

European Sustainability Reporting Standards

INTRODUCTION

EFRAG & CSR HELLAS JOINT OUTREACH

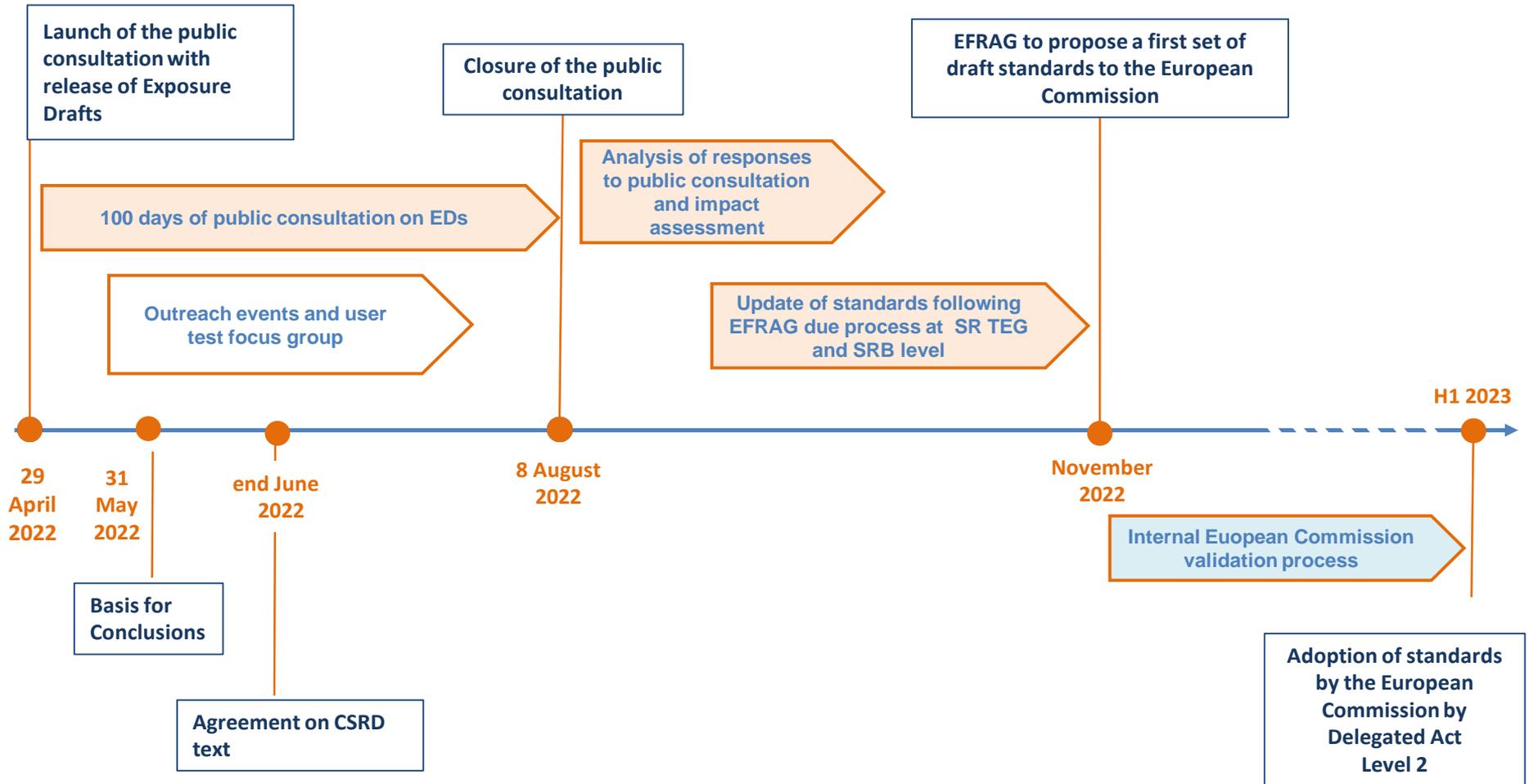
11 July 2022



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From EDs to draft standards: 7 months in “institutional mode”



The seven key features of the EDs

1. They take account of existing European law and initiatives
 - SFDR, Taxonomy Art. 8
 - A list of European texts (e.g. GHG allowance Directive, the EMAS regulation and European Commission recommendation on the life cycle environmental performance of products and services, see Basis for Conclusions)
 - Recent European initiatives (e.g. a Corporate Sustainability Due Diligence Directive (CSDDD))
2. They take account of European and international sustainability reporting initiatives
3. The overall architecture of Exposure Drafts is designed to ensure that sustainability information is reported in a carefully articulated manner (see next slide)
4. They address sustainability matters as per Article 19b of the CSRD proposal
5. They are a first step in a journey towards a faithful representation of sustainability performance (SME standard(s) and sector-specific standards in the 2nd set)
6. The public consultation will help to finetune relevance and comparability as well as explore ESRS implementation prioritisation / phasing-in options
7. **They will be adjusted to meet the requirements of the final CSRD**

A coherent architecture to implement the CSRD provisions

Cross-cutting

T
O
P
I
C
A
L

Overall umbrella

Cross-cutting disclosures

Environment

Social

Governance



Open for comments until 30 August 2022

Main success factors of the ESRS

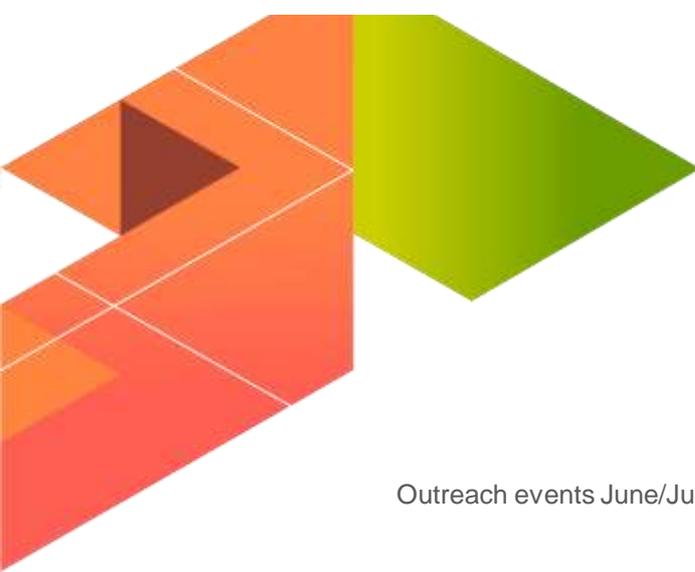
- 1. Information quality (in particular: relevance and sector-agnostic comparability)**
- 2. Coherence with EU policy objectives (content and timing)**
- 3. Compatibility with international initiatives**
- 4. Exercise of judgement to foster proportionate implementation**
- 5. Balanced combination of narrative, semi-quantitative and quantitative information**
- 6. Connectivity to ensure seamless standardised corporate reporting**
- 7. Flexibility in presentation (sustainability statements and incorporation by reference)**

