) amended) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources and indicate whether it derives the fraction of renewables from the market-based or location-based approach. The undertaking that relies on the market-based approach shall consider energy consumption as deriving from renewable sources only if the nature of the purchased environmental
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³ 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').

	attribute is clearly defined in the contractual arrangements with its suppliers (i.e. renewable power purchasing agreement, standardised green electricity tariff, market instruments such as Guarantee of Origin from renewable sources in Europe ⁴ or similar instruments such as Renewable Energy Certificates in the US and Canada).
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Disclosure Requirement E1-8 – Gross scope 1, 2, 3 GHG emissions

28. (45 amended) The objective of this DR is to enable an understanding of the undertaking's direct and indirect **impacts** on climate change as a result of activities in its own operations and in its upstream and downstream value chain.
29. (44 amended) The undertaking shall disclose absolute gross **GHG emissions** generated during the reporting period, expressed as metric tonnes of CO₂eq classified as:
- (a) (44(a) amended) **scope 1 GHG emissions**, including the percentage of scope 1 GHG emissions from the EU Emission Trading System (EU ETS) if it has emissions from this system;
 - (b) (44(b) amended) **scope 2 GHG emissions** (location-based and market-based); and
 - (c) (44(c) amended) **scope 3 GHG emissions** from each significant **scope 3 category** as a total and per category.
30. (AR 43(c) amended) The undertaking shall disclose its direct biogenic CO₂ emissions from the combustion or biodegradation of biomass separately from **scope 1 GHG emissions**.

APPLICATION REQUIREMENTS

AR 19 for para. 29 (Emissions reporting boundary)	<p>Chapter 5 of ESRS 1 <i>General Requirements</i> defines the reporting boundary to be applied. The starting point of that boundary corresponds to financial control as per the GHG Protocol Corporate Accounting and Reporting Standard (2004). In addition, the undertaking applies the provisions in paragraphs 72 (leased assets), 73 (benefit schemes) and AR 35 for paragraph 62 (joint operations) of ESRS 1 <i>General Requirements</i>.</p> <p>When, due to specific facts and circumstances, the information reported in paragraph 29(a)(b) is insufficient to portray the emissions resulting from operated assets that are outside the reporting boundary, the undertaking shall report GHG scope 1 and 2 emissions calculated on the basis of its operational control boundary as defined by the GHG Protocol Corporate Accounting and Reporting Standard (2004).</p>
AR 20 for paras. 28 and 29 (Emissions reporting)	<p>(AR 39 amended) When preparing the information for reporting GHG emissions, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 39(a) amended) consider the GHG Protocol Corporate Accounting and Reporting Standard (2004). The undertaking may also consider Commission Recommendation (EU) 2021/2279⁵ or EN ISO 14064-1:2018. In all cases, the requirements of ESRS take precedence over the above-mentioned GHG accounting standards (e.g. regarding reporting boundaries);

⁴ Based 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.

⁵ 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).

	<ul style="list-style-type: none"> (b) (AR 39(c) amended) include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃. Additional GHGs may be considered when significant; (c) (AR 39(d) amended) use the most recent Global Warming Potential (GWP) values published by the Intergovernmental Panel on Climate Change (IPCC) based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases. If emission factors based on older GWP values are the most suitable or available, the undertaking can use these and explain in accordance with ESRS 2 GDR-M, paragraph 49, which GWPs the GHG inventory is based on; (d) (AR 43(d), AR 45(f), AR 46(k) amended) not include any removals, any purchased, sold or transferred carbon credits or any GHG allowances in the calculation of GHG emissions; and (e) (AR 43(c), AR 45(e), AR 46(j) amended) not include biogenic emissions of CO₂ from the combustion or biodegradation of biomass in scope 1, 2 and 3. The undertaking shall include non-CO₂ GHG emissions, such as CH₄ and N₂O in the relevant scopes.
AR 21 for para. 29(a) (Scope 1 EU ETS emissions)	(AR 43(e) amended) For activities covered by the EU Emissions Trading System (ETS), the undertaking shall 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 provided the methodology is aligned with local jurisdictional rules and relevant for the undertaking.
AR 22 for para. 29(a) (Scope 1 emissions reporting)	<p>(AR 44 amended) When preparing the information on the percentage of scope 1 GHG emissions from EU ETS required under paragraph 29(a), the undertaking shall:</p> <ul style="list-style-type: none"> (a) consider GHG emissions from its emission sources that are subject to EU ETS; (b) ensure the same accounting period for gross scope 1 GHG emissions and GHG emissions regulated under the ETS; and (c) calculate the share by using the following formula: $\% = \frac{\text{GHG emissions (tCO}_2\text{eq) from emission sources subject to EU ETS}}{\text{Scope 1 GHG emissions (tCO}_2\text{eq)}}$
AR 23 for para. 29(b) (Scope 2 emissions reporting)	<p>(AR 45 amended) When preparing the information on gross scope 2 GHG emissions required under paragraph 29, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 45(a) amended) consider the GHG Protocol scope 2 Guidance (Version 2015), particularly the scope 2 quality criteria in Chapter 7.1 relating to contractual instruments. The undertaking 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; and (b) (AR 45(d) amended) in accordance with ESRS 2 GDR-M, provide information about any contractual instruments that is necessary to inform users' understanding of the entity's scope 2 market based GHG emissions.
AR 24 for para. 29(c)	(AR 46 amended) When preparing the information on gross scope 3 GHG emissions required under paragraph 29, the undertaking shall:

(Scope 3 emissions reporting)	<p>(a) (AR 46(a) amended) consider the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). The undertaking can also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of <i>indirect GHG emissions</i> from EN ISO 14064-1:2018;</p> <p>(b) (AR 46(c) amended) 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 relevant estimates. Alternatively, the undertaking may screen its <i>indirect GHG emissions</i> based on the categories provided by EN ISO 14064-1:2018, Clause 5.2.4 (excluding indirect GHG emissions from imported energy);</p> <p>(c) (AR 46(d) amended) identify and disclose its significant scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by the 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 <i>transition risks</i> and <i>opportunities</i> or <i>stakeholder</i> views;</p> <p>(d) (AR 46(g) amended) prioritise its inputs and assumptions based on the characteristics of the data (e.g. data from specific activities within the entity's upstream and downstream value chain; timely data that faithfully represents the jurisdiction of, and the technology used for, the upstream and downstream value chain activity and its GHG emissions; and data that has been verified);</p> <p>(e) (AR 46(e) amended) update scope 3 GHG emissions in each significant category every year on the basis of current activity data and update the full scope 3 GHG inventory at least every three years or on the occurrence of a significant event or a significant change in circumstances;</p> <p>(f) (AR 46(b) amended) consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financials (PCAF), specifically Part A <i>Financed Emissions</i> 'PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition', if it is a financial institution; and</p> <p>(g) (AR 51 amended) if applicable, disclose GHG emissions from purchased cloud computing and data centre services as a subset of the overarching scope 3, category 1 'upstream purchased goods and services'.</p>
AR 25 for paras. 28 and 29 (Emissions disaggregation)	<p>(AR 49 amended) The undertaking shall disaggregate its <i>GHG emissions</i> in accordance with the provisions of ESRS 1 <i>General Requirements</i>, Chapter 3.3.2, if applicable. For example, it can disaggregate its GHG emissions by country or geography, operating segments, economic activity, subsidiary, GHG (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ and other GHGs considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).</p>
AR 26 for paras. 28 and 29 (Emissions disaggregation)	<p>(AR 52 amended) The undertaking may present its <i>GHG emissions</i> in accordance with the table below, populating the rows as relevant in line with its disclosures under paragraph 29. A comparison of the undertaking's emissions over time may be performed by comparing current year emissions to a meaningful comparative, e.g. a <i>GHG emission reduction target</i> base year, indicating the percentage change (reduction/increase) in the corresponding column.</p>

	Comparative		Current Year	% Change
	Year	Emissions	Emissions	
Scope 1 GHG emissions				
Gross scope 1 GHG emissions (tCO ₂ eq)				
Percentage of scope 1 GHG emissions from the EU Emissions Trading System (EU ETS) (%)				
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				
[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 traveling				
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			
	Direct biogenic scope 1 emissions			

Disclosure Requirement E1-9 – GHG removals and GHG mitigation projects financed through carbon credits

31. (57 amended) The objective of this DR is to enable an understanding of the undertaking's **actions** to reduce and permanently remove GHGs from the atmosphere and of the amount and quality of **carbon credits** it has purchased or intends to purchase from the voluntary market.
32. (58 amended) If it has implemented **GHG removal and storage** projects, the undertaking shall disclose information about the projects it has developed in its own operations or contributed to in its upstream and downstream value chain, including:
 - (a) (AR 57 amended) a brief description of the GHG removal and storage projects;
 - (b) (58(a) amended) the amount of GHG removals and storage resulting from each project;
 - (c) (AR 57(d) amended) how the **risk** of non-permanence is managed, including assumptions and determining and monitoring leakage and reversal events if applicable; and
 - (d) (AR 60 amended) disclose any reversals (in tCO₂eq) that may have occurred in the reporting period and decrease the amount of CO₂ removed and stored by the same amount.
33. (59 amended) The undertaking shall disclose information about any projects outside its own operations and its upstream and downstream value chain that it has financed or intends to finance through any purchase of **carbon credits**, including:
 - (a) (59 (a) amended) the amount of carbon credits in tCO₂eq that are verified against **recognised quality standards for carbon credits** and cancelled in the reporting period;
 - (b) (59 (b) amended) the amount of carbon credits in tCO₂eq purchased in the reporting period and not cancelled yet; and
 - (c) (AR 62(a)(b) amended) the share of carbon credits from removal projects (percentage of total carbon credit volume), with an explanation of whether they are from nature-based or technological sinks.
34. (61 amended) In the case where the undertaking has made public claims of GHG neutrality that involve the use of **carbon credits**, it shall explain:
 - (a) whether and how these claims and the reliance on carbon credits neither hinder nor undermine the achievement of its **GHG emission reduction targets**; and
 - (b) the credibility and integrity of the carbon credits used by referring to **recognised quality standards for carbon credits** and any other factors necessary to understand the credibility and integrity of the carbon credits the undertaking plans to use.

APPLICATION REQUIREMENTS

AR 27 for para. 32 (GHG removals and storage)	<p>(AR 58 amended) GHG removals and storage include both <i>nature-based solutions</i> as well as technological removals and storage. When preparing information on its projects, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 58(b) amended) apply consensus methods on accounting for GHG removals as soon as they are available, such as the EU Carbon Removals and Carbon Farming Certification (CRCF) Regulation⁶; (b) (AR 58(d) amended) include in the calculation the removals from operations that it owns, controls or contributes to, that have not been sold to another party through <i>carbon credits</i>, and that are not double counted or reported; (c) (AR 58 (f) amended) account for the <i>GHG emissions</i> associated with a removal activity, including transport and storage, under ESRS E1-8; and (d) (AR 59 amended) include in the calculation the removal activities in the upstream and downstream value chain that the undertaking is actively contributing to, e.g., through a cooperation project with a <i>supplier</i>.
AR 28 for para. 33 (Carbon credits)	<p>(AR 63 amended) When preparing the information on <i>carbon credits</i>, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 63(a) amended) consider <i>recognised quality standards for carbon credits</i>; (b) (AR 63(c) amended) in order to avoid double counting, not include carbon credits issued from <i>GHG emission reduction</i> projects nor GHG emission removal projects within its own operations or upstream and downstream its value chain; and (c) (AR 63(g) amended) 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.

Disclosure Requirement E1-10 – Internal carbon pricing

35. (New) The objective of this DR is to enable an understanding of the role of internal carbon pricing in guiding the undertaking's strategic and operational decision-making to reduce ***GHG emissions***.
36. (63 amended) The undertaking shall disclose information related to its use of ***internal carbon pricing schemes***, namely:
 - (a) an explanation of whether and how the undertaking applies carbon pricing in decision-making (for example, investment decisions, transfer pricing and ***scenario analysis***) and the consistency of the prices used versus the prices used in the financial statement for impairment tests; and
 - (b) the average carbon price per metric tonne of ***GHG emissions*** for each internal pricing scheme.

Disclosure Requirement E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

37. (64 amended) The objective of this DR is to enable an understanding of how the identified climate-related material ***physical*** and ***transition risks*** and ***climate-related opportunities*** are expected to affect the undertaking's financial position and future performance. Paragraphs 38 and 41 of this Standard add topical specifications to ESRS 2 SBM 3. The information required for this DR is part of the information on current and anticipated financial effects required under ESRS 2 SBM-3.

⁶ Regulation (EU) 2024/3012 of the European Parliament and of the Council of 27 November 2024 establishing a Union certification framework for permanent carbon removals, carbon farming and carbon storage in products

38. (66 amended) The undertaking shall disclose the ***anticipated financial effects*** from ***material physical risks***, including:
- (a) the carrying amount of assets at material physical risk before considering ***climate change adaptation actions***, including the relevant time horizons;
 - (b) the percentage of the (carrying amount of) assets at material physical risk addressed by adaptation ***actions*** at the reporting date; and
 - (c) the monetary amount of net revenue from its business activities at material physical risk, including the relevant time horizons.
39. (67 amended) The undertaking shall disclose the ***anticipated financial effects*** from material ***transition risks***, including:
- (a) the carrying amount of assets at material transition risk, including the relevant time horizons, and a range of estimated potential ***stranded assets*** from the reporting year until the mid-term and long-term time horizons based on a scenario aligned with limiting climate change to 1.5°C;
 - (b) the percentage of the (carrying amount of) assets at material transition risk addressed by mitigation ***actions***;
 - (c) a breakdown of the carrying amount of its real estate assets that have been used as loan collaterals by energy-efficiency classes;
 - (d) the estimated potential liabilities related to climate transition that do not meet the accounting recognition criteria at the reporting date but that may have to be recognised in financial statements in future periods; and
 - (e) the monetary amount of net revenue from its business activities at material transition risk and, if applicable, the net revenue from its customers operating in coal-, oil- and gas-related activities, including the relevant time horizons.
40. (AR 69 and AR 72 amended) The undertaking shall disclose the methodology applied to quantify the amounts disclosed under paragraphs 38 and 39, including the scope adopted in the calculation, critical assumptions, parameters and limitations, including whether the calculation leverages on the process (e.g. scenario analysis) used to identify and assess transition risks.
41. (69 amended) The undertaking shall disclose the amount of assets or revenue from its business activities related with the identified ***climate-related opportunities***, including their associated time horizons.

APPLICATION REQUIREMENTS

AR 29 for paras. 38–41 (Calculation approaches)	<p>(AR 69 amended) When disclosing the information required under paragraphs 38 to 41, the undertaking shall adopt the following approaches:</p> <ul style="list-style-type: none"> (a) consider the time horizons (short-, medium- and long-term) over which the effects of <i>climate-related risk and opportunities</i> could reasonably be expected to occur; (b) include all of the types of the undertaking's own physical assets, including finance-lease / the underlying asset of the right-of-use assets; (c) present the monetary amounts (or percentages) as either a single amount or range; (d) present the carrying amount of assets as of the reporting date and the net revenue as those related to the reporting period; (e) for paragraph 39(c), present the energy efficiency class in terms of either ranges of energy consumption in kWh/m² or the Energy Performance Certificate (EPC) label class. If the undertaking cannot obtain this information without undue cost and effort, it shall
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	<p>disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates; and</p> <p>(f) disclose net revenue and the carrying amount of assets, making it consistent with the financial statements.</p>
AR 30 for paras. 38(c), 39(a) and 39(e) (Gross vs net)	When disclosing on paragraph 38(c), 39(a) and 39(e), the undertaking shall explain whether the amount is assessed before or after mitigation actions .
AR 31 for para. 39(d) (Estimated potential liabilities)	If the undertaking discloses the information prescribed under 39(d) in its financial statement, it shall refer to it.
AR 32 for paras. 40 (Location of assets)	When disclosing the methodology applied to quantify the amounts disclosed under paragraphs 38 and 39, the undertaking shall include where relevant the location of its assets at material physical risks aggregated in a way that support faithful representation of its risks.



