

# Educational session on draft ESRS E1 Climate change

---

December 2022

Presented by Eric Duvaud,  
EFRAG SR TEG member

# Overview

---

- OBJECTIVE AND OVERVIEW
- DEEP DIVE ON DISCLOSURE REQUIREMENTS

# OBJECTIVE AND OVERVIEW

---

# Objective of ESRS E1

To enable users of sustainability statements to understand:

a) **how the undertaking affects climate change**, in terms of material positive and negative actual and potential impacts

b) the **undertaking's past, current and future mitigation efforts** in line with the Paris Agreement and limiting global warming to 1.5°C

c) **plans and capacity of the undertaking to adapt its strategy and business model(s)** in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C












d) any **other actions taken** by the undertaking, and the **result** of such actions to prevent, mitigate or remediate actual or potential negative impacts

e) nature, type and extent of the undertaking's **material risks and opportunities** arising from the undertaking's impacts and dependencies on climate change, and how the undertaking manages them





f) **financial effects** on the undertaking over the short-, medium- and long-term time horizons of risks and opportunities arising from the undertaking's impacts and dependencies on climate change

## Covered matters: climate change mitigation & adaptation and energy
















### ESRS 2 General disclosures

- **DR related to ESRS 2 GOV-3**  
Integration of sustainability-related performance in incentive schemes 
- **DR E1-1** Transition plan for climate change mitigation    
- **DR related to ESRS 2 SBM-3**  
Material impacts, risks and opportunities and their interaction with strategy and business model(s)   
- **DR related to ESRS 2 IRO-1**  
Description of the processes to identify and assess material climate-related impacts, risks and opportunities   

### Impact, risk and opportunity management

- **DR E1-2** Policies related to climate change mitigation and adaptation 
- **DR E1-3** Actions and resources in relation to climate change policies   