Main challenges of the ESRS

- 1. A real challenge for first time reporters**
- 2. Overall depth of required information (to be fine tuned and/or phased-in)**
- 3. Assessment of material IROs and rebuttable presumption**
- 4. Boundary issues**
- 5. Meeting expectations of all stakeholders**
- 6. Avoiding multiple reportings**



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

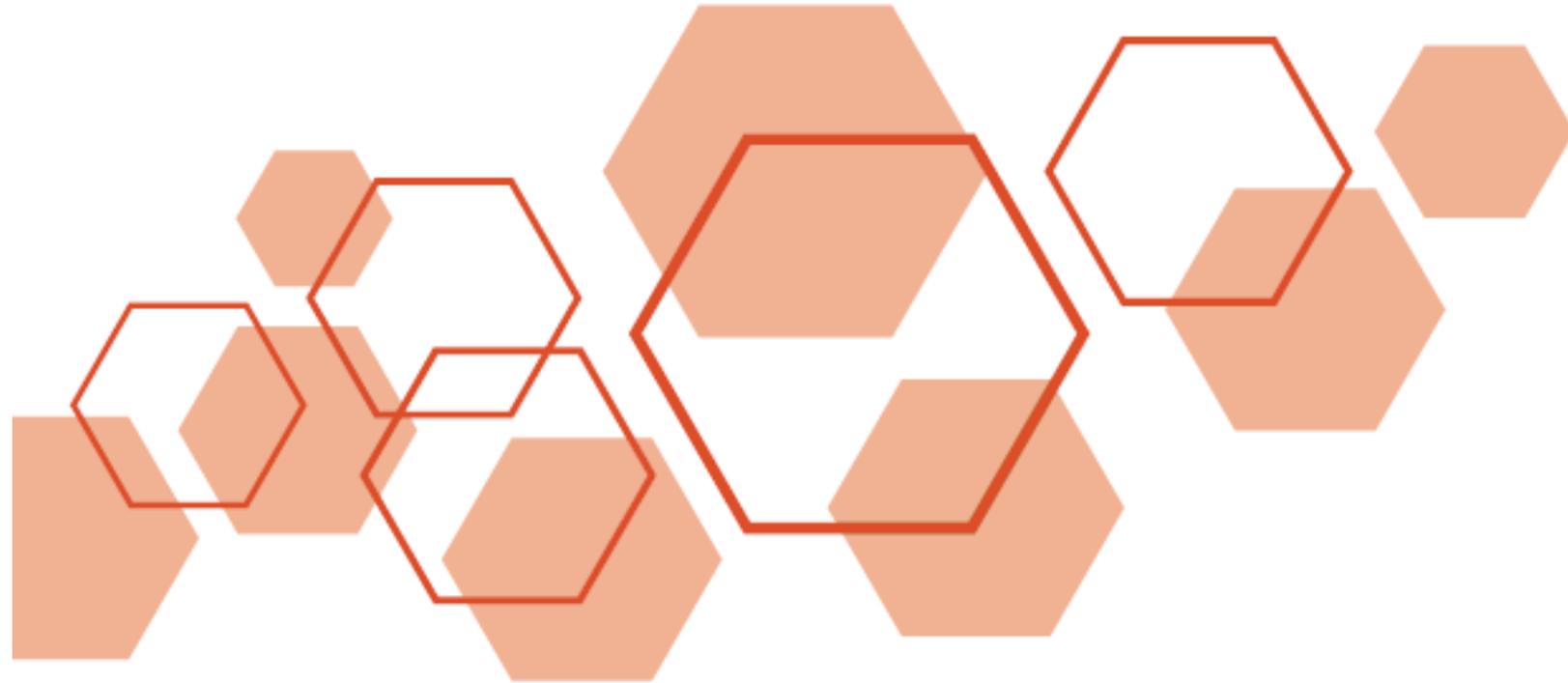


Social standards

GREEK OUTREACH EVENT

11 July 2022

Sigurt Vitols



8/10/2022

Greek Outreach

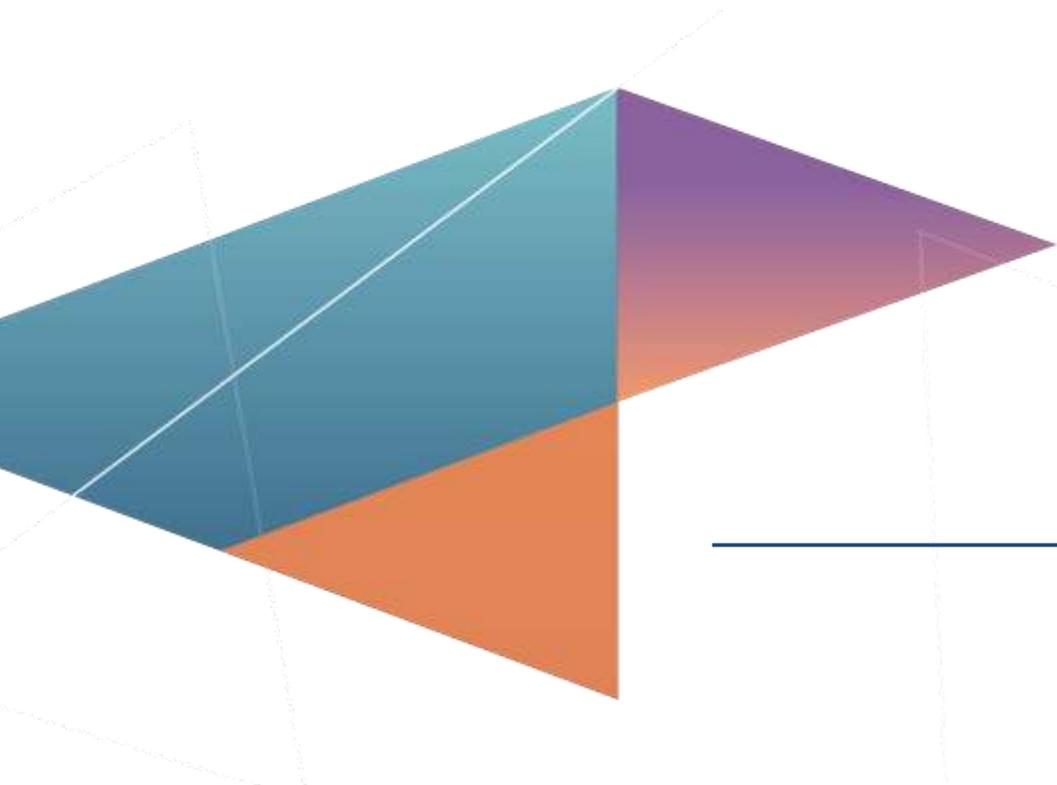
PTF-ESRS

Project Task Force on European sustainability reporting standards

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Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Sustainability Reporting Board, are published as draft standards, discussion or position papers, or in any other form considered appropriate in the circumstances.