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DRAFT

ESRS E2

POLLUTION

NOVEMBER 2025



Table of contents

OBJECTIVE.....	3
INTERACTION WITH OTHER ESRS	3
DISCLOSURE REQUIREMENTS	4
IMPACT, RISK AND OPPORTUNITY MANAGEMENT.....	4
<i>Disclosure Requirement E2-1 – Policies related to pollution.....</i>	4
<i>Disclosure Requirement E2-2 – Actions and resources related to pollution</i>	4
METRICS AND TARGETS.....	4
<i>Disclosure Requirement E2-3 – Targets related to pollution.....</i>	4
<i>Disclosure Requirement E2-4 – Pollution of air, water and soil.....</i>	4
<i>Disclosure Requirement E2-5 – Substances of concern and substances of very high concern</i>	5

Objective

1. (1 amended) The **sustainability statement** shall include information in relation to ESRS E2 *Pollution* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. (9 amended) The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. (new) In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. (1(c) amended) This Standard takes account of EU regulatory frameworks, including: the EU Action Plan ‘Towards a Zero Pollution for Air, Water and Soil’; the Chemicals Strategy for Sustainability Towards a Toxic-Free Environment; the Kyiv Protocol on Pollutant Release and Transfer Registers; the E-PRTR (Regulation (EC) No 166/2006 on the European Pollutant Release and Transfer Register) and the IePR amendments (Regulation (EU) 2024/1244 on the Industrial Emissions Portal); the IED (Directive 2010/75/EU on the Industrial Emissions Directive) and the IED 2.0 amendments (Directive (EU) 2024/1785 on the Industrial and Livestock Rearing Emissions); the REACH (Regulation (EC) No 1907/2006 on the Registration, Evaluation, Authorisation and Restriction of Chemicals) and SPM amendments (Commission Regulation (EU) 2023/2055 on Synthetic Polymer Microparticles); and the CLP (Regulation (EC) No 1272/2008 on the Classification, Labelling and Packaging of Substances and Mixtures).
5. (2 amended) This Standard sets out DRs related to **pollution**, with respect to the following sub-topics: pollution of air, pollution of water and pollution of **soil**; **microplastics**; and **substances of concern (SoC)**, including **substances of very high concern (SVHC)**.
6. (3, 4 and 5 amended) **Pollution** of air, pollution of water, and pollution of **soil** refer to the undertaking’s **emissions** to air, water and soil, as well as to the prevention, control and reduction of such emissions. Emissions to water include emissions to **freshwater** and to seawater.
7. (6 amended) DRs on **SoC**, including **SVHC**, set disclosure requirements to provide **users** with an understanding of the related **actual impacts** or **potential impacts**, also considering possible restrictions on their production, use, distribution and commercialisation.
8. (new) Context-specific considerations are particularly important in relation to **pollution**. If material **impacts, risks** or **opportunities** are related to specific **geographies**, it is important to consider appropriate aggregation or disaggregation of the reported information, e.g. by **site**, area with **water stress** or other level in accordance with ESRS 1 *General Requirements*, Chapter 3.3.2 *Level of Aggregation, Disaggregation*.

Interaction with other ESRS

9. (7 amended) Social and environmental **topics** interact with each other. The main points of interaction between ESRS E2 *Pollution* and the other topical standards are the following.
 - (a) ESRS E1 *Climate Change* addresses **emissions** to air from the following seven **greenhouse gases (GHGs)**: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). These GHG emissions are not addressed in ESRS E2 *Pollution*
 - (b) ESRS E3 *Water* addresses the use of water resources, including through the volume of **water discharge**. However, **pollutants**, including **microplastics**, emitted to water are addressed in ESRS E2 *Pollution*.
 - (c) ESRS E4 *Biodiversity and Ecosystems* addresses **pollution** as a direct **driver of biodiversity and ecosystem change**, addressing the **impacts** of pollution on **biodiversity** and ecosystems, while **pollutant emissions** are addressed in ESRS E2 *Pollution*.

- (d) ESRS E5 *Resource Use and Circular Economy* addresses **resource use** and the transition to a **circular economy** but does not address **emissions of pollutants** generated by **waste** or by resource extraction, transformation and use, which are covered by ESRS E2 *Pollution*.
- (e) (8 amended) ESRS S3 *Affected Communities* addresses the undertaking's **pollution-related impacts**, as they may affect people and communities.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement E2-1 – Policies related to pollution

10. (14 amended) The undertaking shall disclose its **pollution-related policies** in accordance with the provisions of ESRS 2 GDR-P.

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

11. (18 amended) The undertaking shall disclose its key **pollution-related actions** and resources allocated to the implementation of those actions in accordance with the provisions of ESRS 2 GDR-A.

Metrics and targets

Disclosure Requirement E2-3 – Targets related to pollution

12. (22 amended) The undertaking shall disclose its **pollution-related targets** in accordance with the provisions of ESRS 2 GDR-T.

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

13. (27 amended) The objective of this DR is to enable **users** to understand the undertaking's **emissions of pollutants** to air, water and **soil**, and of its manufacturing, use, and release into the environment of **microplastics**.
14. (28(a) amended) The undertaking shall disclose the amounts of material **emissions of pollutants** to air, water and **soil** from its own operations, including due to **environmental accidents**, in the reporting period.
15. (28(b) amended) On **microplastics**, the undertaking shall disclose:
- (a) the amounts of primary microplastics manufactured or used in its **products**, and separately, those directly released into the environment; and
 - (b) information on secondary microplastics.

APPLICATION REQUIREMENTS

AR 1 for paras. 14 and 15 (Pollution of air, water and soil)	(AR 21 amended) The pollutants and primary microplastics shall be presented in relevant mass units, e.g. tonnes or kilogrammes.
AR 2 for para. 14 (Pollution of air, water and soil)	(AR 24 amended) The pollutants listed in Annex II of Regulation (EC) No 166/2006 (E-PRTR), Regulation (EU) 2024/1244 (IEPR) and subsequent amendments that apply to the undertaking, together with other pollutants that the undertaking measures or monitors, are a valuable input for assessing the material pollutant emissions . When determining whether the emission of a specific pollutant is material, the undertaking can consider the thresholds for releases in Annex II of Regulation (EU) 2024/1244.
AR 3 for para. 14	(new) Transfers of water pollutants to external treatment plants qualify as pollution within the undertaking's downstream value chain. When they are

(Pollution of air, water and soil)	material, the undertaking is expected to report on transfers as entity-specific disclosures (see ESRS 1 <i>General Requirements</i> , paragraphs 11 and 12).
AR 4 for para. 15(b) (Pollution of air, water and soil)	<p>(AR 20 amended) Secondary microplastics can, for example, result from the breakdown of larger plastic items from the undertaking's products in its downstream value chain (e.g. wear and tear of car tyres or synthetic textiles), or be unintentionally released through the product life cycle.</p> <p>The information about secondary microplastics to be reported under paragraph 15(b) can be qualitative.</p>

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

16. (33 amended) The objective of this DR is to enable **users** to understand the undertaking's material **impacts**, **risks** and **opportunities** linked to the manufacturing, trading or use of **SoC** and **SVHC**, including risks arising from changes in regulations.
17. (34 and 35 amended) **Manufacturers of substances, formulators of substances or importers** of substances, whether on their own or in mixtures, shall disclose the total weight of **SoCs**, and separately, the total weight of **SVHC** that are:
 - (a) procured as substances on their own or in mixtures;
 - (b) manufactured as substances on their own or in mixtures;
 - (c) **placed on the market** as substances on their own or in mixtures; and
 - (d) directly released into the environment (air, water, and **soil**), including unintentional releases from leaks or spills.
18. (35 amended) **Users of substances**, whether on their own or in mixtures, shall disclose:
 - (a) the total weight of **SVHC** that they use during production and during the delivery of services; and
 - (b) the total weight of SVHC that they directly release into the environment.
19. (35 amended) **Manufacturers of articles, importers of articles or users of articles** that contain **SVHC** shall disclose the names of the **substances** that are present in a concentration above 0.1% weight by weight (w/w), as per Article 33 of Regulation (EC) No 1907/2006 (REACH), in:
 - (a) procured components or articles; and
 - (b) components or articles **placed on the market**.

APPLICATION REQUIREMENTS

AR 5 for paras. 17 and 18 (SoC and SVHC)	<p>(new) The requirements in paragraph 17 apply only to undertakings operating in the chemical sector, namely manufacturing chemical substances (e.g. NACE Rev.2.1 C20 and, if applicable, C21), formulating chemical mixtures (e.g. NACE Rev.2.1 C20.3, C20.4, C20.5) or operating in the wholesale of chemical substances (e.g. NACE Rev.2.1 G46.85). These requirements do not apply to undertakings whose main activity is the manufacture of non-chemical products.</p> <p>The requirements in paragraph 18 apply only to undertakings that are outside the scope of paragraph 17.</p>
AR 6 for paras. 17 and 18 (SoC and SVHC)	(AR 28 amended) The undertaking reporting under paragraphs 17 and 18 shall present SVHC grouped by hazard class (as per CLP Regulation 1272/2008/EC). This implies that a single substance needs to be counted under all applicable hazard classes. However, in the total amounts of

	procured, manufactured, sold and released substances, double counting shall be avoided.
AR 7 for paras. 17 and 18 (SoC and SVHC)	(AR 29 amended) The substances shall be presented in tonnes or kilogrammes, or other mass unit relevant to the quantity and types of pollutants being released.
AR 8 for paras. 17, 18 and 19 (SoC and SVHC)	(AR 30 amended) The information provided under this DR may refer to information the undertaking is already required to report under other legislation (e.g. Directive 2010/75/EU, Regulation (EC) No 166/2006, their subsequent amendments, etc.).



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ESRS E3

WATER

NOVEMBER 2025



Table of Contents

OBJECTIVE	3
INTERACTION WITH OTHER ESRS	3
DISCLOSURE REQUIREMENTS	4
IMPACT, RISK AND OPPORTUNITY MANAGEMENT	4
<i>Disclosure Requirement E3-1 – Policies related to water.....</i>	4
<i>Disclosure Requirement E3-2 – Actions and resources related to water</i>	4
METRICS AND TARGETS.....	4
<i>Disclosure Requirement E3-3 – Targets related to water</i>	4
<i>Disclosure Requirement E3-4 – Water metrics.....</i>	5

Objective

1. (1 amended) The **sustainability statement** shall include information in relation to ESRS E3 *Water* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. (6 amended) The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. (new) In this Standard, each DR is introduced by a disclosure objective, except for **policies, actions** and **targets**, for which the provisions in ESRS 2 *General Disclosures* GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. (1(c) amended) This Standard takes account of EU regulatory frameworks and other relevant frameworks, including EU Water Framework Directive (Directive 2000/60/EC), EU Drinking Water Directive (Directive 2020/2184/EU), Industrial Emissions Directive (Directive 2010/75/EU), EU Water Resilience Strategy, the Eco-Management and Audit Scheme (EMAS) Regulation (Regulation 1221/2009/EC), UN Watercourses Convention (1997) and UNECE Water Convention (1992).
5. (2 amended) This Standard sets out DRs related to water, particularly with respect to the following sub-**topics**: water use, which includes **water withdrawal; water consumption; water discharge** and **water stored**.
6. (2 amended) Water encompasses **freshwater** and other types of water, for example brackish water, from different sources, such as **surface water, groundwater**, seawater, produced water and third-party water.
7. (new) Context-specific considerations are particularly important in relation to water. If material **impacts, risks** or **opportunities** are connected to specific **geographies**, it is important to consider appropriate aggregation or disaggregation of the reported information, e.g. by **site**, basin, area with **water stress** or any other level in accordance with ESRS 1 *General Requirements*, Chapter 3.3.2 *Level of Aggregation, Disaggregation*.

Interaction with other ESRS

8. (3, 4, 5 amended) Social and environmental **topics** interact with each other. The main points of interaction between ESRS E3 *Water* and the other topical standards are the following.
 - (a) ESRS E1 *Climate Change* addresses 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, precipitation or hydrological variability, ocean acidification, saline intrusion, sea level rise, drought, water stress, heavy precipitation, floods and glacial lake outbursts.
 - (b) ESRS E2 *Pollution* addresses the **emissions** to water, including emissions to seawater, and the manufacturing, use and release of **microplastics**.
 - (c) ESRS E4 *Biodiversity and Ecosystems* addresses **impacts** on marine and **freshwater ecosystems** and **biodiversity** connected to the use of water.
 - (d) ESRS E5 *Resource Use and Circular Economy* addresses the type and **circularity of resource inflows**, including **marine resources**.
 - (e) ESRS S3 *Affected Communities* addresses material **impacts** on people and communities resulting from the undertaking's activities related to water, including changes in water availability, quality or access.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement E3-1 – Policies related to water

9. (11 amended) The undertaking shall disclose its water-related **policies** in accordance with the provisions of ESRS 2 GDR-P.
10. (13 amended) If the undertaking has **sites** located in areas with **water stress** that are not covered by its water-related **policies**, it shall disclose this fact.

APPLICATION REQUIREMENTS

AR 1 for paras. 10, 12, 13 and 15(b) (Water stress)	<p>(new) Water stress encompasses quantity or availability (related to water scarcity) together with water quality and accessibility considerations and provides a broader measure of basin pressure.</p> <p>Water stress is one component of physical water-related risks, together with other non-water-stress-related factors, such as flooding and droughts. A comprehensive understanding of water-related risks considers all components of physical water-related risks (e.g., water stress, flooding, droughts) as well as regulatory and reputational water-related risks.</p>
AR 2 for paras. 10, 12, 13 and 15(b) (Areas with water stress)	<p>(Defined Terms ‘Areas of high-water stress’ amended) Global indicators (with associated datasets) and related thresholds to assess if an area is with water stress include:</p> <ul style="list-style-type: none"> a) baseline water stress – equal to or greater than ‘High’: 40–80% (WRI); b) water depletion – greater than ‘High’: 25–75% (Seasonal) (Brauman et al.); c) baseline water depletion – equal to or greater than ‘High’: 50–75% (WRI); and d) WEI+ (Water Exploitation Index plus) – equal to or greater than 40% (EEA). <p>While these global indicators account for water stress in terms of the quantity of water resource available (related to water scarcity), a comprehensive assessment of water stress encompasses all its dimensions (quantity, quality and accessibility).</p> <p>The assessment whether an area is exposed to water stress is typically done at the basin level as a minimum. Tailored methodologies may be used to assess whether an area is exposed to water stress and may leverage local knowledge.</p>

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

11. (17 amended) The undertaking shall disclose its key water-related **actions** and resources allocated to their implementation in accordance with the provisions of ESRS 2 GDR-A.
12. (19 amended) The undertaking shall specify key **actions** and resources related to areas with **water stress**.