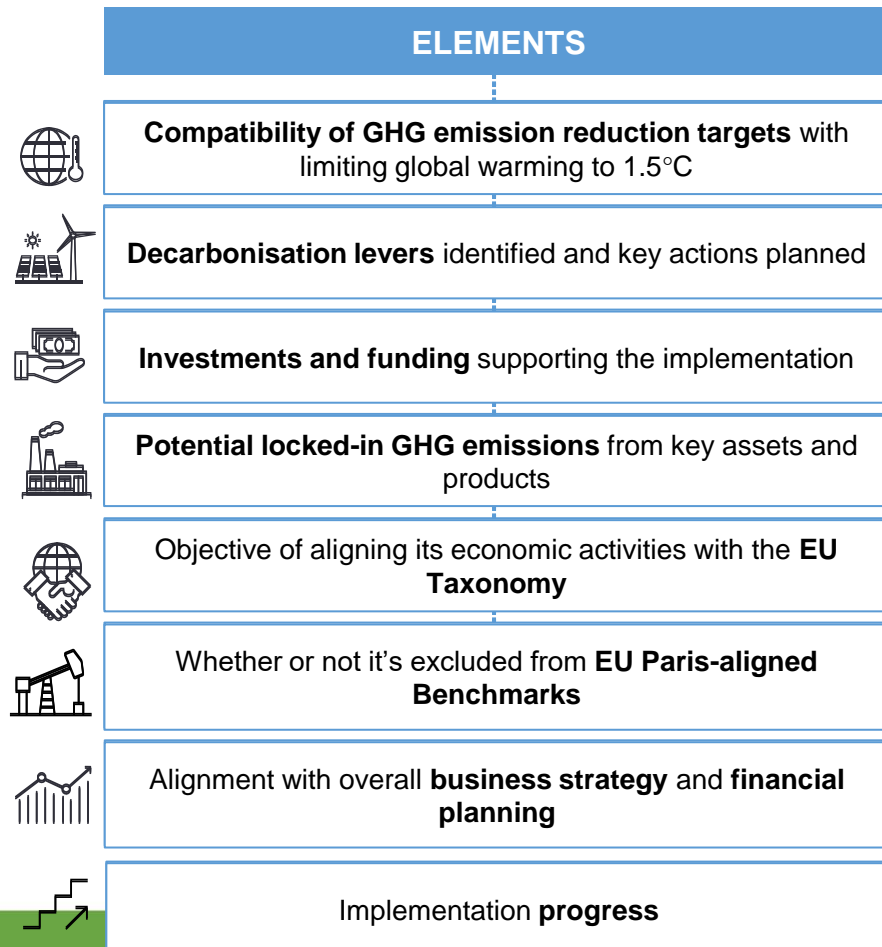
### Metrics and targets

- **DR E1-4** Targets related to mitigation and adaptation   
- **DR E1-5** Energy consumption and mix (including intensity per revenue) 
- **DR E1-6** Gross Scopes 1, 2, 3 and total GHG emissions (including intensity per revenue)   
- **DR E1-7** GHG removals and GHG mitigation projects financed through carbon credits   
- **DR E1-8** Internal carbon pricing  
- **DR E1-9** Potential financial effects from material physical and transition risks and potential climate-related opportunities   

# DEEP DIVE ON DISCLOSURE REQUIREMENTS

---

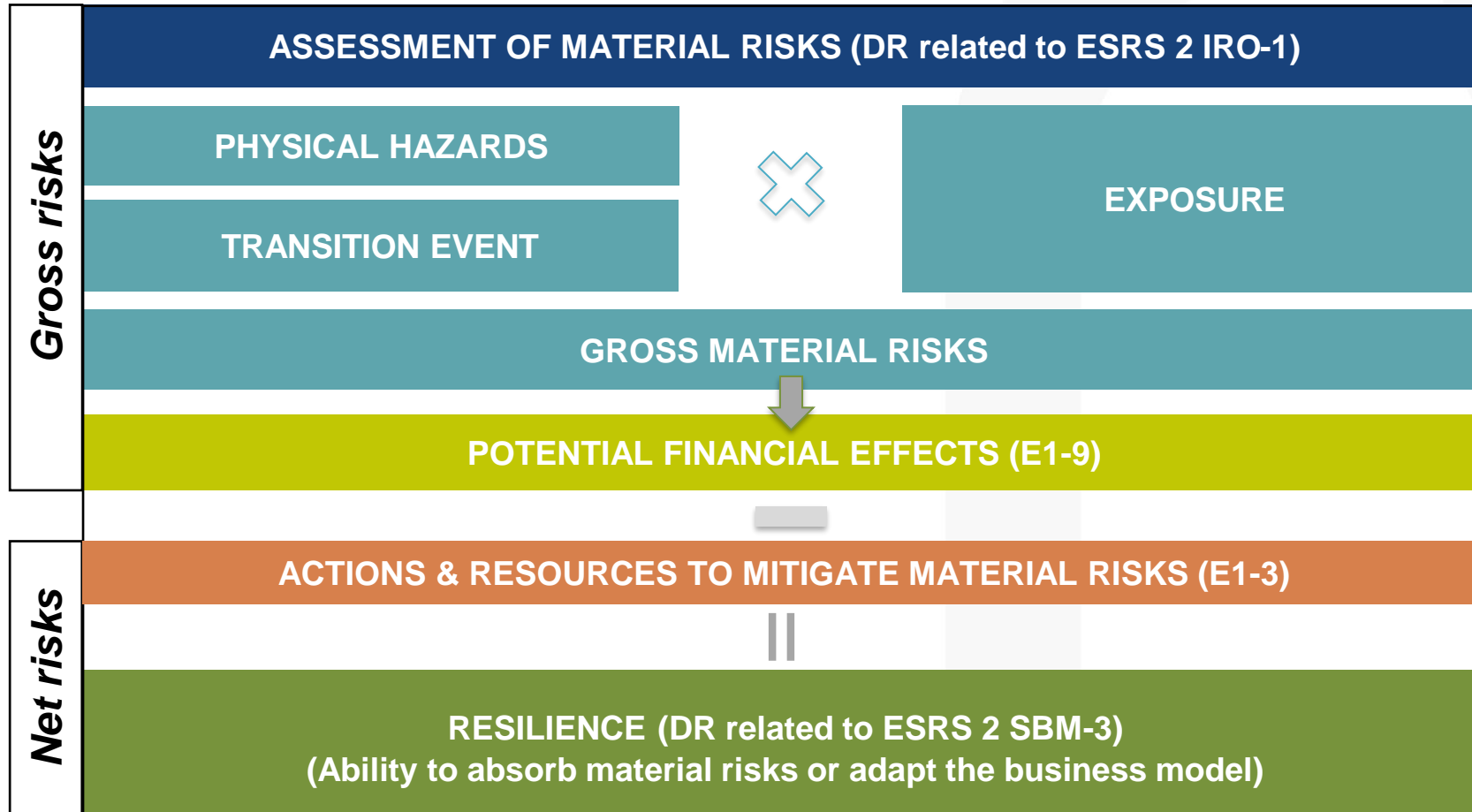
## DR E1-1 – TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION



*“...the undertaking is expected to provide a high-level explanation of how it will adjust its strategy and business model to ensure compatibility with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement (...) and the objective of achieving climate neutrality by 2050 with no or limited overshoot (...), and where applicable, its exposure to coal, and oil and gas-related activities.” (AR 1)*

# ESRS 2 General disclosures

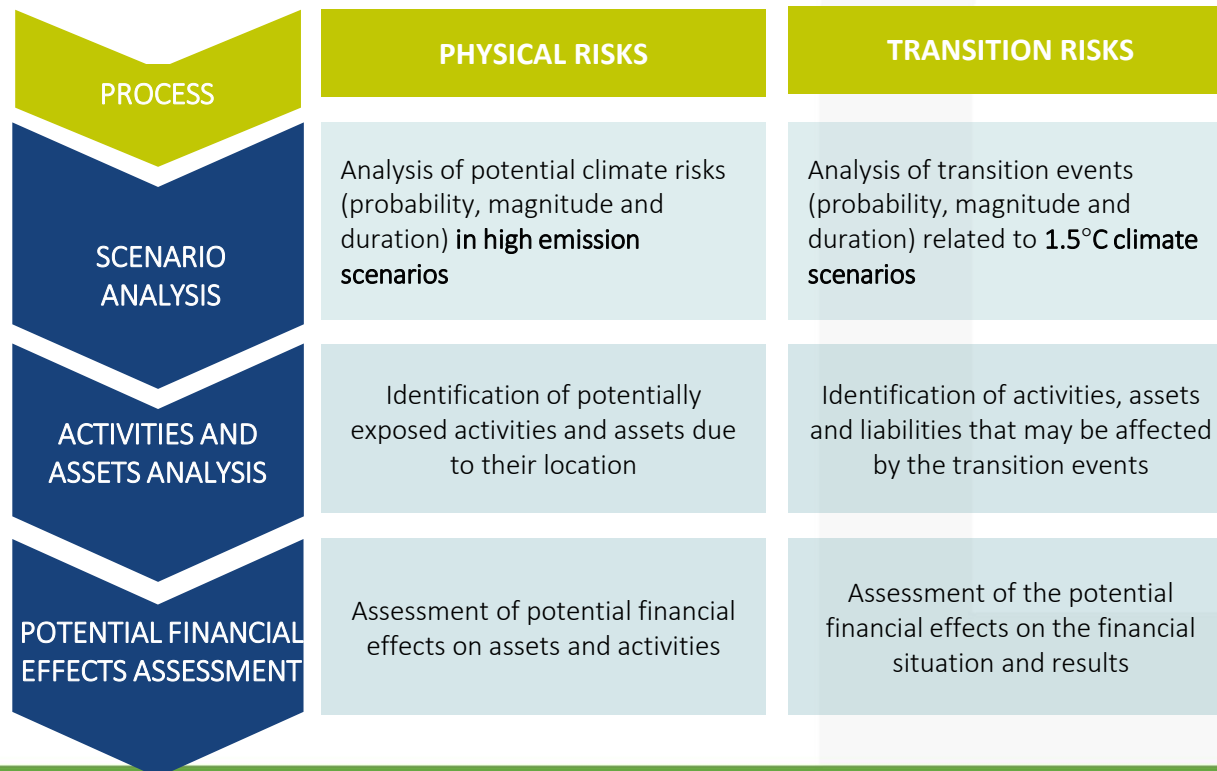
## CONCEPTUAL APPROACH



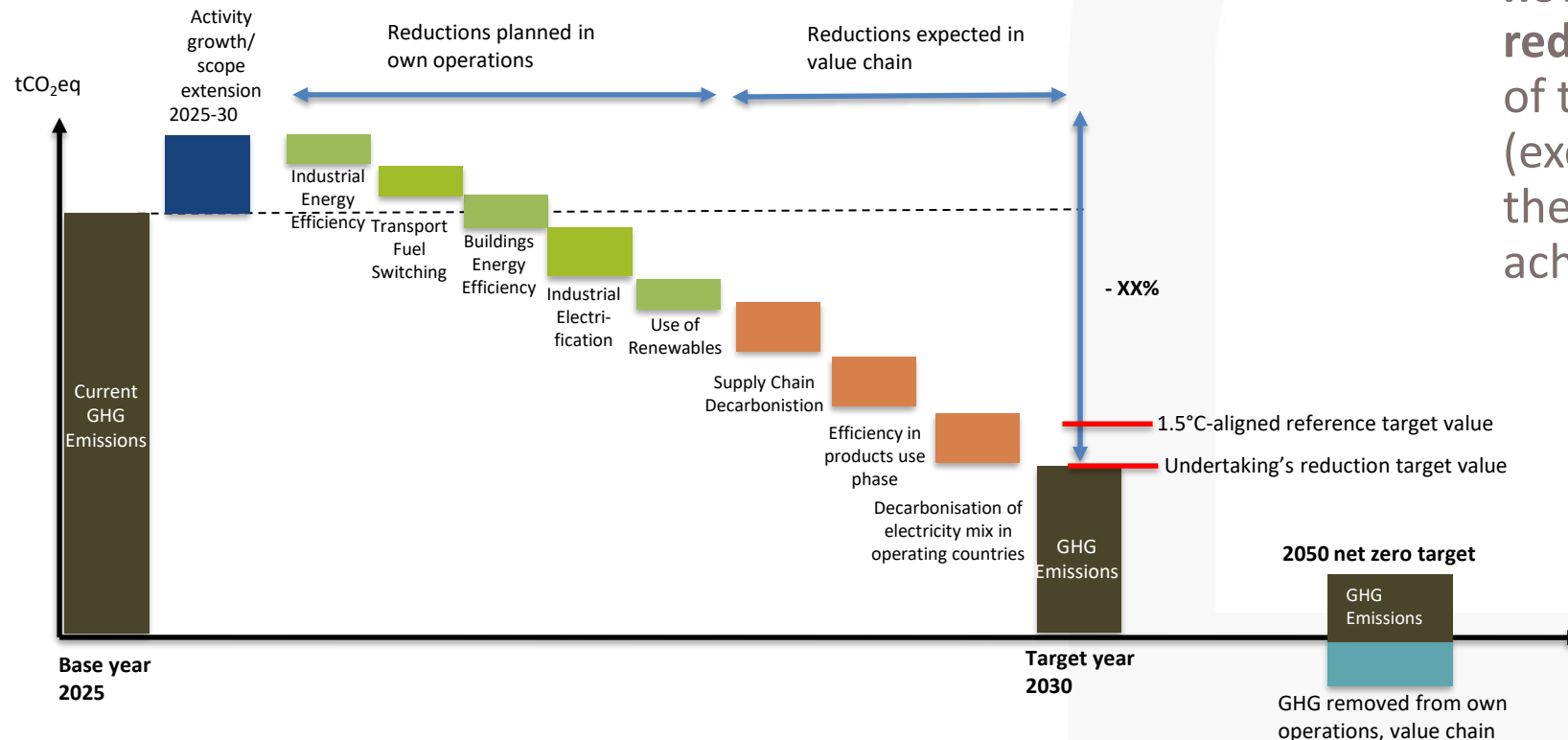


## SCENARIO ANALYSIS

- Climate-related scenarios help identify the IROs, as well as to analyze the undertaking's resilience and set GHG emission reduction targets.