Social:

S1 Own workforce

S2 Workers in the value chain

S3 Affected communities

S4 Consumers and end-users

Background and methodology

Standard development based on CSRD, Article 29 b (Extract)

“ (b) specify the information that undertakings are to disclose about social factors, including information about:

i) equal **treatment and*** opportunities for all, including:

- gender equality and equal pay for work of equal value
- training and skills development
- employment and inclusion of people with disabilities
- **measures against violence and harassment in the workplace***
- **diversity***

ii) working conditions, including:

- secure employment
- **working time***
- wages
- social dialogue
- **freedom of association***
- **existence of work councils***
- collective bargaining **including the rate of workers covered by collective agreements***
- **the involvement information, consultation and participation rights of workers***
- work-life balance
- ~~a healthy, safe and well-adapted work environment~~
- **health and safety***

Background and methodology

Standard development based on CSRD, Article 29 b (Extract)

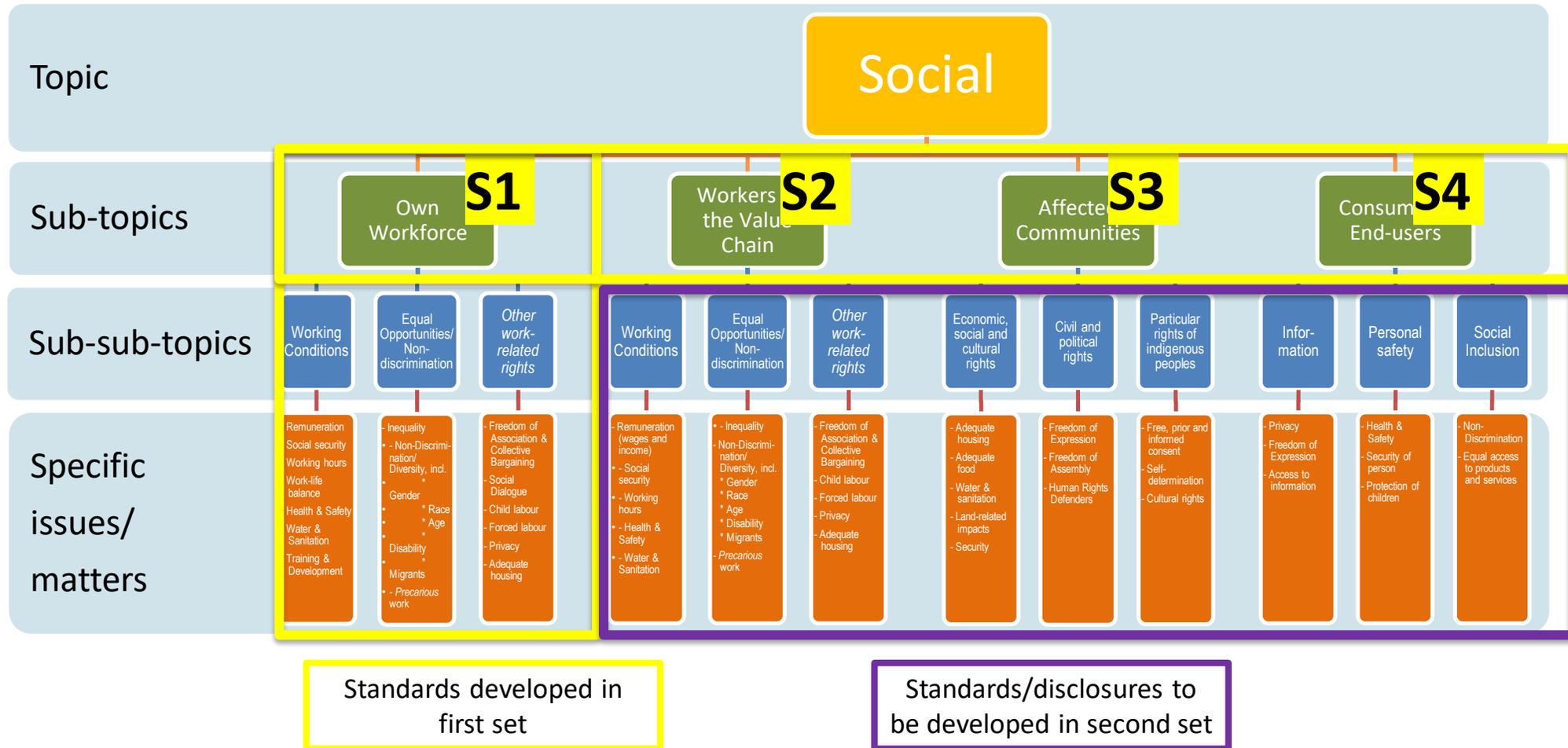
“ (b) specify the information that undertakings are to disclose about social factors, including information about:

iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in:

- the International Bill of Human Rights and other core UN human rights conventions, including **the UN Convention on Persons with Disabilities***
- **the UN Declaration on the Rights of Indigenous Peoples***
- the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work
- the ILO fundamental conventions
- **the European Convention of Human Rights***
- **the revised European Social Charter***
- the Charter of Fundamental Rights of the European Union