Metrics and targets

Disclosure Requirement E3-3 – Targets related to water

13. (22 amended) The undertaking shall disclose its water-related **targets** in accordance with the provisions of ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 3 for para. 13 (Targets on areas with water stress)	(23 amended) In line with the scope considerations set out in ESRS 2 GDR-T, paragraph 51(c), the undertaking shall, where relevant, express water-related targets with reference to specific geographic areas, such as areas with water stress .
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Disclosure Requirement E3-4 – Water metrics

14. (27 amended) The objective of this DR is to enable **users** to understand the undertaking's water performance.
15. (28, AR 32 amended) The undertaking shall disclose the following water **metrics** for its own operations:
 - (a) total **water consumption**;
 - (b) total **water consumption** in areas with **water stress**;
 - (c) total **water withdrawal**;
 - (d) total **water discharge**;
 - (e) total **water recycled and reused**; and
 - (f) total **water stored**.

APPLICATION REQUIREMENTS

AR 4 for para. 15 (Water metrics)	(new) Water consumption (C) can be measured directly, modelled, estimated or calculated by subtracting total water discharge (D) from total water withdrawal (W) during the reporting period: $C = W - D$.
AR 5 for para. 15 (Water metrics units)	(28 amended) Water metrics under paragraph 15(a)–(f) shall be presented in cubic meters (m^3) or multiples thereof.



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ESRS E4

BIODIVERSITY AND ECOSYSTEMS

NOVEMBER 2025



Table of Contents

OBJECTIVE	3
INTERACTION WITH OTHER ESRS	3
DISCLOSURE REQUIREMENTS	4
STRATEGY.....	4
<i>Disclosure Requirement E4-1 – Biodiversity and ecosystems transition plan.....</i>	<i>4</i>
IMPACT, RISK AND OPPORTUNITY MANAGEMENT	4
<i>Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems.....</i>	<i>4</i>
<i>Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems</i>	<i>5</i>
METRICS AND TARGETS	5
<i>Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems.....</i>	<i>5</i>
<i>Disclosure Requirement E4-5 – Metrics related to biodiversity and ecosystems change.....</i>	<i>6</i>

Objective

1. (1 amended) The **sustainability statement** shall include information in relation to ESRS E4 *Biodiversity and Ecosystems* if this **topic** relates to material **impacts**, **risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. (7 amended) The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies**, **actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. (1(c) amended) This Standard takes account of EU regulatory frameworks and other relevant frameworks, including the vision of the Kunming-Montreal Global Biodiversity Framework and its relevant goals and **targets**, relevant aspects of the EU Biodiversity Strategy for 2030, EU Birds and Habitats Directives (Directive 2009/147/EC of the European Parliament and of the Council and Council Directive 92/43/EEC), the Marine Strategy Framework Directive (Directive 2008/56/EC of the European Parliament and of the Council), the 2023 EU Marine Action Plan, the EU Water Framework Directive (Directive 2000/60/EC of the European Parliament), and the Nature Restoration Regulation (Regulation (EU) 2024/1991 of the European Parliament and of the Council).
5. This Standard sets out DRs related to **biodiversity** and **ecosystems**, particularly with respect to the following closely interlinked sub-topics: **drivers of biodiversity and ecosystem change**; the state of species; the condition and **extent of terrestrial, freshwater and marine ecosystems**; and **ecosystem services**.
6. (3 amended) 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.
7. Context-specific considerations are particularly important in relation to **biodiversity** and **ecosystems**. If material **impacts**, **risks** or **opportunities** are related to specific **geographies**, it is important to consider appropriate aggregation or disaggregation of the reported information, e.g. by **site**, ecosystem or another level in accordance with ESRS 1 *General Requirements*, Chapter 3.3.2 *Level of Aggregation, Disaggregation*.

Interaction with other ESRS

8. (4 and 5(a) amended) Social and environmental **topics** interact with each other. For instance, direct **drivers of biodiversity and ecosystem** 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 ESRS E4 *Biodiversity and Ecosystems* except for climate change and pollution, which are addressed by ESRS E1 *Climate Change* and ESRS E2 *Pollution*. The main points of interaction between ESRS E4 *Biodiversity and Ecosystems* and the other topical standards are the following.
 - (a) (5(a) amended) ESRS E1 *Climate Change* addresses **climate change mitigation**, **climate change adaption** and energy, whereas **impacts** on **biodiversity** and **ecosystems** related to the undertaking's activities addressing climate mitigation and adaption are addressed in ESRS E4 *Biodiversity and Ecosystems*.
 - (b) (5(b) amended) ESRS E2 *Pollution* addresses the **emission of pollutants** to air, water and **soil** and the manufacturing, use and release of **microplastics**, whereas impacts of pollution on biodiversity and ecosystems are addressed in ESRS E4 *Biodiversity and Ecosystems*.
 - (c) (5(c) amended) ESRS E3 *Water* addresses the use of water, whereas impacts on biodiversity and ecosystems related to the use of water are addressed in ESRS E4 *Biodiversity and Ecosystems*.

- (d) (5(d) amended) ESRS E5 *Resource Use and Circular Economy* addresses the type and **circularity** of **resource inflows**, including **marine resources**, **waste** and the implementation of **circular economy principles**, whereas the impacts on biodiversity and ecosystems related to these topics are addressed in ESRS E4 *Biodiversity and Ecosystems*.
- (e) (6 amended) ESRS S3 *Affected Communities* addresses material negative impacts on **affected communities** arising from biodiversity and ecosystems-related impacts attributable to the undertaking.

Disclosure Requirements

Strategy

Disclosure Requirement E4-1 – *Biodiversity and ecosystems transition plan*

9. (12 amended) The objective of this DR is to enable an understanding of the undertaking's response and contribution to the transition implied by the Kunming-Montreal Global Biodiversity Framework (GBF) if it has in place a **biodiversity and ecosystems transition plan** and has made public its key features.
10. (15 amended) If the undertaking has in place a **biodiversity and ecosystems transition plan** to transform its **business model** and strategy so that it contributes to the global goal of halting and reversing **biodiversity loss**, as stated in the GBF, and it has made public the key features of such plan, it shall disclose those features.

APPLICATION REQUIREMENTS

AR 1 for para. 10 (Biodiversity and ecosystems transition plan)	(AR 1 amended) Biodiversity can also be part of an undertaking's broader transition plan that, for instance, addresses climate change. Biodiversity and ecosystems transition plans , or plans that integrate biodiversity, contain information on targets , key actions, financial planning and governance. They are also expected to include a clear explanation of how the undertaking's strategy and business model will evolve to contribute to the global goal of halting and reversing global biodiversity loss set out in the GBF and can include the identification and management of synergies and trade-offs with other transition plan objectives, including any response and contribution to the transition implied by the Paris Agreement.
AR 2 for para. 10 (Biodiversity and ecosystems transition plan)	(new) 'Has made public' means that the undertaking has made the key features of its biodiversity and ecosystems transition plan available before or at the time of the release of its sustainability statement , through accessible public channels such as its website or reports.

Impact, risk and opportunity management

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

11. (22 amended) The undertaking shall disclose its **biodiversity and ecosystems policies** in accordance with the provisions of ESRS 2 GDR-P.
12. In addition to the provisions of ESRS 2 GDR-P, the undertaking shall describe the content of its **biodiversity** and **ecosystems**-related **policies** with respect to:
 - (a) (23(d) amended) supporting the traceability of **products**, components and **raw materials** that have **actual or potential** material **impacts** on biodiversity and ecosystems in its **value chain**; and
 - (b) (24(a) amended) **sites** in its own operations in or near a **biodiversity-sensitive area**.

APPLICATION REQUIREMENTS

AR 3 for para. 11 (Policies related to biodiversity and ecosystems)	(24(b), (c), (d) amended) When describing the content of its policies , the undertaking shall specify, where applicable, whether they address sustainable land or agricultural practices; sustainable oceans or seas practices; or deforestation.
AR 4 for para. 11 (Policies related to biodiversity and ecosystems)	(18 amended) Biodiversity and ecosystems scenario analysis can inform the identification, assessment and management of material risks and opportunities over short-, medium- and long-term time horizons. The undertaking can consider the use of scenario analysis when defining its policies , actions and targets .
AR 5 for para. 12 (b) (Policies related to biodiversity and ecosystems)	(new) If the undertaking's site is in or near a biodiversity-sensitive area , its activities can be related to material negative impacts on the biodiversity-sensitive area. Whether an undertaking's site outside a biodiversity-sensitive area is near such an area shall be determined by defining the site's area of influence. The area of influence can be determined by applying buffer distances specific to the undertaking's type of activity following regulatory requirements, science-based recommendations and industry best practice.

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

13. (27 amended) The undertaking shall disclose its key **biodiversity**- and **ecosystems**-related **actions** and resources allocated to their implementation in accordance with the provisions of ESRS 2 GDR-A.
14. (28 amended) In addition to the provisions of ESRS 2 GDR-A, the undertaking shall describe any **biodiversity offsets** used as part of its **actions**, including the aim of the offsets, the financing effects in monetary terms, the area, type and quality criteria applied, and the standards with which the biodiversity offsets comply.

APPLICATION REQUIREMENTS

AR 6 for para. 13 (Actions related to biodiversity and ecosystems)	(AR 23 amended) Actions to be disclosed under paragraph 13 shall consider the right to free, prior and informed consent of indigenous peoples (see also ESRS S3-2).
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Metrics and Targets**Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems**

15. (31 amended) The undertaking shall disclose its **biodiversity** and **ecosystems targets** in accordance with the provisions of ESRS 2 GDR-T.
16. (31, 32(e) amended) If the undertaking uses **biodiversity offsets** in setting its **targets**, it shall disclose how these offsets were used.

APPLICATION REQUIREMENTS

AR 7 for para. 15 (Targets related to biodiversity and ecosystems)	(AR 26 amended) Biodiversity -related targets : <ol style="list-style-type: none"> (a) typically address 'pressures' on nature and aim at reducing the drivers of biodiversity and ecosystem change (e.g. avoiding land-use change due to the conversion of forest land) as well as address the 'state of nature' and aim to improve the species and ecosystem extent and condition (e.g. increasing the population size of species at extinction risk or restoring a landscape condition compared to a baseline level); (b) are most effective if they are science-based and aligned with ecological thresholds and contribute to the targets of the GBF;
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	<ul style="list-style-type: none"> (c) can be set at different levels (see ESRS 2 <i>General Disclosures</i>, paragraph 51(c)), e.g. at site, landscape, company or upstream value chain level, depending on the goal of the target and the capacity of the undertaking to influence its achievement; (d) are typically implemented in accordance with the mitigation hierarchy: avoidance, minimisation, restoration and compensation.
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Disclosure Requirement E4-5 – *Metrics related to biodiversity and ecosystems change*

17. (34 amended) The objective of this DR is to enable an understanding of the performance of the undertaking against material **biodiversity** and **ecosystems** change-related **impacts**, **risks** and **opportunities**.
18. (16(a) and 19(a) amended) The undertaking shall disclose the following information for material **biodiversity** and **ecosystem** change-related **impacts**, **risks** or **opportunities**:
- (a) (16(a)(ii) amended) the locations in its own operations to which the material impacts, risks or opportunities relate;
 - (b) (16(a)(iii) amended) for those locations, a list of **biodiversity-sensitive area(s)** (name and type) related to the undertaking's material negative impacts, if any; and
 - (c) (16(a)(i) amended) the undertaking's activities that are related to material negative impacts on the biodiversity-sensitive areas described in (b) above.
19. (33, 36, 38-41 amended) In addition to paragraph 18, and in accordance with ESRS 2 GDR-M, the undertaking shall report **metrics** related to its material impacts on **biodiversity** and **ecosystems**.

APPLICATION REQUIREMENTS

AR 8 for para. 18 (Metrics related to biodiversity and ecosystems change)	<p>(new) To inform the prioritisation for disclosure and the level of aggregation or disaggregation, the undertaking shall consider locations where its own operations are related to material negative impacts on biodiversity-sensitive areas.</p> <p>The undertaking is not necessarily expected to disclose this information for each of its individual sites and can aggregate information to relevant groups of sites related to its material impacts, risks and opportunities, for example based on the same biodiversity-sensitive area or cluster of areas in a region affected by multiple sites, in accordance with ESRS 1 <i>General Requirements</i>, Section 3.3.2.</p>
AR 9 for para. 19 (Metrics related to biodiversity and ecosystems change)	When providing the description of material impacts in accordance with ESRS 2 IRO-2, the undertaking shall indicate which material impacts concern (16(b) amended) land degradation , desertification or soil sealing and (16(c) amended) operations that affect threatened species or ecosystems .
AR 10 for para. 19 (Metrics related to biodiversity and ecosystems change)	<p>(new) Depending on which sub-topic is assessed material, the undertaking shall include metrics in relation to:</p> <ul style="list-style-type: none"> (a) drivers of biodiversity and ecosystem change; (b) the state of species (e.g. related to extinction risk); (c) the condition and extent of terrestrial, freshwater, and marine ecosystems (e.g. related to site condition and landscape condition); and (d) ecosystem services.
AR 11 for para. 19 (Metrics related to biodiversity and ecosystems change)	(AR 30 amended) Primary data on the state of nature metrics collected at location-level or through remote sensing is the best means to help determine impacts on biodiversity and ecosystems . Using primary data on the state of nature is especially relevant where the undertaking's sites are in or near biodiversity-sensitive areas .

	The undertaking can also estimate its impacts by using data on impact drivers or secondary data on the state of nature.
AR 12 for para. 19 (Metrics related to biodiversity and ecosystems change)	When identifying metrics to disclose, the undertaking shall consider: (a) (AR 27(f) amended) the frequency of monitoring and the baseline condition or value and baseline year or period; and (b) (AR 28 amended) whether the metrics enable users to understand how they relate to the material impacts .



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ESRS E5

RESOURCE USE AND CIRCULAR ECONOMY

NOVEMBER 2025



Table of Contents

OBJECTIVE.....	3
INTERACTION WITH OTHER ESRS	3
DISCLOSURE REQUIREMENTS.....	4
IMPACTS, RISKS AND OPPORTUNITIES' MANAGEMENT	4
Disclosure Requirement E5-1 – Policies related to resource use and circular economy	4
Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy .	4
METRICS AND TARGETS.....	4
Disclosure Requirement E5-3 – Targets related to resource use and circular economy	4
Disclosure Requirement E5-4 – Resource inflows	4
Disclosure Requirement E5-5 – Resource outflows.....	5

Objective

1. The **sustainability statement** shall include information in relation to ESRS E5 *Resource Use and Circular Economy* if this **topic** relates to material **impacts, risks, and opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relations to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This standard takes account of EU regulatory frameworks, including the EU Circular Economy Action Plan (2020), the Eco-design for Sustainable Products Regulation (Regulation (EU) 2024/1781), the Waste Framework Directive (Directive 2008/98/EC), the Right to Repair Directive (EU) 2024/1799 and the Critical Raw Materials Act (Regulation (EU) 2024/1252).
5. This Standard sets out DRs related to **resource use** and **circular economy** with respect to the following sub-topics: **resource inflows; resource outflows** related to **products** and services; resource outflows related to **waste**.
6. **Circular economy** is a key pillar of the European Clean Industrial Deal (2025), which sets the EU's ambition to become a global leader in circular economy practices by 2030.

