

Overview EU Sustainability Reporting Standards

Cross-cutting standards

- ESRS 1 General requirements. Instructions to apply the standards. Requirement for entity-specific disclosures in addition to standards.
- ESRS 2 General information. Reporting requirements on Governance, Strategy, IRO management (materiality process & common requirements for policies, actions); Common requirements for targets & metrics

Topical standards*

Environment

- ESRS E1 Climate Change
- ESRS E2 Pollution
- ESRS E3 Water
- ESRS E4 Biodiversity and Ecosystems
- ESRS E5 Circular Economy

Social

- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected Communities
- ESRS S4 Consumers and end-users

Governance

- ESRS G1 Business Conduct

**Must be read alongside the disclosure requirements (DRs) in cross-cutting standards.*

They specify topic specific disclosure requirements:

- Reporting requirements on IRO management (policies and actions)
- Requirements for Targets and metrics (mandatory Indicators (KPIs))

**The ESRS are structured according to TCFD categories, in alignment with ISSB:*

- *Governance*
- *Strategy*
- *Management of impacts, risks and opportunities*
- *Metrics and targets*

**In line with the CSRD, the ESRS incorporate a transition provision, which provides a 3 year transition period for the disclosure of value chain related data (i.e. KPIs). The provision does not apply to SFDR-related indicators.*

Mandatory strategic information (cross-cutting disclosure requirements - ESRS 2)

SUSTAINABILITY GOVERNANCE (GOV)

- Top-level bodies and their composition and roles (GOV-1)
- Matters dealt with by the Board (GOV-2)
- Internal incentives (board-level) (GOV-3)
- Explanation/sign-posting for due diligence disclosures (GOV-4)
- Main features of risk management and internal control system in relation to the sustainability reporting process (GOV-5)

IMPACT, RISK AND OPPORTUNITIES MANAGEMENT (IRO)

- Impact, risk and opportunity assessment process (IRO-1)
- Summary of disclosures (list of DRs applied) (IRO-2)

STRATEGY AND BUSINESS MODEL (SBM)

- Description of the market position, business model and value chain, strategy (SBM-1)
- Interests and views of stakeholders taken into account in business model and strategy (SBM-2)
- Material impacts, risks and opportunities and their interaction/effects on business model (SBM-3), incl.:
 - Resilience
 - Changes to strategy (and business model) in light of sustainability matters

CROSS-CUTTING REQUIREMENTS ON POLICIES & ACTIONS (CCR)

- Rules for reporting on policies (DC-1), actions and resources (DC-2), tracking effectiveness of policies and actions through targets for material topics (DC-4) for material topics, incl.:
 - Transparency on the scope of policies, their objectives and commitments
 - Measurable outcome-oriented targets directly related to impacts or risks and opportunities OR tracking effectiveness in absence of targets
 - Actions and resources to address material impacts, risks and opportunities

ENVIRONMENTAL DISCLOSURE REQUIREMENTS

Climate change (ESRS E1)

- Transition plan for climate change mitigation, incl. alignment with Paris (in cross-cutting disclosures on Strategy) (E1-1)
- Policies related to climate change mitigation and adaptation (E1-2)
- Action plans and resources (E1-3)
- Targets, incl. GHG reduction targets (E1-4)
- Energy consumption and mix (E1-5)
- Scope 1, 2 and 3 and total GHG emissions (E1-6)
- **Removal of emissions and carbon credits (if used; not to be mixed with GHG targets) (E1-7)**
- Internal carbon pricing (E1-8)
- E1-9 – Potential financial effects from material physical risks, material transition risks and climate-related opportunities, incl. exposure to fossil fuel activity

Pollution (ESRS E2)

- Policies (E2-1), pollution actions and resources (E2-2), targets (E2-3)
- Pollution of air, water and soil (E2-4), incl. emissions to water, to air and inorganic pollutants
- **Substances of concern and of very high concern (E2-5), incl. Ozone-depleting substances, hazardous substances, microplastics**
- **Potential financial effects from impacts, risks and opportunities (E2-6)**

Water (ESRS E3)

- Policies (E3-1), pollution actions and resources (E3-2), targets (E3-3)
- Water consumption (E3-4) (overall and with regard to at risk areas), incl. amount of recycled water
- **Potential financial effects from impacts, risks and opportunities (E3-6)**

Biodiversity (ESRS E4)

- Transition plan on biodiversity and ecosystems (E4-1)
- Policies (E4-2), actions and resources (E4-3), targets (E4-4)
- **Impact metrics (E4-5), incl. land in protected and valuable areas, and land use change and impact on ecosystems and endangered species**
 - Mandatory: Tot. surface area of the plots of all assets
- **Potential financial effects from impacts, risks and opportunities (E4-6)**

Resource use and circular economy (ESRS E5)

- Policies (E5-1), actions and resources (E5-2), targets (E5-3)
- Resource inflows (E5-4), incl. description of resources used, and **quantification of products and materials used**
- Resource outflows (E5-5), waste, incl. recycling and reuse, **materials and products with circular design**
- **Potential financial effects from impacts, risks and opportunities (E5-6)**

SOCIAL DISCLOSURES

Own Workforce (ESRS S1)

- Policies for own workforce (S1-1), engagement process (S1-2), grievance mechanisms and channels to raise concerns for own workforce (S2-3); targets (S1-4) and actions taken to manage impacts, mitigate risks and pursue opportunities (S1-5)
- Charact. of own staff (by tenure and relationship, gender and region) (S1-6)
- Characteristics of non-employee workers (self-employed workers) (S1-7)
- Collective bargaining and social dialogue (S1-8)
- Diversity indicators (disability specifically mentioned, own workforce) (S1-9)
- Adequate (fair) wages (S1-10)
- Social protection (S1-11)
- Persons with disabilities (S1-12)
- Staff training and development (S1-13)
- OHS indicators (own workforce) (S1-14)
- Work-life balance indicators (with a focus on parenthood) (S1-15)
- Compensation indicators, incl. gender pay gap and wage differential (S1-16)
- Serious labour and human rights incidents (S1-17)

Value Chain Workers (ESRS S2), Affected communities (ESRS S3), Consumers and End-users (ESRS S4)

- Policies (S2-1, S3-1, S4-1)
- Engagement process of the affected stakeholder group on impacts (S2-2, S3-2, S4-2)
- Processes to remediate negative impacts and channels to raise concerns, including grievance mechanisms (S2-3, S3-3, S4-3);
- Targets (S2-4, S3-4, S4-4)
- Actions taken to manage impacts, mitigate risks and pursue opportunities (S2-5, S3-5, S4-5)
- No quantitative KPIs; expected in sector-specific standards

GOVERNANCE

- Corporate culture and business conduct policies (G1-1)
- Management relationship with suppliers (G1-2)
- Prevention and detection of corruption/bribery (G1-3)
- Confirmed incidents of corruption or bribery (G1-4)
- Political influence and lobbying activities (G1-5)
- Payment practices (G1-6)