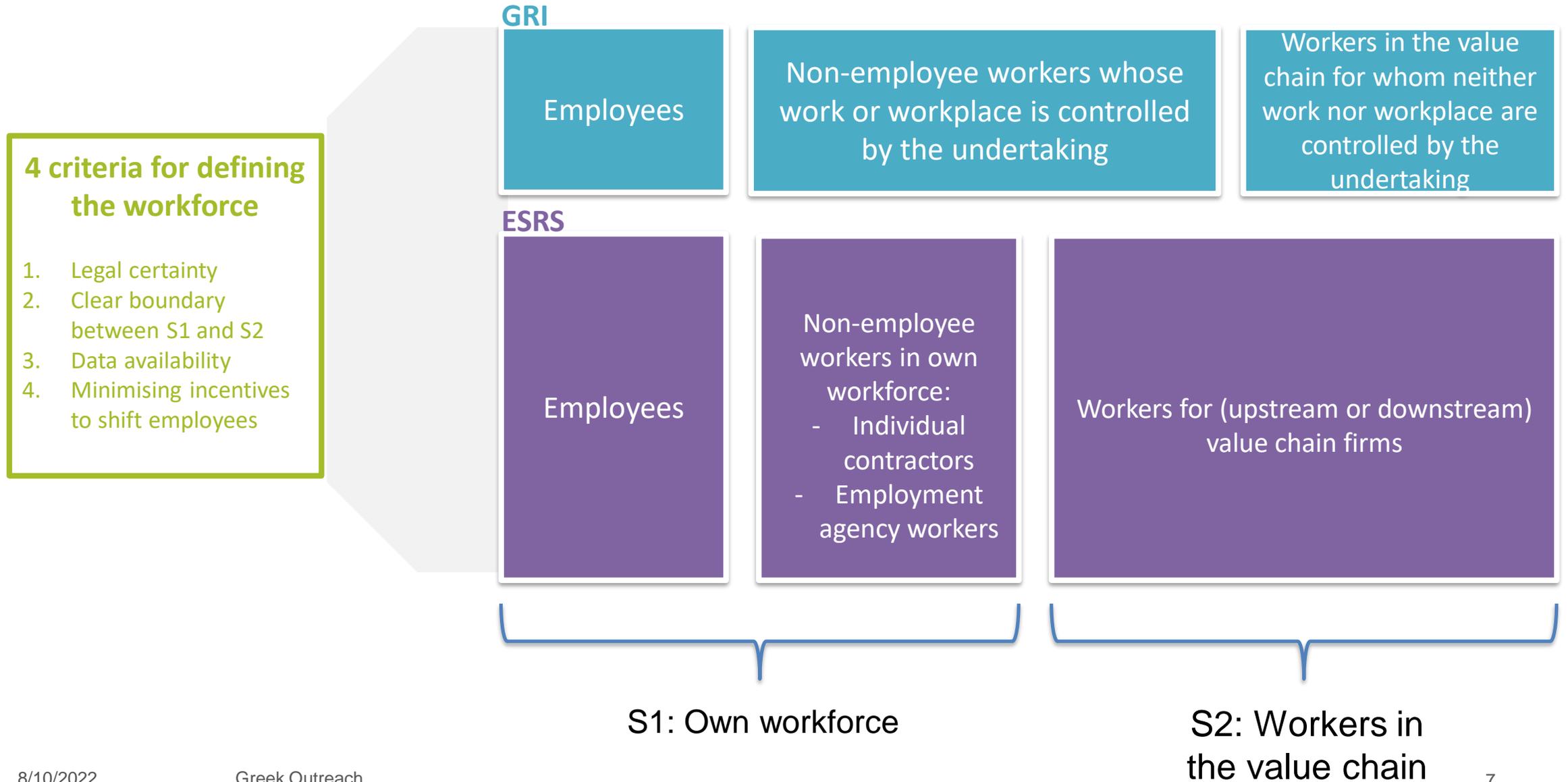
Social standards

Structure of the social pillar



Social standards

Definition of workforce



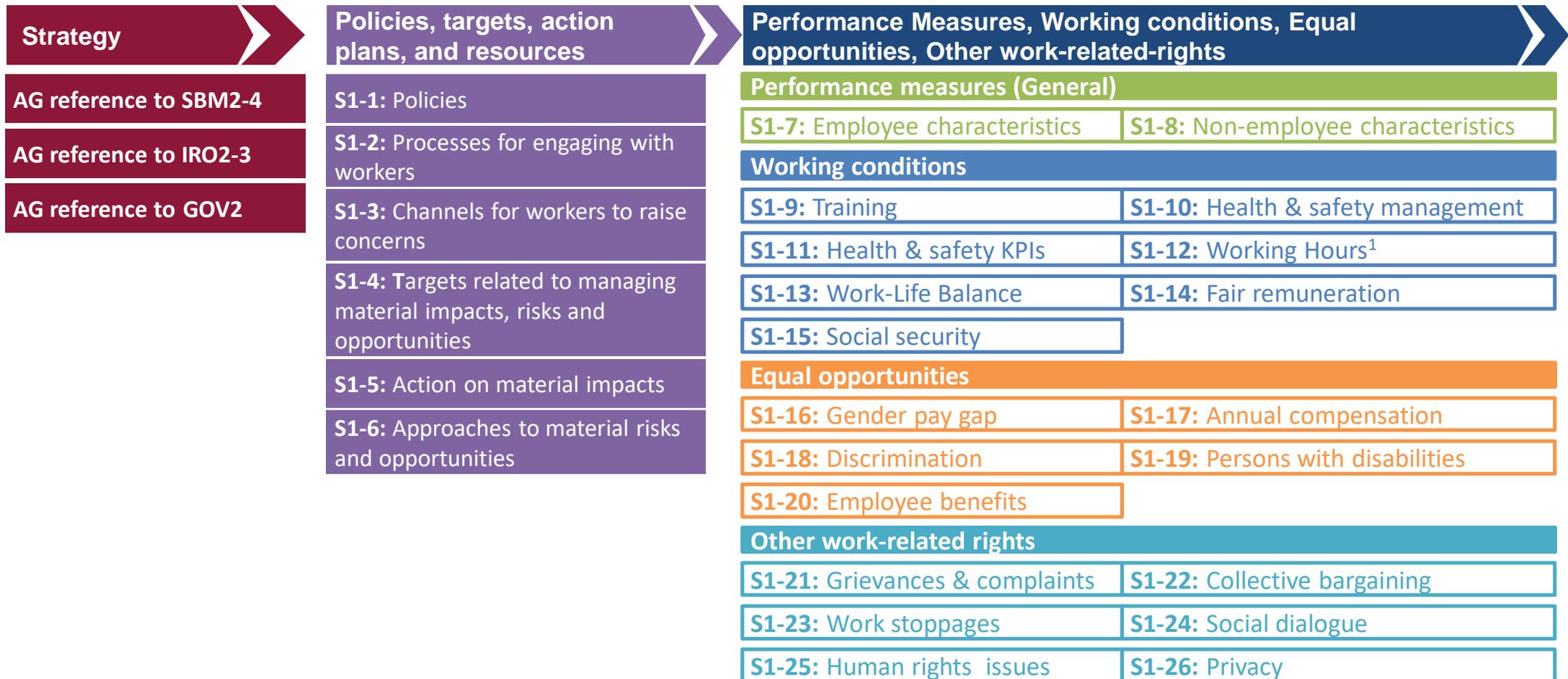
Social standards

Own workforce: overview



ESRS S1 - overview

Standard architecture



¹ Optional Disclosure Requirement

ESRS S1 - overview

Reference frameworks

| STRATEGY (complemented by ESRS 2) | IMPLEMENTATION |
|---|--|
| <p>AG on ESRS 2-SBM2: Interaction between material impacts, risks and opportunities and the strategy and business model</p> | <p>DR S1-1: Policies, targets, action plans and resources</p> <p>OECD UNGP SFDR GRI</p> |
| <p>AG on ESRS 2-SBM3: Workforce matters on people and the adaptation of its strategy and business model(s) to such material sustainability impacts</p> | <p>DR S1-2: Processes for engaging with own workers and workers' representatives about impacts</p> <p>OECD UNGP SFDR GRI</p> |
| <p>AG on ESRS 2-SBM4: Workforce matters that originate from or are connected to the undertaking's strategy and business model(s) and of the adaptation of its strategy and business model(s) to such material risks and opportunities</p> | <p>DR S1-3: Channels for own workers and workers' representatives to raise concerns</p> <p>SFDR UNGP</p> |
| <p>AG on ESRS 2-IRO2: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS</p> | <p>DR S1-4: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</p> <p>UNGP GRI</p> |
| <p>AG on ESRS 2-IRO3: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an ESRS (entity-specific) level</p> | <p>DR S1-5: Taking action on material impacts on own workforce and effectiveness of those actions</p> <p>OECD UNGP GRI</p> |
| <p>ESRS 2-GOV2: Information of administrative, management and supervisory bodies about sustainability matters</p> | <p>DR S1-6: Approaches to mitigating material risks and pursuing material opportunities related to own workforce</p> <p>SASB OECD</p> |