Interaction with other ESRS

7. Environmental and social **topics** interact with each other. The points of interaction between ESRS E5 *Resource Use and Circular Economy* and the other topical standards are listed below:
 - (a) ESRS E1 *Climate Change* addresses **climate change mitigation, climate change adaptation** and energy consumption, whereas ESRS E5 *Resource Use and Circular Economy* addresses inflows of materials (including **fossil fuels** not used for energy), resource extraction and **circular economy** practices that can reduce GHG emissions (carbon footprint) and energy intensity.
 - (b) ESRS E2 *Pollution* addresses emissions of **pollutants** to air, water and **soil** (including **microplastics**), and **substances of concern (SoC)**, including **substances of very high concern (SVHC)**, whereas ESRS E5 *Resource Use and Circular Economy* addresses **resource use** and **waste** management practices that may generate or mitigate such emissions in the **value chain**.
 - (c) ESRS E3 *Water* addresses the use and management of water as a physical resource and the operations of the undertaking in areas with **water stress**, whereas ESRS E5 *Resource Use and Circular Economy* addresses **marine resources** and water-intensive processes through which circular measures can reduce consumption and improve efficiency.
 - (d) ESRS E4 *Biodiversity and Ecosystems* addresses **biodiversity** and **ecosystems impacts**, whereas ESRS E5 *Resource Use and Circular Economy* addresses resource use, waste management and circular economy activities that may contribute to or alleviate such impacts.
 - (e) ESRS S3 *Affected Communities* addresses material **impacts** on people and communities arising from the undertaking's activities, including those linked to resource use, **products** and services, and waste, whereas ESRS E5 *Resource Use and Circular Economy* addresses these activities from a technical perspective in terms of **resource inflows, resource outflows**, waste and circular economy practices.
 - (f) ESRS S4 *Consumers and End-users* addresses information-related impacts on **consumers** or **end-users**, their personal safety and their social inclusion, whereas ESRS E5 addresses resource use, waste management and **circularity** aspects of those same products and services. Disclosures under ESRS E5 *Resource Use and Circular Economy* on these aspects are relevant for understanding the information-related and inclusion impacts on consumers and end-users that are reported under ESRS S4 *Consumers and End-users*.

Disclosure Requirements

Impacts, risks and opportunities' management

Disclosure Requirement E5-1 – Policies related to resource use and circular economy

8. (14 amended) The undertaking shall disclose its **resource use** and **circular economy policies** in accordance with the provisions of ESRS 2 GDR-P.
9. (35 amended) In addition to the information required under ESRS 2 GDR-P, if the undertaking integrates **circular economy principles** or **eco-design requirements** in its **key products** and **circular economy services**, it shall explain how this is done.

Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy

10. (19 amended) The undertaking shall disclose its key **resource use** and **circular economy actions** in accordance with the provisions of ESRS 2 GDR-A.

Metrics and Targets

Disclosure Requirement E5-3 – Targets related to resource use and circular economy

11. (23 amended) The undertaking shall disclose its **resource use** and **circular economy targets** in accordance with the provisions of ESRS 2 GDR-T.

Disclosure Requirement E5-4 – Resource inflows

12. (29 amended) The objective of this DR is to provide an understanding of the undertaking's **resource inflows**. This includes information about the types and **circularity** of resources entering the undertaking.
13. (30 and 31 amended) The undertaking shall disclose the following information:
 - (a) the **key materials** used, providing for each a concise description and specifying any **critical raw materials** and **strategic raw materials** it contains;
 - (b) the total weight of all key materials;
 - (c) a breakdown of each key material, expressed in weight or as a percentage of the total weight of all key materials; and
 - (d) the **secondary resources** used, expressed in weight or as a percentage of the total weight of key materials.

APPLICATION REQUIREMENTS

AR 1 for para. 13(a) (Resource inflows)	When reporting paragraph 13(a): <ol style="list-style-type: none">(a) the undertaking shall provide a concise description of each key material, reflecting its role and relevance in the context of the undertaking's operations.(b) if the distinction between technical material and biological material is a driver of impacts, risks or opportunities, the undertaking shall describe it accordingly.
AR 2 for para. 13(a) (Resource inflows)	<p>Critical raw materials and strategic raw materials, as identified in Annex I and Annex II of the Critical Raw Materials Act (Regulation (EU) 2024/1252), may be part of the undertaking's key materials. Where this is the case, the undertaking shall specify so.</p> <p>For example, an undertaking may identify a battery as a key material for its operations and specify that it contains lithium, which is classified as a critical and strategic raw material.</p>

Disclosure Requirement E5-5 – Resource outflows

14. (34 amended) The objective of this DR is to provide an understanding of how the undertaking contributes to the **circular economy** by designing, manufacturing and providing **products** and services in accordance with **circular economy principles**, and by effectively managing **waste**.

Products

15. (36 amended) The undertaking shall disclose:

- (a) qualitative or quantitative information on the expected **durability** of its **key products**;
- (b) qualitative or quantitative information on the extent to which its key products are **repairable**;
- (c) the **designed recyclability rate** of its key products and their **packaging**.

Waste

16. (37 and 38 amended) The undertaking shall disclose the following information on **waste** from its own operations:

- (a) a description of the undertaking's **waste streams**;
- (b) the total weight of waste generated;
- (c) the proportion of waste diverted from disposal, expressed as a percentage of total waste generated, with a breakdown between **hazardous waste** and **non-hazardous waste**, and a breakdown by the following operation types:
 - i. **reuse**;
 - ii. **recycling**;
 - iii. other **recovery** operations;
- (d) the proportion of waste directed to disposal, expressed as a percentage of total waste generated, with a breakdown between hazardous waste and non-hazardous waste, and a breakdown by the following operation types:
 - i. incineration;
 - ii. **landfill**;
 - iii. other disposal operations;
- (e) (new) the proportion of waste for which the final destination is unknown, expressed as a percentage of total waste generated.

17. (39 amended) The undertaking shall disclose the total amount of radioactive **waste** it generates, in accordance with the definition of radioactive waste in Article 3(7) of Council Directive 2011/70/Euratom.

APPLICATION REQUIREMENTS

AR 3 for para. 15(c) (Products)	<p>When disclosing information in accordance with paragraph 15(c), the undertaking shall use the following equation:</p> <p>(a) for products:</p> $\text{Designed recyclability rate} = \frac{\text{total weight of recyclable materials incorporated in the product}_x}{\text{total weight of the product}_x} \times 100$ <p>(b) for packaging:</p> $\text{Designed recyclability rate} = \frac{\text{total weight of recyclable materials incorporated in the packaging}_x}{\text{total weight of the packaging}_x} \times 100$
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AR 4 for para. 16(a) (Waste)	When reporting in accordance with paragraph 16(a) on waste streams , it is sufficient to provide a name (for example, in accordance with the European List of Waste by Commission Decision 2000/532/EC) and an indication of the key materials that are included in the waste stream, such as biomass, metals, non-metallic minerals, plastics, textiles, critical raw materials , rare earths, etc.
AR 5 for paras. 16(b)–(d) and 17 (Waste)	When reporting in accordance with paragraphs 16(b)–(d) and 17, the data shall reflect the material's weight in its original state and shall not be presented with further data manipulation, such as reporting it as 'dry' or 'wet' weight.
AR 6 for para. 16(c)(iii) (Waste)	<p>A list of recovery operations is found in Annex II, Directive 2008/98/EC on waste (Waste Framework Directive). 'Other recovery operations' should meet the definitions and requirements in the WFD.</p> <p>When reporting Waste in accordance with paragraph 16(c)(iii), the undertaking shall specify, if relevant, what these 'other recovery operations' are.</p> <p>Incineration with energy recovery is considered an 'other recovery operation' only when it meets the conditions of point R1 in Annex II 'Recovery operations' of the WFD.</p>
AR 7 for para. 16(d)(iii) (Waste)	A list of disposal operations is found in Annex I, Directive 2008/98/EC on waste (Waste Framework Directive).



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ESRS S1

OWN WORKFORCE

NOVEMBER 2025



Table of contents

Objective.....	3
Interaction with other topical ESRS.....	4
Disclosure Requirements	4
Impacts, risks and opportunities management	4
Disclosure Requirement S1-1 – Policies related to own workforce.....	4
Disclosure Requirement S1-2 – Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy	5
Disclosure Requirement S1-3 – Actions and resources related to own workforce	6
Metrics and targets	6
Disclosure Requirement S1-4 – Targets related to own workforce	6
Disclosure Requirement S1-5 – Characteristics of the undertaking's employees	7
Disclosure Requirement S1-6 – Characteristics of non-employees in the undertaking's own workforce	9
Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue	10
Disclosure Requirement S1-8 – Diversity metrics	12
Disclosure Requirement S1-9 – Adequate wages	12
Disclosure Requirement S1-10 – Social protection	13
Disclosure Requirement S1-11 – Persons with disabilities	13
Disclosure Requirement S1-12 – Training and skills development metrics	13
Disclosure Requirement S1-13 – Health and safety metrics	14
Disclosure Requirement S1-14 – Work-life balance metrics.....	16
Disclosure Requirement S1-15 – Remuneration metrics	16
Disclosure Requirement S1-16 – Incidents of discrimination and other human rights incidents	17

Objective

1. The **sustainability statement** shall include information in relation to ESRS S1 *Own Workforce* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies, except for:
 - (a) Disclosure Requirement ('DR') ESRS S1-5, which the undertaking shall apply if it concludes that its **own workforce** is to be reported following the materiality assessment material; and
 - (b) ESRS S1-6, which the undertaking shall apply if it concludes that **non-employees** in its own workforce are connected to material **impacts, risks** or **opportunities**.

The filter of materiality of information defined in ESRS 1 *General Requirements*, paragraph 23, remains applicable also to these two DRs.

2. The objective of this Standard is to set out DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. The objective of this Standard is also to enable an understanding of the extent to which the undertaking aligns or complies with the 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 (EU); the EU policy priorities as set out by the European Pillar of Social Rights; and EU legislation, including the EU labour law acquis.
5. This Standard sets out DRs related to the undertaking's **own workforce**, in particular with respect to the following sub-topics:
 - (a) working conditions (including **adequate wages, work-life balance**, working time, secure employment, **social protection**);
 - (b) **social dialogue**, freedom of association, works councils, participation rights of workers and **collective bargaining**;
 - (c) health and safety;
 - (d) **training** and skills development;
 - (e) diversity and **equal treatment** (including gender equality, equal **pay** for work of equal value, employment and inclusion of **people with disabilities**, non-discrimination, anti-harassment); and
 - (f) other labour-related human rights (including **child labour, forced labour**, privacy and adequate housing).
6. The undertaking's **own workforce** includes (i) people who are in an employment relationship with the undertaking ('**employees**') and (ii) people who, for the purposes of reporting under ESRS, are called '**non-employees**' in the undertaking's own workforce. The latter comprise people with contracts with the reporting undertaking to supply labour ('self-employed people') or people provided by undertakings primarily engaged in 'employment activities' (NACE Code N78). Information about the persons referred to as 'non-employees' in the undertaking's own workforce in accordance with this Standard shall not affect their status under applicable labour law. This Standard does not cover workers in the undertaking's upstream or downstream value chain. These workers are covered in ESRS S2 *Workers in the Value Chain*.

7. The definitions of self-employed people and of people provided by undertakings primarily engaged in ‘employment activities’ are based on national legislation. Examples of **non-employees** in the undertaking’s **own workforce** that could fall within the scope of own workforce are:
 - (a) self-employed persons in the undertaking’s own workforce, which could include:
 - i. self-employed persons hired by the undertaking to perform work that would otherwise be carried out by an **employee** or in a public area (e.g. on the street);
 - ii. self-employed persons hired by the undertaking to deliver work or a service directly at the workplace of a client of the undertaking; and
 - (b) people employed by a third party engaged in ‘employment activities’, which could include people who perform the same work that employees carry out, such as those who fill in for employees who are temporarily absent or who may be dispatched temporarily from another EU Member State to work for the undertaking (‘posted workers’).

Interaction with other topical ESRS

8. Social and environmental **topics** interact with each other. The points of interaction between ESRS S1 *Own Workforce* and the other topical standards are the following:
 - (a) all the social standards, i.e. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities* and ESRS S4 *Consumers and End-users*, are aligned in terms of content and structure and are related to each other. ESRS S2 *Workers in the Value Chain* covers the same sub-topics as ESRS S1 *Own Workforce* for those workers in the upstream and downstream value chain who are not in the undertaking’s **own workforce**. The disclosures in the social standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence;
 - (b) this Standard interacts with ESRS E1 *Climate Change* to the extent that the transition to a low-carbon and climate-resilient economy is a source of **impacts**, **risks** and **opportunities** for ESRS S1 *Own Workforce*; and
 - (c) this Standard interacts with ESRS E2 *Pollution* to the extent that **pollution** can cause material negative **impacts** with regard to health and safety in the workplace.

Disclosure Requirements

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

9. (19 amended) The undertaking shall describe its **policies** for managing material **impacts**, **risks** and **opportunities** related to its **own workforce** in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific groups within its own workforce (for example, **employees** working in a particular factory or geography or self-employed people) or all of its own workforce.
10. (22 amended) The undertaking shall state whether its **policies** in relation to its **own workforce** address trafficking in human beings¹, **forced labour** or compulsory labour, and **child labour**.

APPLICATION REQUIREMENTS

AR 1 for para. 9	(AR 14 amended) Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement
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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 #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').

(Policies related to own workforce)	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).
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Disclosure Requirement S1-2 – Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy

11. (26 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with its **own workforce**, including the availability of **channels to raise concerns or needs** such as **grievance mechanisms**, and its approach to **remedy**.
12. (27 amended) The undertaking shall disclose how it engages directly with its **own workforce** or **workers' representatives** 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 during the reporting year. This shall include:
 - (a) (28 amended) how the undertaking gains insight into the perspectives of people in its own workforce who may be particularly vulnerable to **impacts** and/or who are marginalised (for example, women, migrants, **persons with disabilities**) if the undertaking takes action to understand those perspectives; and
 - (b) (27(d) amended) the **Global Framework Agreements ('GFA')** or other outcomes that the undertaking has reached with workers' representatives related to the respect of human rights of its own workforce if there are any such agreements or outcomes.
13. (32(b)(c)(e) amended) The undertaking shall describe the channels available to its **own workforce** to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism** in place.² It shall also explain how it assesses the effectiveness of these channels.
14. (32(a) amended) The undertaking shall describe its general approach to and **processes to provide or cooperate in remediation** where it has caused or contributed to a material negative **impact** on people in its **own workforce**.

APPLICATION REQUIREMENTS

AR 2 for para. 12 (Engagement)	(AR 19 amended) Engagement with the undertaking's own workforce can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
AR 3 for para. 13 (Grievance mechanism)	(AR 32 amended) 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, can be used for assessing the effectiveness of the channels.

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 #5 in Table III of Annex I and 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 grievance/complaints handling mechanisms related to employee matters' and 'Lack of processes and compliance mechanisms to monitor compliance with the UNGPs and the OECD Guidelines for Multinational Enterprises').