## DR E1-4 – TARGETS RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

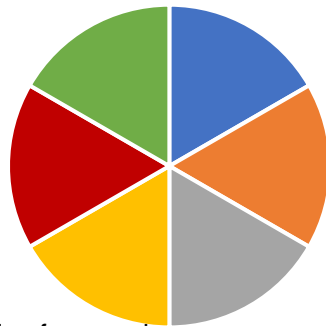


- Undertakings shall disclose **whether and how they have set GHG emission reduction targets**. If any, the description of the expected decarbonisation levers (excl. removals and carbon credits) and their overall quantitative contributions to achieve the targets.

## DR E1-5 – ENERGY CONSUMPTION AND MIX

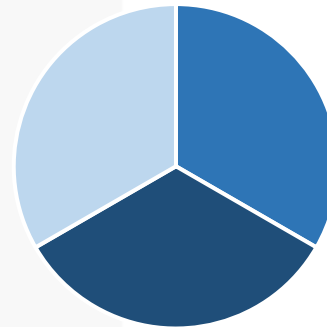
### TOTAL ENERGY CONSUMPTION

#### NON-RENEWABLE\* (%)



- Fuel consumption from coal
- Fuel consumption from oil
- Fuel consumption from natural gas
- Fuel consumption from other non-renewable sources
- Consumption from nuclear
- Consumption of electricity, heat, steam and cooling from non-renewable sources

#### RENEWABLE (%)



- Fuel consumption from renewable sources
- Consumption of electricity, heat, steam and cooling from renewable sources
- Consumption of self-generated non-fuel renewable energy

\*Breakdown by type of non renewable sources only for high climate impact sectors

## DR E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS

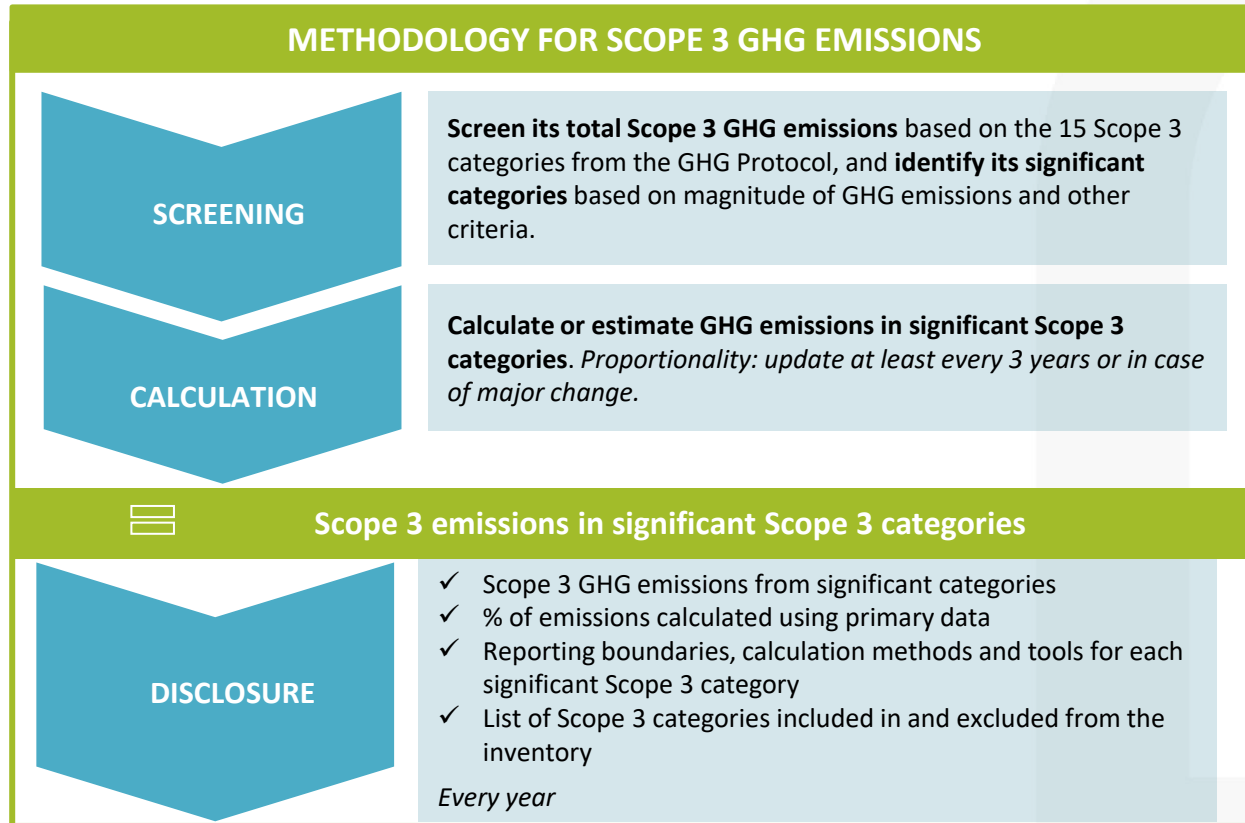
- The GHG emissions are calculated on the basis of the operational control criteria of the GHG Protocol for the non financially controlled entities and the joint operations of the undertaking.