OECD - Organization for Economic Co-operation and Development

SASB – Sustainability Accounting Standards Board

GRI – Global Reporting Initiative

ILO – International Labour Organization

UNGP – United Nations Global Compact

EPSR – European Pillar of Social Rights

SFDR – Sustainable Finance Disclosure Regulation

ESRS S1 - overview

Reference frameworks

PERFORMANCE MEASURES

General

DR S1-7: Characteristics of the Undertaking's **Employees**

GRI

DR S1-8: Characteristics of **non-employee workers** in the undertaking's own workforce

GRI

Working Conditions

DR S1-9: **Training and Skills** Development indicators

GRI

DR S1-10: **Coverage** of the health and safety management system

ILO

OECD

GRI

DR S1-11: **Performance** of the health and safety management system

SFDR

ILO

GRI

DR S1-12: Working **Hours**

ILO

EPSR

DR S1-13: Work-Life **Balance** indicators

ILO

EPSR

DR S1-14: **Fair** remuneration

EPSR

GRI

DR S1-15: **Social security** eligibility coverage

EPSR

Equal Opportunities

DR S1-16: **Pay gap** between women and men

EPSR

GRI

SFDR

DR S1-17: Annual total **compensation ratio**

EPSR

GRI

SFDR

DR S1-18: **Discrimination** incidents related to equal opportunities

EPSR

GRI

SFDR

DR S1-19: Employment of persons with **disabilities**

EPSR

GRI

DR S1-20: Differences in the **provision of benefits** to employees with different employment contract types

EPSR

GRI

Other Work-related Rights

DR S1-21: **Grievances** and other work-related rights

GRI

DR S1-22: **Collective bargaining** coverage

SASB

GRI

ILO

DR S1-23: Work **stoppages**

SASB

ILO

DR S1-24: Social **dialogue**

DR S1-25: Identified cases of **severe human rights issues** and incidents

SFDR

GRI

ILO

DR S1-26: **Privacy** at work

ILO

Social Standards: Embedding Due Diligence

Alignment of social standards with OECD Due Diligence

0. ESRS S1 - DRs 2 and 3: **engage stakeholders** and ESRS 2 DRs (SBM, IROs)



1. ESRS 2 (cross cutting) and AG 3 – 12/13: **assess** impacts, risks and opportunities



2. ESRS S1 DRs 1, 2, 5 and 6: **integrate and act** by developing policies, setting targets and taking action



3. ESRS 1 on targets, progress and tracking effectiveness and ESRS S2 – DR 4: **track** performance



4. The standards in their entirety contribute to the reporting obligation required by the draft CSRD: **communicate**

Approach developed in co-construction with Shift

Other Social standards: ESRS S2 to ESRS S4

Overview

STRATEGY (complemented by ESRS 2)

AG on ESRS 2-SBM2: Interaction between **material impacts, risks and opportunities** and the strategy and business model

AG on ESRS 2-SBM3: Workforce matters on people and the **adaptation** of its **strategy** and **business model(s)** to such material sustainability impacts

AG on ESRS 2-SBM4: Workforce matters that originate from or are connected to the undertaking's strategy and business model(s) and of the adaptation of its strategy and business model(s) to such **material risks and opportunities**

AG on ESRS 2-IRO2: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with **sector-agnostic** and **sector-specific** level ESRS

AG on ESRS 2-IRO3: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an **ESRS (entity-specific level)**

SFDR

IMPLEMENTATION

DR S2-1: **Policies**, targets, action plans and resources

GRI

OECD

UNGP

SFDR

DR S2-2: **Processes** for engaging with own workers and workers' representatives about impacts

GRI

OECD

UNGP

DR S2-3: Channels for own workers and workers' representatives to raise concerns

SFDR

UNGP

DR S2-4: Targets related to **managing** material negative impacts, **advancing** positive impacts, and managing material risks and opportunities

GRI

UNGP

DR S2-5: Taking action on **material impacts** on own workforce and effectiveness of those actions

GRI

OECD

UNGP

DR S2-6: **Approaches** to mitigating material risks and pursuing material opportunities related to own workforce

OECD

UNGP

PERFORMANCE MEASURES

First set:

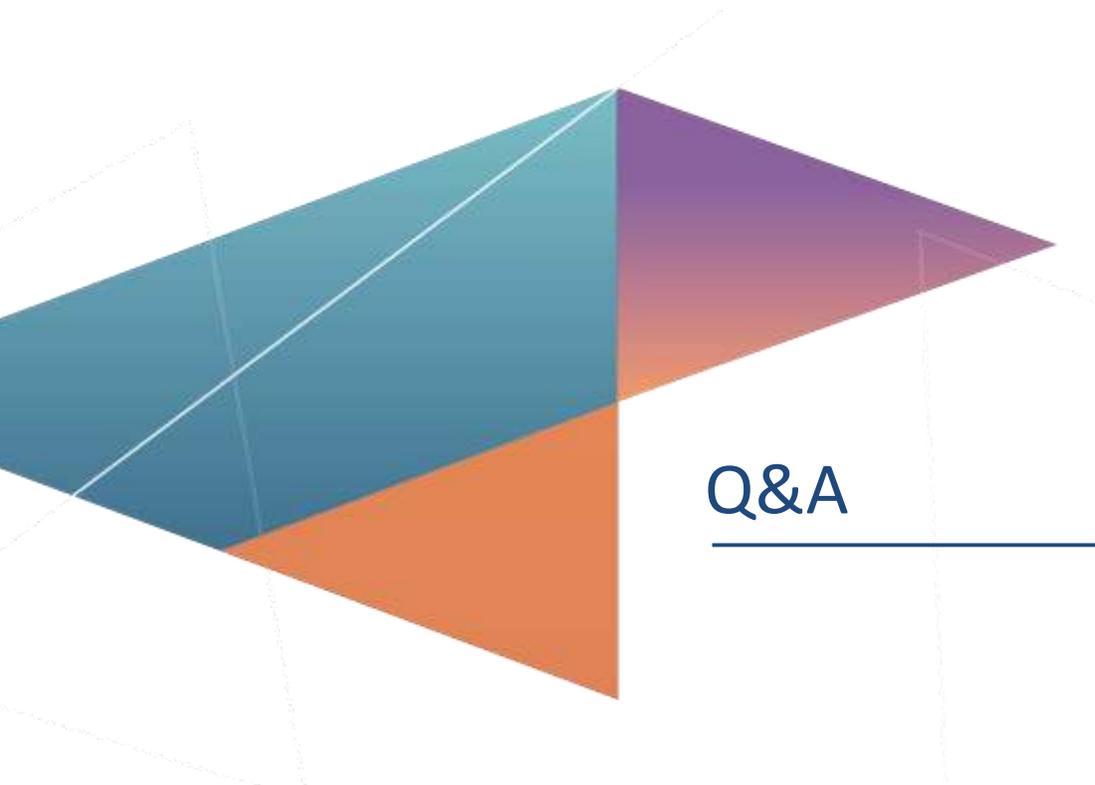
Focus on developing the disclosures that can be expected of **all entities** under the scope of the CSRD. These standards provide **high-level disclosures** regarding an undertaking's impacts on value chain workers / affected communities / consumers and users and related risks and opportunities, when viewed in general across an undertaking's operations and upstream and downstream value chain.