Disclosure Requirement S1-3 – Actions and resources related to own workforce

15. (37 amended) The undertaking shall describe the key **actions** and resources used to manage its material positive and negative **impacts, risks** and **opportunities** related to its **own workforce** in accordance with ESRS 2 GDR-A.
16. (38(a)(b)(d) amended) In relation to material negative **impacts** on its **own workforce**, the undertaking shall describe:
- (a) its key **actions** taken, planned or underway to prevent, mitigate and **remediate** material negative impacts on its own workforce, including its approach in situations where tensions arise between such actions and other business pressures; and
 - (b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for its own workforce. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.

APPLICATION REQUIREMENTS

AR 4 for para. 16 (Key actions)	<p>(AR 34 and AR 35 amended) The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This disclosure requirement also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
AR 5 for para. 16 (Climate transition)	<p>(AR 43 amended) The undertaking shall present its actions in a way that enables users to understand the connections that exist between different topics in accordance with Chapters 3.3 and 9.1 of ESRS 1 <i>General Requirements</i>. This applies to measures taken to mitigate negative impacts on its own workforce that arise from the transition to a low-carbon and climate-resilient economy. For example, downscaling or mass dismissal may occur when a factory is closed, and this could lead to measures such as intra-company placements or early retirement plans with an impact on the employees. Other examples include current and/or expected external developments that influence dependencies that are sources of just transition risks.</p>

Metrics and targets**Disclosure Requirement S1-4 – Targets related to own workforce**

17. (46 amended) The undertaking shall disclose qualitative and/or quantitative **targets** related to its **own workforce** in accordance with ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 6 for para. 17 (Tracking performance)	<p>(47(b)(c) amended) Engagement with the undertaking's own workforce or workers' representatives can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 16(b), including the development of metrics, target-setting and/or tracking of performance against those metrics and targets.</p> <p>In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the</p>
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	undertaking's management of material negative impacts and the identification of lessons learnt or improvements.
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Disclosure Requirement S1-5 – Characteristics of the undertaking's employees

18. (49 amended) The objective of this DR is to provide insight into the undertaking's approach to employment practices, including security of employment for its **own workforce**. It also serves as the basis for calculating certain quantitative **metrics** required by other DRs in this Standard and provides contextual information for those metrics.
19. (50 amended) The undertaking shall disclose:
- (a) the total number of **employees** by headcount and breakdowns by gender and by country for the countries in which it has 50 or more employees and that are the ten largest countries in terms of employee numbers;
 - (b) the total number by headcount or full time equivalent (FTE) of:
 - i. permanent employees with a breakdown by gender;
 - ii. temporary employees with a breakdown by gender;
 - iii. **non-guaranteed hours employees**;
 - (c) the rate of employee turnover in the reporting period; and
 - (d) a qualitative explanation in case there is an inconsistency between information reported under point (a) above and the most representative number reported in the financial statements.

APPLICATION REQUIREMENTS

AR 7 for para. 19(b) (Definition of distinct types of employees)	(AR 56 amended) The definitions of permanent, temporary and non-guaranteed hours employees differ among 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. Country-level data shall then be added up to calculate the total numbers.						
AR 8 for para. 19 (Methodological context information)	(New) In accordance with ESRS 2 GDR-M, the undertaking shall disclose the method used to calculate and compile employee data (for example, at the end of the reporting year or as an average) and provide contextual information.						
AR 9 for para. 19(a) (Presentation tables – employee headcount)	<p>(AR 55 amended) The undertaking shall present the requested disclosures either in a narrative format or in the following tabular formats.</p> <p><i>Table 1: Template for presenting information on employee headcount by gender</i></p> <table border="1"> <thead> <tr> <th>Gender</th> <th>Number of employees (headcount) – current reporting period</th> <th>Number of employees (headcount) – previous reporting period</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td></td> <td></td> </tr> </tbody> </table>	Gender	Number of employees (headcount) – current reporting period	Number of employees (headcount) – previous reporting period	Male		
Gender	Number of employees (headcount) – current reporting period	Number of employees (headcount) – previous reporting period					
Male							

Female		
Other		
Not reported		
Total employees		

In some Member States, it is possible for persons to legally register themselves as having a third gender, which is categorised as ‘other’ in the table above. However, if the third gender is not permitted by law, the undertaking may explain this and indicate that the ‘other’ category is not applicable.

Table 2: Template for presenting employee headcount in the ten largest countries in terms of number of employees, where the undertaking has at least 50 employees

Country	Number of employees (headcount) – current reporting period	Number of employees (headcount) – previous reporting period
Country A		
Country B		
Country C		
Country D		

AR 10 for para. 19(b)
(Presentation table – employee headcount breakdown)

(AR 55 amended) The undertaking shall present the information either as narrative text or using the following table.

Table 3: Template for presenting information on employees by contract type, broken down by gender (headcount or FTE)

	FEMALE	MALE	OTHER*	NOT REPORTED	TOTAL
Number of permanent employees (headcount / FTE) – Current reporting period					
Number of permanent employees (headcount / FTE) – Previous reporting period					
Number of temporary employees (headcount / FTE) – Current reporting period					
Number of temporary employees (headcount / FTE) – Previous reporting period					
Number of non-guaranteed hours employees (headcount / FTE)					
	n/a	n/a	n/a	n/a	
<p>*In some Member States, it is possible for persons to legally register as having a third gender, which is categorised as 'other' in the table above. However, if the third gender is not permitted by law, the undertaking, may explain this and indicate that the 'other' category is not applicable.</p>					
<p>In some countries, non-guaranteed hours contracts may be considered permanent or temporary contracts in accordance with national legislation.</p>					
AR 11 For para. 19(c) (Calculation employee turnover)	(AR 59 amended) For the employee turnover calculation, the undertaking shall divide the number of employees who leave voluntarily or due to dismissal, retirement or death in service by the average employee headcount.				

Disclosure Requirement S1-6 – Characteristics of non-employees in the undertaking's own workforce

20. (54 amended) The objective of this DR is to enable an understanding of how much the undertaking relies on **non-employees** as part of its **own workforce**.
21. (55(a) amended) The undertaking shall disclose the total number of **non-employees** in the undertaking's **own workforce**.

APPLICATION REQUIREMENTS

AR 12 for para. 21 (Materiality considerations for non-employees)	(NEW) This DR is applicable if non-employees within the undertaking's own workforce are connected to material impacts , risks and opportunities related to own workforce. This situation arises if non-employees are critical to undertaking's business model , for example if they are used to provide flexible labour or if they are used in core processes. Dependencies on non-employees due to the business model can be a risk for the undertaking,
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	particularly if the reliance on non-employees is increasing, for example due to changes in labour market regulations. The use of non-employees can also be connected to material negative impacts if non-employees make up a substantial proportion of the own workforce or if potential or actual negative impacts are material in relation to non-employees.
AR 13 for para. 21 (Calculation method and use of estimates)	(55(b) amended) The total number of non-employees shall be calculated either in terms of headcount or full-time equivalents (FTE), and it shall be reported either as of the end of the reporting period or as an average over the entire reporting period. Explaining which of these options the undertaking has chosen may constitute material contextual information. (AR 63 amended) If the undertaking cannot report exact figures, it shall apply the provisions in ESRS 1 <i>General Requirements</i> regarding estimates.

Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue

22. (59 amended) The objective of this DR is to enable an understanding of the coverage of **collective bargaining** agreements and **social dialogue** for the undertaking's **employees**.
23. (60 amended) The undertaking shall disclose the following information in relation to **collective bargaining**:
- (a) the percentage of its total **employees** covered by collective bargaining agreements;
 - (b) in the European Economic Area (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, which are the EEA countries disclosed in paragraph 19(a) above; and
 - (c) outside the EEA, the percentage of its employees covered by collective bargaining agreements by region.
24. (63 amended) The undertaking shall disclose the following information in relation to **social dialogue** for EEA countries:
- (a) the percentage of **employees** covered by **workers' representatives**, reported at the country level for each EEA country in which the undertaking has significant employment, as calculated in accordance with paragraph 23(b) above; and
 - (b) the existence of any agreements 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.

APPLICATION REQUIREMENTS

	(AR 66 amended) The percentage of employees covered by collective bargaining agreements shall be calculated using the following formula, based on employee headcount: $\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$
AR 14 for para. 23(a) (Calculation collective bargaining coverage)	(AR 67 amended) 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. Any employee in the

	undertaking's own workforce covered by more than one collective bargaining agreement shall only be counted once.																																						
AR 15 for paras. 23 and 24 (Presentation table – collective bargaining coverage)	<p>(AR 70 amended) The undertaking shall present the information in a narrative format or using the table below.</p> <p><i>Table 1. Reporting template for collective bargaining coverage and social dialogue</i></p> <table border="1"> <thead> <tr> <th rowspan="2">Coverage Rate</th> <th colspan="2">Collective Bargaining Coverage</th> <th colspan="2">Social dialogue</th> </tr> <tr> <th>Employees – EEA (for countries with > 50 employees included in the ten largest countries)</th> <th>Employees – non-EEA</th> <th>Workplace representation (EEA only) (for the EEA countries with > 50 employees included in the ten largest countries)</th> </tr> <tr> <th></th> <th>Current reporting period</th> <th>Previous reporting period</th> <th>Current reporting period</th> <th>Previous reporting period</th> </tr> </thead> <tbody> <tr> <td>0–19%</td> <td></td> <td></td> <td>Region A</td> <td></td> </tr> <tr> <td>20–39%</td> <td>Country A</td> <td></td> <td>Region B</td> <td></td> </tr> <tr> <td>40–59%</td> <td>Country B</td> <td></td> <td></td> <td>Country A</td> </tr> <tr> <td>60–79%</td> <td></td> <td></td> <td></td> <td>Country B</td> </tr> <tr> <td>80–100%</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Coverage Rate	Collective Bargaining Coverage		Social dialogue		Employees – EEA (for countries with > 50 employees included in the ten largest countries)	Employees – non-EEA	Workplace representation (EEA only) (for the EEA countries with > 50 employees included in the ten largest countries)		Current reporting period	Previous reporting period	Current reporting period	Previous reporting period	0–19%			Region A		20–39%	Country A		Region B		40–59%	Country B			Country A	60–79%				Country B	80–100%				
Coverage Rate	Collective Bargaining Coverage		Social dialogue																																				
	Employees – EEA (for countries with > 50 employees included in the ten largest countries)	Employees – non-EEA	Workplace representation (EEA only) (for the EEA countries with > 50 employees included in the ten largest countries)																																				
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0–19%			Region A																																				
20–39%	Country A		Region B																																				
40–59%	Country B			Country A																																			
60–79%				Country B																																			
80–100%																																							
AR 16 for para. 24(a) (Calculation social dialogue coverage)	<p>(AR 69 amended) For calculating the information required by paragraph 24(a), the undertaking shall identify in which EEA countries it has significant employment. For each of these countries, it shall report the percentage of employees which are employed in establishments in which employees are represented by workers' representatives.</p> <p>'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.</p> <p style="text-align: center;"><i>Number of employees working in establishments with workers' representatives</i></p> <hr/> <p style="text-align: right;">x 100</p> <hr/> <p style="text-align: center;"><i>Number of employees</i></p>																																						

Disclosure Requirement S1-8 – Diversity metrics

25. (65 amended) The objective of this DR is to enable an understanding of gender diversity at top management level.
26. (66(a) amended) The undertaking shall disclose the gender distribution in number (headcount) and percentage at top management level.

APPLICATION REQUIREMENTS

AR 17 for para. 26 (Calculation gender distribution at top management level)	(AR 71 amended) For the purposes of calculating the gender distribution at top management level, ‘top management’ is defined as the two levels below the administrative and supervisory bodies. Alternatively, the undertaking may use its own definition of ‘top management’, in which case it shall disclose the definition it has used.
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Disclosure Requirement S1-9 – Adequate wages

27. (68 amended) The objective of this DR is to enable an understanding of whether or not the undertaking’s **employees** are paid an **adequate wage** and the benchmark the undertaking uses for its assessment.
28. (69 and 70 amended) The undertaking shall disclose whether or not its **employees** are paid an **adequate wage** and the benchmarks it uses to determine adequate wages with country-level context. If employees are not paid an adequate wage, the undertaking shall disclose the countries and the percentage of employees concerned.

APPLICATION REQUIREMENTS

AR 18 for para. 28 (Adequate wages)	(69 amended) If all employees are paid an adequate wage , stating this and the benchmarks used for its assessment is sufficient to fulfil this requirement.
AR 19 for para. 28 (Calculation of adequate wage)	(AR 72 amended) The basis of this calculation is the lowest wage among the undertaking’s employees , excluding interns and apprentices. This means 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 if the relevant adequate minimum wage is defined at sub-national level.
AR 20 for para. 28 (Adequate wage benchmarks)	(AR 73 amended) The adequate wage benchmark used for comparison with the lowest wage shall not be lower than: <ul style="list-style-type: none"> (a) in the EU: the wage level established through collective bargaining or the statutory minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council³ on adequate minimum wages in the EU; (b) outside of the EU: <ul style="list-style-type: none"> i. the adequate minimum wage established by legislation or collective bargaining which provides a decent standard of living as confirmed by a calculation in line with the ILO principles on estimating a living wage; or

³Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

	<ul style="list-style-type: none"> ii. any living wage estimate, including estimates produced by an institution mandated by the public authorities of the country where the workers are based, which takes into account the ILO principles on estimating a living wage.
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Disclosure Requirement S1-10 – Social protection

29. (73 amended) The objective of this DR 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.
30. (74 amended) If the undertaking's **employees** lack **social protection** through public programmes or through benefits offered by the undertaking itself, it shall disclose the countries of operation where the following major life events are not covered by existing social protection programmes:
 - (a) sickness;
 - (b) unemployment starting from when the **employee** is working for the undertaking;
 - (c) employment injury and acquired disability; and
 - (d) maternity leave.

Disclosure Requirement S1-11 – Persons with disabilities

31. (78 amended) The objective of this DR is to enable an understanding of the extent to which **persons with disabilities** are included among the undertaking's **employees**.
32. (79 amended) The undertaking shall disclose the percentage of **persons with disabilities** amongst its **employees**, subject to legal restrictions on the collection of data.

APPLICATION REQUIREMENTS

AR 21 for para. 32 (Data collection for persons with disabilities)	<p>(New) The DR about persons with disabilities only requires the undertaking to report data that can be lawfully collected. Disability status depends on national legal definitions, but the undertaking may use the same definition across the various countries where it operates or may use applicable national definitions.</p> <p>(AR 76 amended) In accordance with ESRS 2 GDR-M, the undertaking shall disclose the calculation methodology, data types and sources used as input. This may consist, for example, of voluntary employee surveys or information from mandatory disability quotas reported by the undertaking.</p>
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Disclosure Requirement S1-12 – Training and skills development metrics

33. (82 amended) The objective of this DR 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 their skills and facilitate continued employability.
34. (83 amended) The undertaking shall disclose the following information for the reporting period:
 - (a) the percentage of **employees** that participated in formalised performance and career development reviews; and
 - (b) the average number of **training** hours per employee.