Evolution				Objectives and target years		
Reference year	N-1	N	% N / N-1	2030	2050	Objective / reference year

Reporting table

EMISSIONS OF GHG SCOPE 1							
Gross GHG emission Scope 1 (tCO <sub>2</sub> eq)	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%
Share of Scope 1 GHG emissions covered by regulated emissions trading schemes (%)	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%
SCOPE 2 GHG EMISSIONS							
Gross GHG emission Scope 2 in location-based (tCO <sub>2</sub> eq)	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%
Gross GHG emission Scope 2 in market-based (tCO <sub>2</sub> eq)	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%	tCO <sub>2</sub> eq	tCO <sub>2</sub> eq	%

## DR E1-6 – GROSS SCOPES 1, 2, 3 AND TOTAL GHG EMISSIONS



**OPTIONAL PRESENTATION**

- Upstream purchasing
- Downstream sold products
- Goods transportation
- Travels
- Financial investments

## DR E1-9 – POTENTIAL FINANCIAL EFFECTS FROM MATERIAL PHYSICAL AND TRANSITION RISKS AND POTENTIAL CLIMATE-RELATED OPPORTUNITIES

	FINANCIAL POSITION	FINANCIAL PERFORMANCE
Physical risks	<b>Assets</b> <ul style="list-style-type: none"> <li>• Amount of current net assets at physical risk</li> <li>• List of significant assets at physical risk</li> <li>• Share of net assets at physical risk covered by a climate change adaptation action plan (%)</li> </ul>	<b>Revenues</b> <ul style="list-style-type: none"> <li>• Share of turnover of activities exposed to <b>physical</b> risks (%)</li> </ul>
Transitional risks	<ul style="list-style-type: none"> <li>• Estimated amount of potentially stranded assets</li> <li>• Property assets by energy efficiency categories</li> <li>• Share of net transition risk assets covered by a climate change mitigation action plan (%)</li> </ul> <b>Potential Liabilities</b> <ul style="list-style-type: none"> <li>• Potential future liabilities from emissions trading schemes</li> <li>• Potential liabilities from contractual commitments to future carbon credits purchase</li> </ul>	<ul style="list-style-type: none"> <li>• Share of turnover of activities exposed to <b>transition</b> risks (%)</li> </ul>
Opportunities	<ul style="list-style-type: none"> <li>• Expected cost savings</li> <li>• Market volume for low-carbon products and services or adaptation solutions</li> </ul>	

---

## Follow us online

EFRAG  
Aisbl - ivzw  
35 Square de Meeüs  
B-1000 Brussel  
Tel. +32 (0)2 207 93 00  
[www.efrag.org](http://www.efrag.org)



EFRAG is co-funded by the European Union and EEA and EFTA countries. The contents of EFRAG's work and the views and positions expressed are however the sole responsibility of EFRAG and do not necessarily reflect those of the European Union or the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). Neither the European Union nor DG FISMA can be held responsible for them.