Subsequent standards:

Subsequent standards are expected to expand on these standards by providing more detailed disclosures in relation to the sub-topics and specific issues that would be identified as material through the **sector-specific** or **entity-specific** materiality determination, which will include actions to address specific impacts and risks, along with related targets and performance measures to cater for the diversity in value chains.

SFDR/CSDDD structural alignment

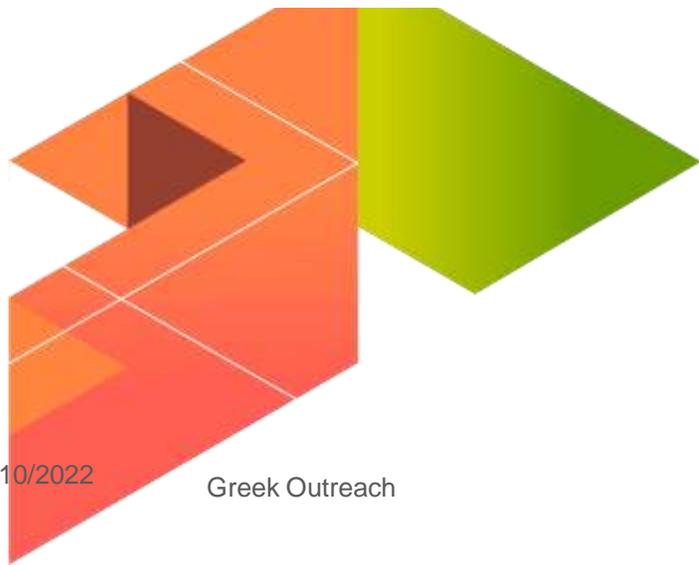
Initiatives from the Platform for Sustainable Finance (incl. announced guidance on the Minimum Safeguards), as well as the proposal for an EU Corporate Sustainability Due Diligence Directive, were taken into consideration to ensure that the structure of the reporting would be compatible with upcoming developments in this area.



Q&A



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EFRAG
Aisbl - ivzw
35 Square de Meeüs
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Tel. +32 (0)2 207 93 00
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Exposure Drafts ESRS Set 1

PRESENTATION FOR OUTREACH EVENTS ENVIRONMENTAL TOPICS

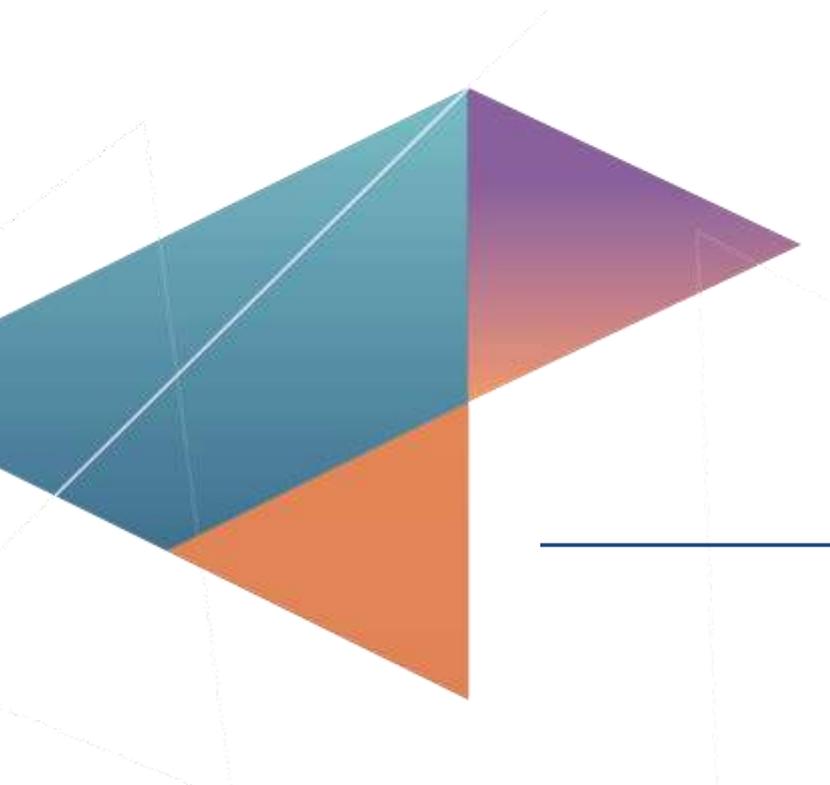
11 July 2022
Stefan Schnell



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Environment:

E1 Climate change

E2 Pollution

E3 Water and marine resources

E4 Biodiversity and ecosystems

E5 Resource use and circular economy

E1 Climate: Objective

To specify disclosure requirements which will enable users of sustainability reporting to understand:

A. How the undertaking affects climate change in terms of positive and negative material actual or 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. The plans and capacity of the undertaking to adapt its business model(s) and operations in line with the transition to sustainable economy and to contribute to limiting global warming to 1.5°C

D. Any other actions taken and the result of such actions to prevent, mitigate or remediate actual or potential adverse impacts

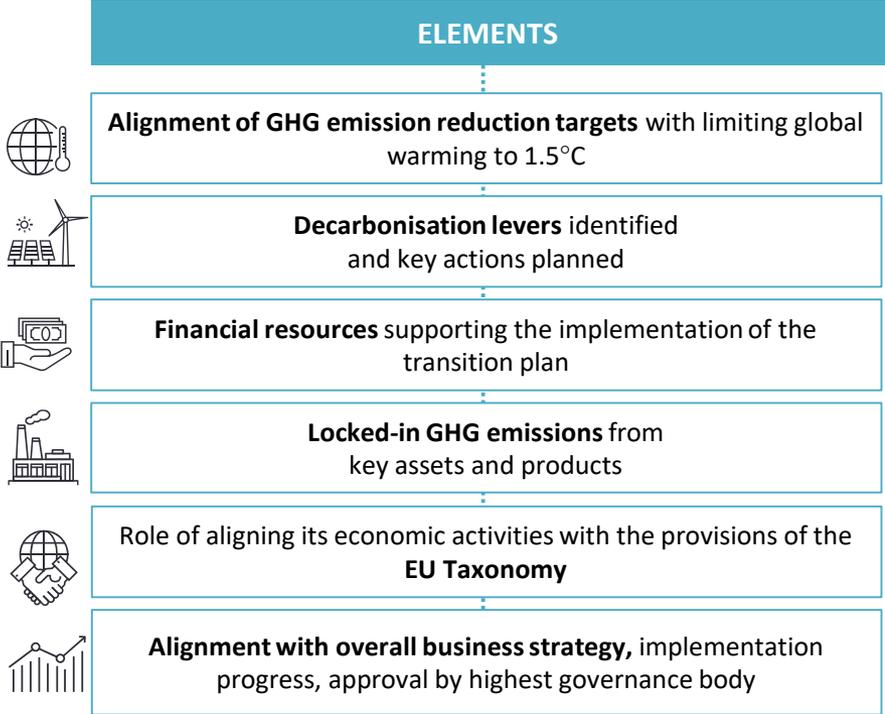
E. The nature, type and extent of the material risks and opportunities related to the undertaking's impacts and dependencies on climate change and how it manages them