APPLICATION REQUIREMENTS

AR 22 for para. 34(a) (Calculation performance review)	<p>(AR 77 amended) A formalised performance and career development review is defined as a review based on criteria known to the employee and his or her superior(s), undertaken with the knowledge of the employee, at least once per year. The review can include an evaluation by the employee'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 34(a), the undertaking shall use the employee headcount figures from ESRS S1-5 in the denominator as follows:</p> $(\# \text{ employees who participated in formalised performance and career development review} / \# \text{ employees according to S1 – 5}) * 100.$
AR 23 for para. 34(b) (Calculation average training hours)	<p>(AR 78 amended) The average number of training hours required by paragraph 34(b) shall be calculated as follows: total number of training hours offered to and completed by employees divided by total number of employees. For the calculation of the total average training hours, the headcount figures for total employment reported in ESRS S1-5 shall be used.</p>

Disclosure Requirement S1-13 – Health and safety metrics

35. (87 amended) The objective of this DR is to enable an understanding of the coverage, quality and performance of the **occupational safety and health management system** established to prevent work-related accidents, ill-health and fatalities.
36. (88 amended) The undertaking shall disclose the following information for the reporting period:
- (a) the percentage of people in its own workforce who are covered by the undertaking's occupational safety and health management system based on legal requirements and/or on recognised standards or guidelines⁴;
 - (b) subject to legal restrictions, the sum of:
 - i. the number of fatalities from **recordable work-related accidents** among all people in the undertaking's own workforce as well as workers who work on the undertaking's **sites**, but are not part of its own workforce; and
 - ii. the number of fatalities from recordable work-related ill health among its employees;
 - (c) the number and rate of **recordable work-related accidents**⁵;
 - (d) with regard to the undertaking's employees, the number of cases of **recordable work-related ill health**, subject to legal restrictions on the collection of data; and

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 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').

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 #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 Sections 1 and 2 of Annex II.

(e) with regard to the undertaking's employees, the number of days lost to recordable work-related accidents and recordable work-related ill health.⁶

If the undertaking assesses ESRS S1-6 to be material, it shall include in the information under point (b)(i) and (c) also the cases among the non-employees in its own workforce. Where applicable, it shall break this information down between employees and non-employees.

APPLICATION REQUIREMENTS

AR 24 for para. 36(a) (Occupational safety and health management system coverage)	(AR 80 amended) The percentage of the undertaking's own workforce that is covered by its occupational safety and health management system shall be disclosed on a headcount basis rather than a full-time equivalent basis.
AR 25 for para. 36(c) (Calculation of recordable work-related accidents)	(AR 89 amended) When computing the rate of recordable work-related accidents, the undertaking shall divide the number of cases by the number of total hours worked by people in its own workforce , multiplied by 1 000 000. This represents the number of cases per one million hours worked and roughly corresponds to the total hours worked by 500 full-time workers in one year. If national law in the countries where the undertaking's employees work defines 'work-related accidents' in a different way than the ESRS Glossary definition of 'recordable work-related accident', the undertaking may use the national definition. In that case, it shall disclose this fact in accordance with ESRS 2 GDR-M. (AR 90 amended) If the undertaking uses estimates, it shall use 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 26 for para. 36(c) (Fatalities from recordable work-related accidents)	(AR 91 amended) Fatalities that result from recordable work-related accidents are included in this figure.
AR 27 for para. 36(d) (Cases of recordable work-related ill health)	(AR 93 and 94 amended) 'Cases of recordable work-related ill health' in paragraph 36(d) refers to cases of work-related ill-health about which the undertaking has been informed by the affected people, compensation agencies or healthcare professionals or to cases that it has identified through medical surveillance during the reporting period. In this context, work-related musculoskeletal disorders are covered under work-related ill health (and not under work-related injuries).
AR 28 for para. 36(e) (Days lost)	(AR 95 amended) The number of days lost shall include the first full day and the last day of absence. Calendar days shall be used for the count. Days on which the affected individual is not scheduled for work (for example weekends, public holidays) will therefore count as days lost.

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 #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 S1-14 – Work-life balance metrics

37. (92 amended) The objective of this DR is to enable an understanding of the entitlement of the undertaking's **employees** to take **family-related leave**, which includes maternity leave, paternity leave, parental leave and carers' leave.
38. (93(a) amended) The undertaking shall disclose the percentage of **employees** entitled to take **family-related leave** during the reporting period.

APPLICATION REQUIREMENTS

AR 29 for para. 38 (Family leave entitlement)	(94 amended) If all of the undertaking's employees are entitled to all four types of family-related leave through social policy and/or collective bargaining agreements, it is sufficient to disclose the overall percentage to comply with paragraph 38. Contextual information, as per ESRS 2 GDR-M, may address the types of family-related leave entitlements, for example, in case the undertaking's employees are only entitled to two of the four types.
AR 30 for para. 38 (Employees entitled to family leave)	(AR 97 amended) For the purposes of paragraph 38, employees entitled to family-related leave are those who are covered by regulations, organisational policies , agreements, contracts or collective bargaining agreements that contain family-related leave entitlements.

Disclosure Requirement S1-15 – Remuneration metrics

39. (96 amended) The objective of this DR is to enable an understanding of the gap in **pay** between women and men amongst the undertaking's **employees** and of the level of remuneration inequality within the undertaking.
40. (97(a)(b) amended) The undertaking shall disclose:
- (a) the gender **pay** gap defined as the difference in average pay levels between female and male **employees**, expressed as a percentage of the average pay level of male employees;⁷ and
 - (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).⁸

APPLICATION REQUIREMENTS

AR 31 for para. 40(a) (Calculation of gender pay gap)	(AR 98 amended) The gender pay gap disclosure in accordance with paragraph 40(a) shall include all male and female employees' gross hourly pay level and be calculated as follows: <i>(Average gross hourly pay level of male employees – average gross hourly pay level of female employees)</i> _____ <i>Average gross hourly pay level of male employees</i>
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⁷ 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 Sections 1 and 2 of Annex II.

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 #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').

AR 32 for para. 40(a) (Calculation of gender pay gap)	(New) When compiling the information required by paragraph 40(a), the undertaking shall: <ul style="list-style-type: none"> (a) include all male and female employees; (b) include the ordinary basic salary; and (c) include any other remuneration made available to all employees, whether in cash or in-kind, which the employee receives directly or indirectly (complementary or variable components) in respect of his/her employment from his/her employer.
AR 33 for para. 40(a) (Unadjusted gender pay gap)	(New) Paragraph 40(a) requires a disclosure of the unadjusted gender pay gap, which measures the overall difference in average pay between male and female employees but does not account for specific factors that can further explain these differences in pay. The adjusted gender pay gap by employee category and/or broken down by country may provide additional contextual information that complements the unadjusted gender pay gap.
AR 34 for para. 40(a)(b) (Methodological context information)	(AR 99 amended) In accordance with ESRS 2 GDR-M, the undertaking shall disclose the methodology it used for compiling the data and/or how the data has been compiled.
AR 35 for para. 40(b) (Annual total remuneration calculation)	(AR 101 amended) When compiling the information required by paragraph 40(b), the undertaking shall: <ul style="list-style-type: none"> (a) include all employees; (b) include base salary, which is the sum of guaranteed, short-term and non-variable cash compensation; (c) include, depending on the undertaking's remuneration policies, all of the following: <ul style="list-style-type: none"> i. benefits in cash, such as cash allowances, bonuses, commissions, cash profit-sharing and other forms of variable cash payments; ii. benefits in-kind, such as cars, private health insurance, life insurance and wellness programs; and iii. 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); (d) apply the following formula for the annual total remuneration ratio: <p><i>Annual total remuneration for the undertaking's highest paid individual</i></p> <hr/> <p><i>Median employee annual total remuneration (excluding the highest – paid individual)</i></p>

Disclosure Requirement S1-16 – Incidents of discrimination and other human rights incidents

41. (101 amended) The objective of this DR is to allow an understanding of the extent to which **incidents of discrimination** and other **human rights incidents** affect the undertaking's **own workforce**.
42. (103(a)(c) and 104(a)(b) amended) The undertaking shall disclose:
 - (a) subject to relevant privacy regulations, the number of **incidents of discrimination** at work on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual

orientation, or other relevant forms of **discrimination**, including **harassment**, identified in the reporting period;⁹

- (b) subject to relevant privacy regulations, the number of **human rights incidents** connected to its **own workforce** identified in the reporting period, excluding those that relate to discrimination, which are reported according to paragraph 42(a);¹⁰ and
- (c) the total amount of fines, penalties and compensation for damages recognised during the reporting period in the financial statements for incidents of discrimination and other human rights incidents.

The incidents from the sub-paragraph above relate to sub-topics to be reported following the materiality assessment .

APPLICATION REQUIREMENTS

AR 36 for para. 42(b) (Human rights incidents)	<p>(New) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Article 29b(2)(b)(iii). These incidents are understood as the number of substantiated instances of:</p> <ul style="list-style-type: none"> (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation and complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 37 for para. 42(a) (Incidents of discrimination)	<p>(New) The incidents of discrimination in scope for this disclosure are those that relate to discrimination. These incidents are understood as the number of substantiated instances of:</p> <ul style="list-style-type: none"> (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation and complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 38 for para. 42(a)(b) (Human rights incidents and incidents of discrimination)	<p>(New) When applying the filter of information materiality (paragraph 23 of ESRS 1 General Requirements) to the information about incidents referred to under paragraph 42(a)(b), the undertaking's assessment is primarily based on the severity of the impacts on its own workforce.</p>

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 #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').

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by Indicator #10 in Table I of Annex I, and by Indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Violations of the UNGPs and OECD Guidelines for Multinational Enterprises' and 'Number of identified cases of severe human rights issues and incidents'), and the information needs of 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 Sections 1 and 2 of Annex II.

AR 39 for para. 42 (Human rights incidents and incidents of discrimination)	<p>(New) If the undertaking considers that changes in human rights incidents and incidents of discrimination are relevant for understanding the effectiveness and availability of channels to raise concerns or needs, including grievance mechanisms, it may cross-reference paragraph 42 (b) and paragraph 13.</p> <p>In accordance with ESRS 2 GDR-M, the undertaking shall disclose the methodology it used to compile the data on the incidents referred to in paragraph 42(a)(b).</p>
AR 40 for para. 42(a)(b) (Remedy or actions related to incidents disclosed)	<p>(New) The way the undertaking has addressed or is addressing incidents referred to in paragraph 42(a)(b) may be cross-referenced to information disclosed in accordance with ESRS S1-3.</p>
AR 41 for para. 42(c) (Connectivity with financial statement data)	<p>(New) This figure derives from the monetary amount recognised in the financial statements and it shall be disclosed in accordance with ESRS 1 paragraph 115 and 116. ‘Fines, penalties and compensation’ refers to those imposed on the undertaking through judicial and non-judicial proceedings.</p>



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DRAFT

ESRS S2

WORKERS IN THE VALUE CHAIN

NOVEMBER 2025

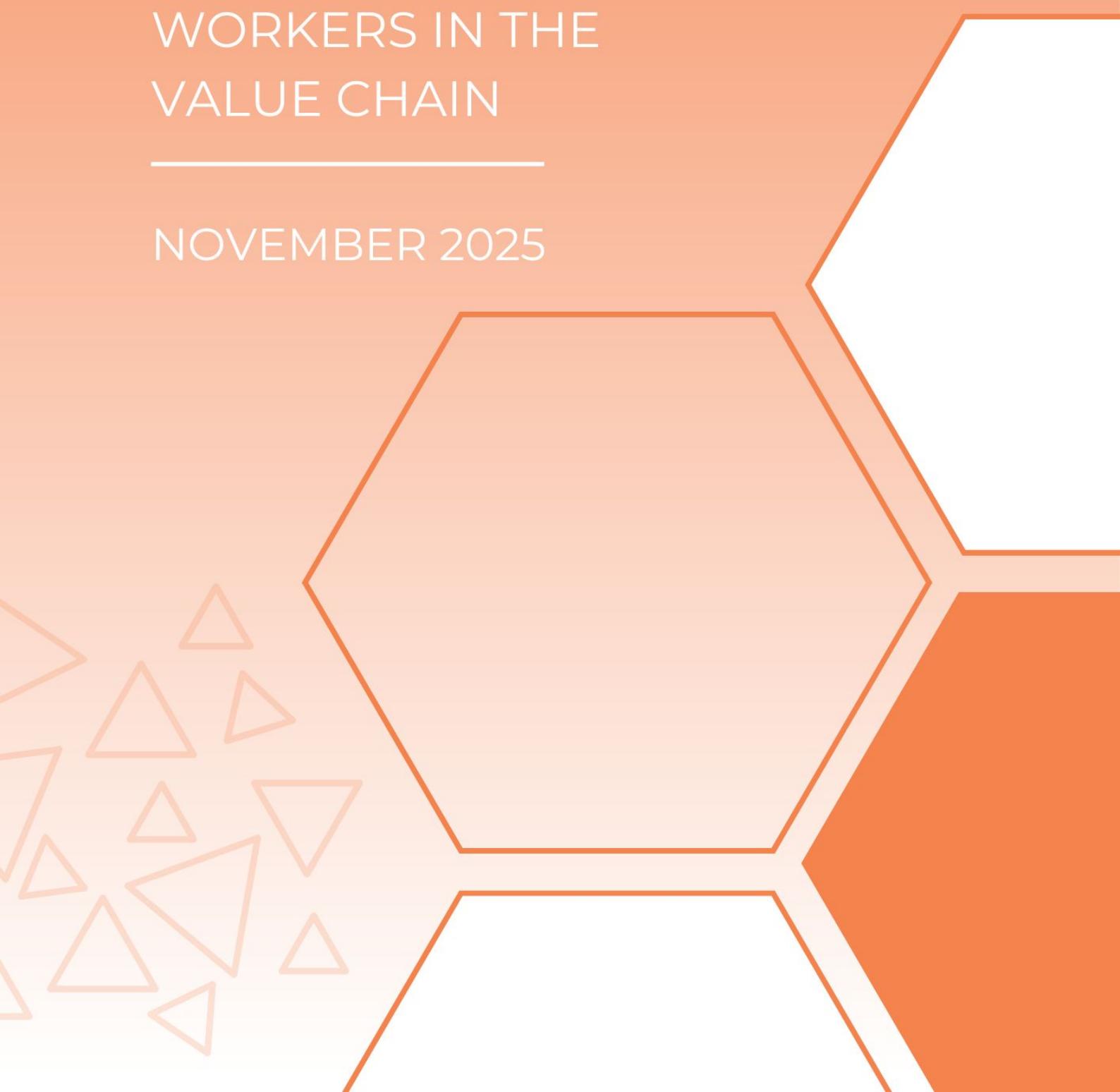


Table of contents

Objective.....	3
Interaction with other topical ESRS.....	4
Disclosure Requirements	4
Impact, risk and opportunity management	4
Disclosure Requirement S2-1 – Policies related to workers in the value chain.....	4
Disclosure Requirement S2-2 – Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy.....	5
Disclosure Requirement S2-3 – Actions and resources related to workers in the value chain	5
Metrics and Targets	7
Disclosure Requirement S2-4 – Targets related to workers in the value chain.....	7

Objective

1. The **sustainability statement** shall include information in relation to ESRS S2 *Workers in the Value Chain* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. The objective of this Standard is also to enable an understanding of the extent to which the undertaking aligns or complies with the 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 on Human Rights and the revised European Social Charter; and the Charter of Fundamental Rights of the European Union.
5. This Standard sets out the DRs related to **workers in the value chain**, in particular with respect to the following sub-topics:
 - (a) working conditions (including **adequate wages, work-life balance**, working time, secure employment, **social protection**);
 - (b) **social dialogue**, freedom of association, works councils, participation rights of workers and **collective bargaining**;
 - (c) health and safety;
 - (d) **training** and skills development;
 - (e) diversity and **equal treatment** (including gender equality, equal **pay** for work of equal value, employment and inclusion of **people with disabilities**, non-discrimination, anti-harassment); and
 - (f) other labour-related human rights (including **child labour, forced labour**, privacy, adequate housing and water and sanitation).
6. This Standard covers all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking. Such **impacts** may be connected with the undertaking's own operations or its upstream and downstream value chain. They include impacts connected to the undertaking's products and services, as well as through its **business relationships**. This standard covers workers who are not included in the scope of '**own workforce**' as set out in ESRS S1 *Own Workforce* (people who are in an employment relationship with the undertaking ('**employees**') and people who, for the purposes of ESRS reporting, are called '**non-employees**' in the undertaking's own workforce).
7. Examples of workers who could fall within the scope of this Standard are:
 - (a) workers of outsourced services working in the workplace of the undertaking (for example, third-party catering or security workers);
 - (b) workers of a **supplier** contracted by the undertaking who work on the supplier's premises using the supplier's work methods or workers of a 'downstream' entity which purchases goods or services from the undertaking;
 - (c) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and

- (d) (AR 3 amended) workers deeper in the **supply chain** who are extracting commodities that are then processed into components that go in the undertaking's products.