F. The effects of climate-related risks and opportunities on the undertaking's development, performance, position over the short, medium and long term and its ability to create enterprise value in the short, medium and long term

E1 Climate: Content

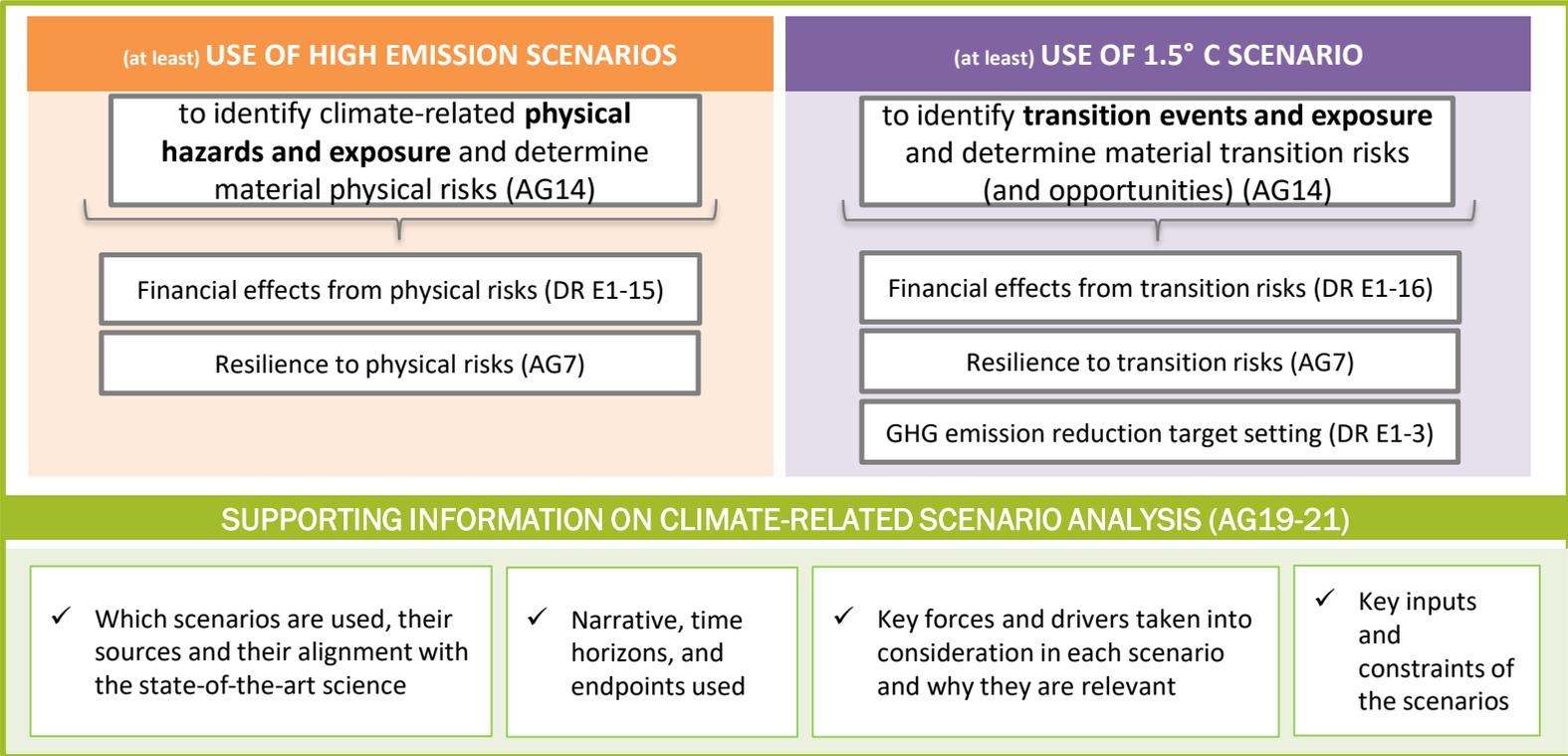
| STRATEGY <small>(complemented by ESRS 2)</small> | IMPLEMENTATION | PERFORMANCE MEASURES |
|--|--|--|
| <p>DR E1-1: Transition plan for climate change mitigation CSRD ISSB CSDDD US SEC*</p> <p>AG on ESRS 2-SBM4: Resilience of strategy and business model CSRD ISSB US SEC</p> <p>AG on ESRS 2-GOV 4: Climate-related remuneration ISSB</p> <p>AG on ESRS 2-GOV 4: Internal carbon pricing schemes ISSB US SEC</p> <p>AG on ESRS 2-IRO 1 and 2: material climate-related impacts, risks and opportunities CSRD ISSB* US SEC*</p> <p><small>*only financial materiality</small></p> | <p>DR E1-2: Policies implemented to manage climate change mitigation and adaptation CSRD</p> <p>DR E1-3: Measurable targets for climate change mitigation and adaptation CSRD ISSB US SEC</p> <p>DR E1-4: Climate change mitigation and adaptation action plans and resources CSRD* ISSB* Taxo*</p> <p><small>* only selected requirements</small></p> | <p>Energy</p> <p>E1-5: Energy consumption & mix SFDR</p> <p>E1-6: Energy intensity per revenue SFDR</p> <p>GHG emissions / removals</p> <p>E1-7: Scope 1 GHG emissions SFDR ISSB US SEC</p> <p>E1-8: Scope 2 GHG emissions SFDR ISSB US SEC</p> <p>E1-9: Scope 3 GHG emissions SFDR ISSB US SEC</p> <p>E1-10: Total GHG emissions</p> <p>E1-11: GHG intensity per net turnover SFDR ISSB US SEC</p> <p>E1-12: GHG removals CSRD*</p> <p>E1-13: Carbon credits CSRD* ISSB US SEC</p> <p>Optional E1-14: Avoided GHG emissions from products and services</p> <p>Financial effects</p> <p>E1-15: Financial effects from physical risks ISSB US SEC</p> <p>E1-16: Financial effects from transition risks ISSB US SEC</p> <p>Optional E1-17: Financial opportunities Taxo** ISSB US SEC</p> <p><small>* in recital 41 ** indirect link</small></p> |