Interaction with other topical ESRS

8. Social and environmental **topics** interact with each other. The points of interaction between ESRS S2 *Workers in the Value Chain* and the other topical standards are the following:
 - (a) all the social standards, i.e. ESRS S1 Own Workforce, ESRS S2 *Workers in the Value Chain*, ESRS S3 Affected Communities and ESRS S4 Consumers and End-users, are aligned in terms of content and structure and are related to each other. ESRS S2 *Workers in the Value Chain* covers the same sub-topics as ESRS S1 Own Workforce for those workers in the upstream and downstream value chain who are not in the undertaking's **own workforce**. The disclosures in the social standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence;
 - (b) this Standard interacts with ESRS E1 Climate Change to the extent that the transition to a low-carbon and climate-resilient economy is a source of **impacts**, **risks** and **opportunities** for ESRS S2 *Workers in the Value Chain*; and
 - (c) this Standard interacts with ESRS E2 Pollution to the extent that **pollution** can cause material negative **impacts** with regard to health and safety at the workplace.

Disclosure Requirements

Impacts, risks and opportunities management

Disclosure Requirement S2-1 – Policies related to workers in the value chain

9. (16 amended) The undertaking shall describe its **policies** for managing material **impacts**, **risks** and **opportunities** related to **workers in the value chain** in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific groups of workers in the value chain (for example, particular age groups or workers in a particular factory or country) or all workers in the value chain.
10. (18 amended) The undertaking shall state whether its **policies** in relation to **workers in the value chain** address trafficking in human beings¹, **forced labour** or compulsory labour, and **child labour**.
11. (18 amended) The undertaking shall also state whether it has a **supplier** code of conduct.²

APPLICATION REQUIREMENTS

AR 1 for para. 9 (Policies related to workers in the value chain)	(AR 16 amended) Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to the individuals, groups 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, workers in the value chain , investors).
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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 #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').

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 #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').

Disclosure Requirement S2-2 – Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy

12. (21 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **workers in the value chain**, including the availability of **channels to raise concerns or needs** such as **grievance mechanisms**, and its approach to **remedy**.
13. (22 amended) The undertaking shall disclose how it engages directly with **workers in the value chain**, their **legitimate representatives** or with **credible proxies**, and how the perspectives of its workers in the value chain inform its decisions or activities aimed at managing the **actual** and **potential impacts** on workers in the value chain during the reporting year. This shall include:
- (a) (23 amended) how the undertaking gains insight into the perspectives of workers in the value chain who may be particularly vulnerable to impacts and/or who are marginalised (for example, women workers, migrant workers, workers with disabilities) if the undertaking takes action to understand those perspectives; and
 - (b) (22(d) amended), the **Global Framework Agreements ('GFA')** or other outcomes that the undertaking has reached with workers in the value chain representatives related to the respect of human rights of workers in the value chain if there are any such agreements or outcomes.
14. (27(b)(d) amended) The undertaking shall describe the channels available to **workers in the value chain** to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism** in place.³ It shall also explain how it assesses the effectiveness of these channels.
15. (27(a) amended) The undertaking shall describe its general approach to and **processes to provide or cooperate in remediation** where it has caused or contributed to a material negative **impact** on **workers in the value chain**.

APPLICATION REQUIREMENTS

AR 2 for para. 13 (Engagement)	(AR 18 amended) Engagement with workers in the value chain can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
AR 3 for para. 14 (Grievance mechanism)	<p>(AR 27 amended) 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, can be used for assessing the effectiveness of the channels.</p> <p>(28 amended) If the undertaking has policies for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.</p>

Disclosure Requirement S2-3 – Actions and resources related to workers in the value chain

16. (31 amended) The undertaking shall describe the key **actions** and resources used to manage its material positive and negative **impacts, risks** and **opportunities** related to **workers in the value chain** in accordance with ESRS 2 GDR-A.
17. (32(a)(b)(d) amended) In relation to material negative **impacts** on **workers in the value chain**, the undertaking shall describe:
- (a) its key **actions** taken, planned or underway to prevent, mitigate and **remediate** material negative impacts on workers in the value chain, including its approach in situations where tensions arise between such actions and other business pressures (for example, in procurement or sales); and

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 #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 the UNGPs and the OECD Guidelines for Multinational Enterprises').

- (b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for workers in the value chain. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
18. (36 amended) For the sub-topics assessed as material for this Standard, subject to the relevant privacy regulation, the undertaking shall disclose **human rights incidents** connected to **workers in the value chain** identified in the reporting period.⁴

APPLICATION REQUIREMENTS

AR 4 for para. 17 (Key actions)	(AR 29 and AR 30 amended) The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts. This DR also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage or collective actions taken through multi-stakeholder or industry initiatives.
AR 5 for para. 17 (Climate transition)	(11(c) amended) The undertaking shall present its actions in a way that allows an understanding of the connections that exist between different topics , in accordance with Chapters 3.3 and 9.1 of ESRS 1 <i>General Requirements</i> . This applies to measures taken to mitigate negative impacts on its workers in the value chain that arise from the transition to a low-carbon and climate-resilient economy. For example, innovation and restructuring can lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy. Conversely, positive impacts may arise from initiatives such as updating purchasing practices or training supply chain workers. Other examples include current and/or expected external developments that influence dependencies that are sources of just transition risks.
AR 6 for para 18 (Human rights incidents)	(New) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Art. 29b (2) (b) (iii). These incidents are understood as the substantiated instances of: (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 7 for para. 18 (Human rights incidents)	(New) When applying the filter of information materiality (paragraph 23 of ESRS 1 <i>General Requirements</i>) to the information about incidents referred to under paragraph 18, the undertaking's assessment is primarily based on the severity of the impacts on its workers in the value chain .

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by indicator #10 in Table I of Annex I, by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Violations of the UNGPs and the OECD Guidelines for Multinational Enterprises” and “Number of identified cases of severe human rights issues and incidents”), and the information needs of 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.

AR 8 for para. 18 (Human rights incidents)	(New) The undertaking is not expected to disclose a list of each human rights incident , and may aggregate the information provided, such as by relevant types of incidents and/or workers in the value chain affected.
AR 9 for para. 18 (Cross-referencing)	(New) If the undertaking considers that changes in human rights incidents are relevant for understanding the effectiveness and availability of channels to raise concerns or needs , including grievance mechanisms , it may cross-reference paragraph 18 and paragraph 14. (New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 17.

Metrics and Targets

Disclosure Requirement S2-4 – *Targets related to workers in the value chain*

19. (41 amended) The undertaking shall disclose qualitative or quantitative **targets** related to **workers in the value chain** in accordance with ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 10 for para. 19 (Tracking performance)	(42(b)(c) amended) Engagement with workers in the value chain , their legitimate representatives , or with credible proxies can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 17(b), including the development of metrics , target-setting or tracking of performance against those metrics and targets . In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the undertaking's management of material negative impacts and the identification of lessons learnt or improvements.
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ESRS S3

AFFECTED COMMUNITIES

NOVEMBER 2025



Table of contents

Objective.....	3
Interaction with other topical ESRS.....	3
Disclosure Requirements	3
Impacts, risks and opportunities management	3
Disclosure Requirement S3-1 – Policies related to affected communities	3
Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy	4
Disclosure Requirement S3-3 – Actions and resources related to affected communities	5
Metrics and Targets	6
Disclosure Requirement S3-4 – Targets related to affected communities	6

Objective

1. The **sustainability statement** shall include information in relation to ESRS S3 *Affected Communities* if this **topic** relates to material **impacts**, **risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies**, **actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. The objective of this Standard is also to enable an understanding of the extent to which the undertaking aligns or complies with the 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; and the UN Declaration on the Rights of Indigenous People.
5. This Standard sets out DRs related to **affected communities**, in particular with respect to the following sub-topics:
 - (a) communities' economic, social and cultural rights (including land-related impacts, security-related impacts, adequate housing and food, water and sanitation);
 - (b) communities' civil and political rights (including freedom of expression, freedom of assembly, impacts on human rights defenders); and
 - (c) rights of **indigenous peoples** (including **free, prior and informed consent (FPIC)**), self-determination, cultural rights).

Interaction with other topical ESRS

6. Social and environmental **topics** interact with each other. The points of interaction between ESRS S3 *Affected Communities* and the other topical standards are the following:
 - (a) all the social standards, i.e. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities* and ESRS S4 *Consumers and End-users*, are aligned in terms of content and structure and are related to each other. The disclosures in the social standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence; and
 - (b) this Standard is related to the environmental standards (ESRS E1 to E5) because impacts on **affected communities** may stem from environmental impacts, risks and opportunities that the undertaking discloses under those. For example, the undertaking's climate or biodiversity **transition plan** may affect the lands, territories and natural resources of **indigenous peoples**.

Disclosure Requirements

Impacts, risks and opportunities management

Disclosure Requirement S3-1 – Policies related to affected communities

7. (14 amended) The undertaking shall describe its **policies** for managing the material **impacts**, **risks** and **opportunities** related to **affected communities** in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific affected communities (for example, a community of **indigenous peoples** or a community living around a **site**) or all affected communities.

8. (15 amended) The undertaking shall disclose any particular **policy** provisions for preventing and addressing **impacts** on **indigenous peoples**.

APPLICATION REQUIREMENTS

AR 1 for para. 7 (Policies related to affected communities)	(AR 11 amended) Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to the individuals, groups 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.
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Disclosure Requirement S3-2 – *Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy*

9. (20 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **affected communities**, including the availability of **channels to raise concerns or needs** such as **grievance mechanisms**, and its approach to **remedy**.
10. (21 and 22 amended) The undertaking shall disclose how it engages directly with **affected communities**, their **legitimate representatives**, or with **credible proxies** and how the perspectives of affected communities inform its decisions or activities aimed at managing the **actual** and **potential impacts** on affected communities during the reporting year. This shall include how the undertaking gains insight into the perspectives of affected communities who may be particularly vulnerable to impacts and/or who are marginalised (for example, women, girls, migrants, **persons with disabilities**), if the undertaking takes action to understand those perspectives.
11. (23 amended) 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 (FPIC)** 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. Where engagement occurs with indigenous peoples it shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of engagement (for example, in designing the agenda, nature, and timeliness of engagement).
12. (27(b)(d) amended) The undertaking shall describe the channels available to **affected communities** to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism** in place¹. It shall also explain how it assesses the effectiveness of these channels.
13. (27(a) amended) The undertaking shall describe its general approach to and **processes to provide or cooperate in remediation** where it has caused or contributed to a material negative **impact** on **affected communities**.

APPLICATION REQUIREMENTS

AR 2 for para. 10 (Engagement)	(AR 15 amended) Engagement with affected communities can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
AR 3 for para. 11 (Engagement with indigenous peoples)	(AR 13 amended) Examples of the engagement disclosure in paragraph 11 include the process to obtain consent from indigenous peoples and to ensure good faith negotiations where the undertaking affects lands, territories or resources through relocation or occupation.
AR 4 for para. 12 (Grievance mechanism)	(AR 24 amended) The 'effectiveness criteria for non-judicial grievance mechanisms ', as laid out in the UN Guiding Principles on Business and

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 #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 the UNGPs and the OECD Guidelines for Multinational Enterprises').

	<p>Human Rights, in particular Principle 31, can be used for assessing the effectiveness of the channels.</p> <p>(28 amended) If the undertaking has policies for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.</p>
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Disclosure Requirement S3-3 – Actions and resources related to affected communities

14. (31 amended) The undertaking shall describe the key **actions** and resources used to manage its material positive and negative **impacts, risks** and **opportunities** related to **affected communities** in accordance with ESRS 2 GDR-A.
15. (32(a)(b)(d) amended) In relation to material negative **impacts** on **affected communities**, the undertaking shall describe:
 - (a) its key **actions** taken, planned or underway to prevent, mitigate and **remediate** material negative impacts on affected communities, including its approach in situations where tensions arise between such actions and other business pressures (for example, its practices in relation to planning and land acquisition or in relation to the exploitation and financing of raw materials); and
 - (b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for affected communities. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
16. (36 amended) For the sub-topics assessed as material for this Standard, subject to the relevant privacy regulation, the undertaking shall disclose **human rights incidents** connected to **affected communities** identified in the reporting period².

APPLICATION REQUIREMENTS

AR 5 for para. 15 (Key actions)	<p>(AR 26 and AR 27 amended) The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This disclosure requirement also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
AR 6 for para. 15 (Climate transition)	<p>(9(b) amended) The undertaking shall present its actions in a way that enables users to understand the connections that exist between different topics in accordance with Chapters 3.3 and 9.1 of ESRS 1 <i>General Requirements</i>. This applies to measures taken to mitigate negative impacts on affected communities that arise from the transition to a low-carbon and climate-resilient economy. For example, innovation and</p>

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by Indicator #10 in Table I of Annex I, by Indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Violations of the UNGPs and the OECD Guidelines for Multinational Enterprises” and “Number of identified cases of severe human rights issues and incidents”), and the information needs of 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.

	restructuring can lead to mine closures or increased mining of minerals that are needed for the transition to a sustainable economy.
AR 7 for para. 16 (Human rights incidents)	<p>(New) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Art. 29b (2) (b) (iii). These incidents are understood as the substantiated instances of:</p> <ul style="list-style-type: none"> (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 8 for para. 16 (Human rights incidents)	(AR 12 amended) When determining the human rights incidents connected to affected communities , the undertaking shall consider any legal disputes related to land rights and to the free, prior and informed consent (FPIC) of indigenous peoples .
AR 9 for para. 16 (Human rights incidents)	(New) When applying the filter of information materiality (paragraph 23 of ESRS 1 <i>General Requirements</i>) to the information about incidents referred to under paragraph 16, the undertaking's assessment is primarily based on the severity of the impacts on affected communities .
AR 10 for para. 16 (Human rights incidents)	(New) The undertaking is not expected to disclose a list of each human rights incident , and may aggregate the information provided, such as by relevant types of incidents and/or communities affected.
AR 11 for para. 16 (Cross-referencing)	<p>(New) If the undertaking considers that changes in human rights incidents are relevant for understanding the effectiveness and availability of channels to raise concerns or needs, including grievance mechanisms, it may cross-reference paragraph 16 and paragraph 12.</p> <p>(New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 15.</p>

Metrics and Targets

Disclosure Requirement S3-4 – Targets related to affected communities

17. (41 amended) The undertaking shall disclose qualitative and/or quantitative **targets** related to **affected communities** in accordance with ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 12 for para. 17 (Tracking performance)	<p>(42(b)(c) amended) Engagement with affected communities, their legitimate representatives, or with credible proxies, can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 15(b), including the development of metrics, target-setting and/or tracking of performance against those metrics and targets.</p> <p>In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the undertaking's management of material negative impacts and the identification of lessons learnt or improvements.</p>
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DRAFT

ESRS S4

CONSUMERS AND END-USERS

NOVEMBER 2025



Table of contents

Objective	3
Interaction with other topical ESRS	3
Disclosure Requirements.....	3
<i>Impact, risk and opportunity management</i>	3
Disclosure Requirement S4-1 – Policies related to consumers and end-users.....	3
Disclosure Requirement S4-2 – Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy.....	4
Disclosure Requirement S4-3 – Actions and resources related to consumers and end-users	4
Metrics and Targets	6
Disclosure Requirement S4-4 – Targets related to consumers and end-users.....	6

Objective

1. The **sustainability statement** shall include information in relation to ESRS S4 *Consumers and End-users* if this **topic** relates to material **impacts, risks** and **opportunities** to cover all the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this Standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
4. This Standard sets out DRs related to **consumers** and/or **end-users**, in particular with respect to the following sub-topics:
 - (a) information-related impacts for consumers and/or end-users (including privacy, access to information, freedom of expression);
 - (b) personal safety of consumers and/or end-users (including health and safety, protection of children, security of a person); and
 - (c) social inclusion of consumers and/or end-users (including access to products and services, responsible marketing practices, non-discrimination).
5. The unlawful use or misuse of the undertaking's products and services by **consumers** and/or **end-users** fall outside the scope of this Standard.

Interaction with other topical ESRS

6. Social and environmental **topics** interact with each other. The points of interaction between ESRS S4 *Consumers and End-users* and the other topical standards are the following:
 - (a) all the social standards, i.e. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities*, ESRS S4 *Consumers and End-users*, are aligned in terms of content and structure and are related to each other. The disclosures in the social standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence;
 - (b) this Standard interacts with ESRS E1 *Climate Change* to the extent that the transition to a low-carbon and climate-resilient economy can give rise to material **impacts, risks** or **opportunities** with regard to **consumers** and/or **end-users**; and
 - (c) this Standard interacts with ESRS E5 *Resource Use and Circular Economy* to the extent that consumers and/or end-users are informed about the **resource use, waste** management or **circular economy** aspects of the products or services they buy.

Disclosure Requirements

Impacts, risks and opportunities management

Disclosure Requirement S4-1 – Policies related to consumers and end-users

7. (15 amended) The undertaking shall describe its **policies** for managing material **impacts, risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-P. It shall state whether these policies cover specific groups (for example, particular age groups) or all consumers and/or end-users.

APPLICATION REQUIREMENTS

AR 1 for para. 7 (Policies related to consumers and end-users)	(AR 13 amended) Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to the individuals, groups 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.
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Disclosure Requirement S4-2 – Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy

8. (19 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **consumers** and/or **end-users**, including the availability of **channels to raise concerns or needs** such as **grievance mechanisms**, and its approach to **remedy**.
9. (20 and 21 amended) The undertaking shall disclose how it engages directly with **consumers** and/or **end-users**, their **legitimate representatives**, or with **credible proxies**, and how the perspectives of consumers and/or end-users inform its decisions or activities aimed at managing the **actual** and **potential impacts** on consumers and/or end-users during the reporting year. This shall include how the undertaking gains insight into the perspectives of consumers and/or end-users who may be particularly vulnerable to impacts and/or who are marginalised (for example, **persons with disabilities**, children) if the undertaking takes action to understand those perspectives.
10. (25(b)(d) amended) The undertaking shall describe the channels available to **consumers** and/or **end-users** to bring their concerns or needs directly to its attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism** in place¹. It shall also explain how it assesses the effectiveness of these channels.
11. (25(a) amended) The undertaking shall describe its general approach to and **processes to provide or cooperate in remediation** where it has caused or contributed to a material negative **impact** on **consumers** and/or **end-users**.

APPLICATION REQUIREMENTS

AR 2 for para. 9 (Engagement)	(AR 16 amended) Engagement with consumers and/or end-users can take different forms, such as information sessions, consultation or participation, and take place at different intervals.
AR 3 for para. 10 (Grievance mechanism)	(AR 24 amended) 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, can be used for assessing the effectiveness of the channels. (26 amended) If the undertaking has policies for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.

Disclosure Requirement S4-3 – Actions and resources related to consumers and end-users

12. (30 amended) The undertaking shall describe the key **actions** and resources used to manage its material positive and negative **impacts**, **risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-A.
13. (31(a)(b)(d) amended) In relation to material negative **impacts** on **consumers** and/or **end-users**, the undertaking shall describe:

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 #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 the UNGPs and the OECD Guidelines for Multinational Enterprises').

- (a) its key **actions** taken, planned or underway to prevent, mitigate and **remediate** material negative impacts on consumers and/or end-users, including its approach in situations where tensions arise between such actions and other business pressures (for example, practices related to marketing, sales and data use); and
- (b) how it tracks and assesses the effectiveness of these actions in delivering outcomes for consumers and/or end-users. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
14. (35 amended) For the sub-topics assessed as material for this Standard, subject to relevant privacy regulation, the undertaking shall disclose **human rights incidents** connected to its **consumers** and/or **end-users** identified in the reporting period.²

APPLICATION REQUIREMENTS

AR 4 for para. 13 (Key actions)	(AR 26 and AR 27 amended) The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts. This disclosure requirement also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage and/or collective actions taken through multi-stakeholder and/or industry initiatives.
AR 5 for para. 14 (Human rights incidents)	(New) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Art. 29b (2) (b) (iii). These incidents are understood as the substantiated instances of: (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or (b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 6 for para. 14 (Human rights incidents)	(New) When applying the filter of information materiality (paragraph 23 of ESRS 1 <i>General Requirements</i>) to the information about incidents referred to under paragraph 14, the undertaking's assessment is primarily based on the severity of the impacts on consumers and end-users .
AR 7 for para. 14 (Human rights incidents)	(New) The undertaking is not expected to disclose a list of each human rights incident , and may aggregate the information provided, such as by relevant types of incidents and/or consumers and end-users affected.
AR 8 para. 14 (Cross-referencing)	(New) If the undertaking considers that changes in human rights incidents are relevant for understanding the effectiveness and availability of channels to raise concerns or needs , including grievance mechanisms , it may cross-reference paragraph 14 and paragraph 10.

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by indicator #10 in Table I of Annex I, by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Violations of the UNGPs and the OECD Guidelines for Multinational Enterprises” and “Number of identified cases of severe human rights issues and incidents”), and the information needs of 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.

	(New) The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 13.
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Metrics and Targets

Disclosure Requirement S4-4 – Targets related to consumers and end-users

15. (40 amended) The undertaking shall disclose qualitative and/or quantitative **targets** related to **consumers** and/or **end-users** in accordance with ESRS 2 GDR-T.

APPLICATION REQUIREMENTS

AR 9 for para. 15 (Tracking performance)	<p>(41(b)(c) amended) Engagement with consumers and/or end-users, their legitimate representatives, or with credible proxies, can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 13 (b), including the development of metrics, target-setting and/or tracking of performance against those metrics and targets.</p> <p>In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the undertaking's management of material negative impacts and the identification of lessons learnt or improvements.</p>
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DRAFT

ESRS G1

BUSINESS CONDUCT

NOVEMBER 2025



Table of Contents

OBJECTIVE.....	3
DISCLOSURE REQUIREMENTS	3
<i>Impact, risk and opportunity management</i>	3
Disclosure Requirement G1-1 – Policies related to business conduct	3
Disclosure Requirement G1-2 – Actions related to business conduct	4
<i>Metrics and Targets</i>	5
Disclosure Requirement G1-3 – Targets related to business conduct	5
Disclosure Requirement G1-4 – Metrics related to corruption or bribery	5
Disclosure Requirement G1-5 – Metrics related to political influence, including lobbying activities	5
Disclosure Requirement G1-6 – Metrics related to payment practices.....	6

Objective

1. The **sustainability statement** shall include information in relation to ESRS G1 *Business Conduct* if this **topic** relates to material **impacts**, **risks** and **opportunities** to cover the reporting areas listed in paragraph 5 of ESRS 1 *General Requirements*. If not all the sub-topics prescribed by this standard are to be reported following the **materiality** assessment, paragraph 30 of ESRS 1 *General Requirements* applies.
2. The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
3. In this Standard, each DR is introduced by a disclosure objective, except for **policies**, **actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.
4. This Standard sets out DRs related to business conduct, particularly with respect to the following sub-topics:
 - (a) 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 late payment to small and medium-sized undertakings (SMEs); and
 - (c) political influence, including **lobbying activities**.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement G1-1 – Policies related to business conduct

5. (7) The undertaking shall disclose its business conduct **policies** in accordance with the provisions of ESRS 2 GDR-P.
6. In addition to the information required by ESRS 2 GDR-P, the undertaking shall disclose:
 - (a) (10(b)) whether or not it has anti-**corruption** and anti-**bribery policies** consistent with the United Nations Convention against Corruption¹;
 - (b) (10(d)) whether or not it has **policies** on the protection of whistleblowers²; and
 - (c) (10(h) amended) the functions or roles within the undertaking that are most at risk in respect of **corruption or bribery**.

APPLICATION REQUIREMENTS – ARs

AR 1 for para. 5	For purposes of this Standard, the undertaking shall apply the ESRS definition of corruption and bribery (see ESRS Glossary), which is generic, to overcome the differing definitions found in local laws or in laws applicable in the jurisdiction of the parent company and to ensure comparability across reporting undertakings.
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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 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').

(corruption or bribery – definition)	
AR 2 for para. 6(b) (whistleblowers)	(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, can comply with the disclosure specified in paragraph 6(b) by stating that they are subject to those legal requirements.
AR 3 for para. 6(c) (corruption or bribery)	(AR4) When disclosing information under paragraph 6(c), 'functions or roles most at risk' means those functions or roles deemed to be most at risk of corruption or bribery as a result of their tasks and responsibilities within the undertaking, such as those operating in high-risk countries or interacting with public authorities and governments.

Disclosure Requirement G1-2 – Actions related to business conduct

7. The undertaking shall disclose its **actions** related to **business conduct** in accordance with the provisions of ESRS 2 GDR-A.
8. In addition to the information required by ESRS 2 GDR-A, the undertaking shall disclose information about the following actions:
 - (a) (12 amended) the management of relationships with **suppliers**, including:
 - i. (15(b) amended) if the undertaking takes into account environmental, social, and governance (ESG) performance factors in the selection of its suppliers, how this is done;
 - ii. (10(g) amended) ESG training provided to the procurement team, if any; and
 - iii. (15(a) amended) engagement with suppliers for the improvement of their ESG performance; and
 - (b) (18(a)) the undertaking's procedures to prevent, detect, investigate and respond to allegations or incidents related to **corruption** or **bribery**, including:
 - i. (21 (b) and (c) amended) anti-corruption and anti-bribery training given to functions or roles most at risk within the undertaking, including members of the **administrative, management and supervisory bodies**; and
 - ii. (24(b)) any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery³.

APPLICATION REQUIREMENTS – ARs

AR 4 for para. 8(a) (relationships with suppliers)	In presenting the information in accordance with paragraph 8(a), the undertaking may consider cross-referring to the information about the existence of a supplier code of conduct in accordance with ESRS S2 <i>Workers in the Value Chain</i> , paragraph 11.
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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 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').

Metrics and Targets

Disclosure Requirement G1-3 – Targets related to business conduct

9. The undertaking shall disclose its business conduct **targets** in accordance with the provisions of ESRS 2 GDR-T.

Disclosure Requirement G1-4 – Metrics related to corruption or bribery

10. (23) The objective of this DR is to enable transparency on the convictions and sanctions, including fines, related to corruption or bribery during the reporting period and the related outcomes.
11. (24(a)) The undertaking shall disclose the number of convictions and sanctions, including the total amount of fines, for violation of anti-**corruption** and anti-**bribery** laws⁴ during the reporting period.

APPLICATION REQUIREMENTS – ARs

AR 5 for para. 11 (corruption or bribery – convictions and sanctions)	Convictions for the violation of anti- corruption and anti- bribery laws refer to final decisions issued by a criminal court against an individual or undertaking in respect of a criminal offence related to corruption or bribery, where these court decisions are entered in the criminal record of the convicting European Union Member State or, if outside the EU, in the equivalent register or record of the jurisdiction concerned. Sanctions for the violation of anti-corruption and anti-bribery laws refer to final decisions issued by administrative or regulatory authorities against an individual or undertaking in respect of corruption or bribery.
AR 6 for para. 11 (corruption or bribery – fines)	Fines issued for the violation of anti- corruption and anti- bribery laws refer to mandatory monetary penalties resulting from violations of anti-corruption and anti-bribery laws imposed by a court, administrative or regulatory authority, which are paid to a public treasury, and which are recognised in the undertaking's financial statements during the reporting period.

Disclosure Requirement G1-5 – Metrics related to political influence, including lobbying activities

12. (28) The objective of this DR is to enable an understanding of the undertaking's activities and commitments related to exerting its political influence through political contributions and **lobbying activities**.
13. (29(b)) The undertaking shall disclose the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking during the reporting period, aggregated by country or geographical area where relevant, as well as the type of recipient/beneficiary.
14. (29(c)) The undertaking shall disclose the main **topics** covered by its **lobbying activities** and the main positions taken, including explanations of how its lobbying activities interact with its material **impacts, risks, and opportunities**.

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 set out in indicator #17 of Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('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 II.

15. (30) The undertaking shall disclose information about the appointment of any members of the **administrative, management, and supervisory bodies** during the current reporting period who held a comparable position in public administration (including regulators) in the two preceding years.

APPLICATION REQUIREMENTS – ARs

AR 7 for para. 13 (political contributions)	(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 8 for para. 13 (indirect political contribution)	(AR 10) For purposes of this Standard, ‘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 9 for para. 15 (political influence)	(AR 11) When determining ‘comparable position’ in this Standard, the undertaking shall factor in the level of responsibility and scope of the activities undertaken.

Disclosure Requirement G1-6 – *Metrics related to payment practices*

16. (32) The objective of this DR is to enable an understanding of standard payment terms and of the undertaking’s performance with regard to payment, especially late payment to SMEs.
17. The undertaking shall disclose:
- (a) (33(b) amended) a description of the undertaking’s **standard payment terms** in number of days by main category of **suppliers**, specifying those that apply to SMEs, only if they are different from those generally applied;
 - (b) (33(b)) the percentage of its payments aligned with these standard terms; and
 - (c) (33(c)) the number of legal proceedings currently outstanding for late payments.

APPLICATION REQUIREMENTS – ARs

AR 10 for para. 17(b) (payment practices)	If late payment to SMEs is a material topic for the undertaking, paragraph 11 of ESRS 1 <i>General Requirements</i> applies; therefore, the undertaking shall provide an entity-specific metric, if material.
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