E1 Climate: Deep dive on DR E1-1 Transition plan for climate change mitigation

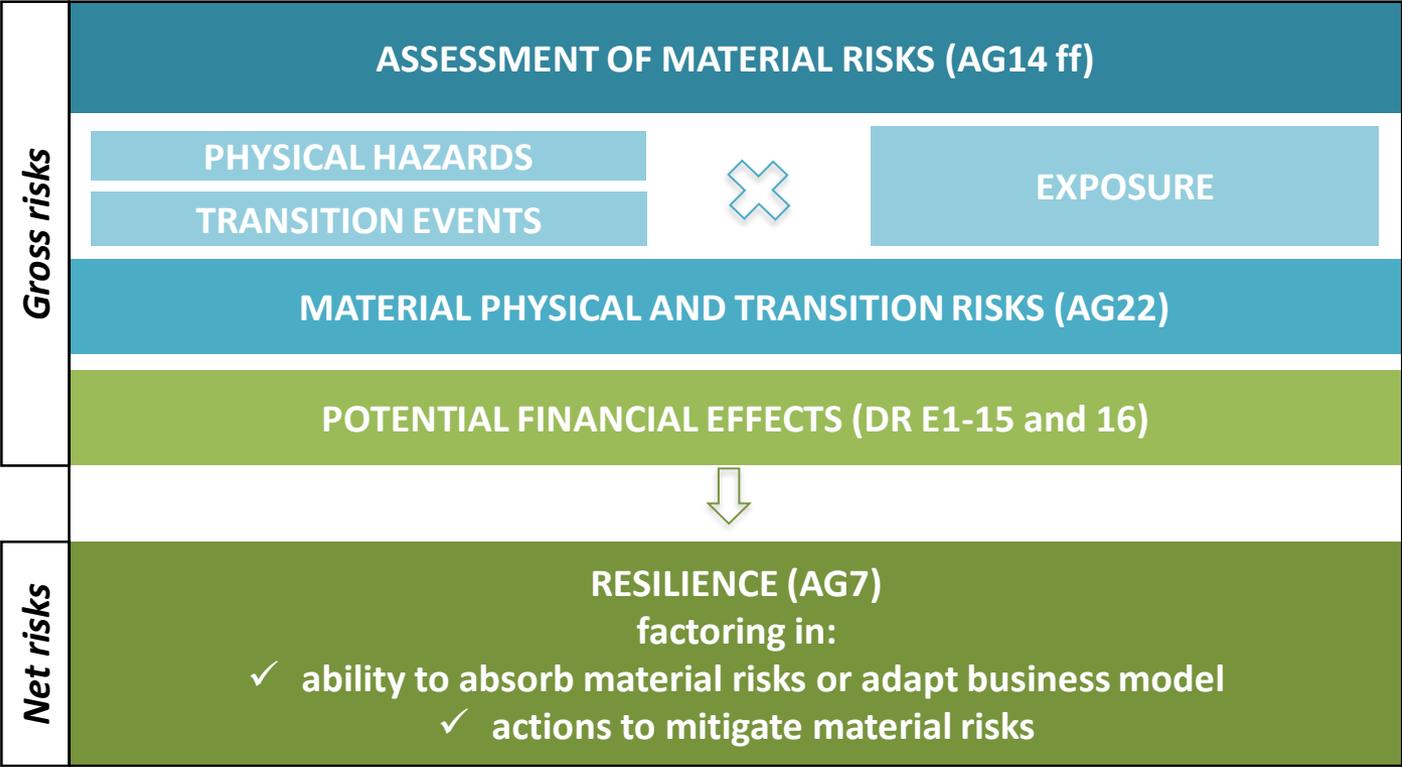


“...the undertaking is expected to provide a high-level explanation on how it will adjust its strategy and business model to ensure compatibility with the transition to a climate-neutral economy and with limiting of global warming to 1.5°C in line with the Paris Agreement ... and shall, where applicable, refer to and contextualise information presented under other disclosures requirements of this [draft] standard.”

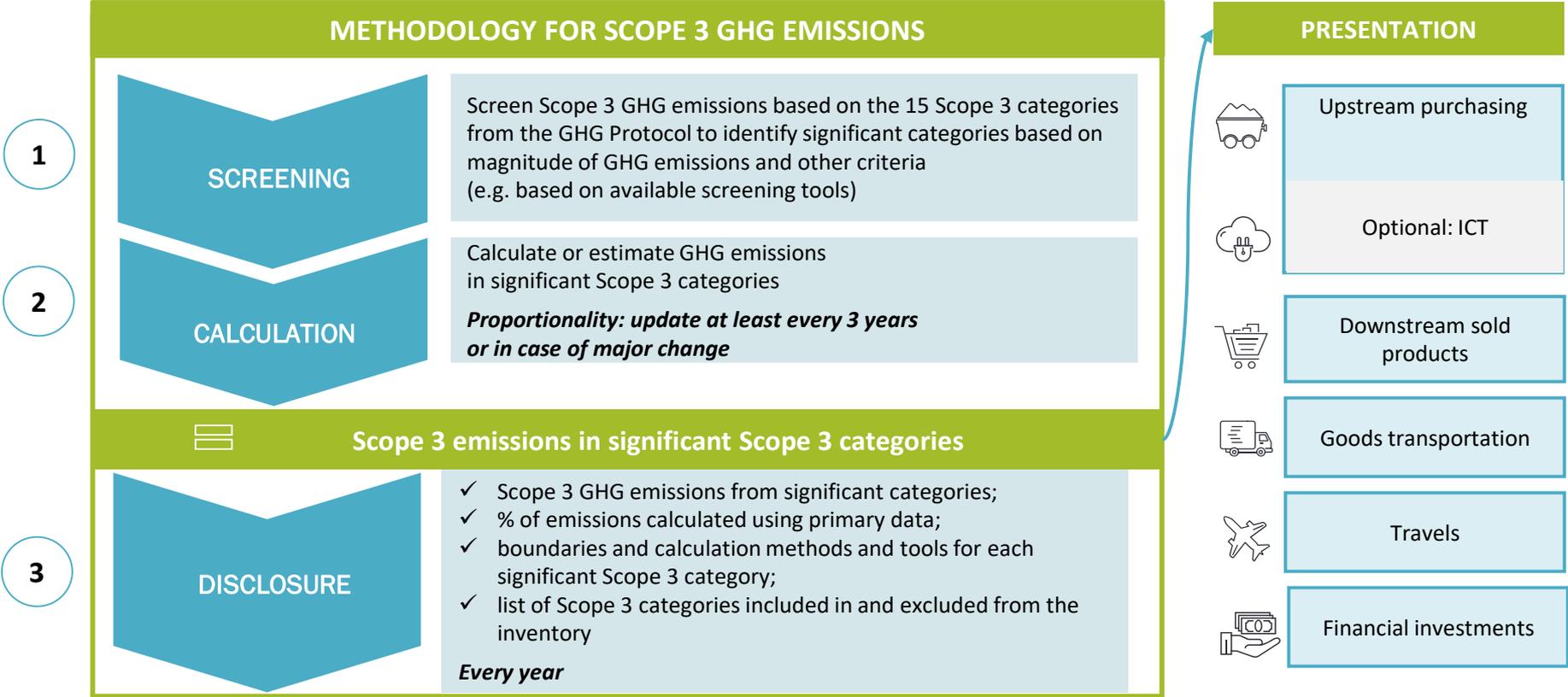
E1 Climate: Deep dive on the role of scenario analysis



E1 Climate: Deep dive on the conceptual approach to reporting on climate-related risks



E1 Climate: Deep dive on DR E1-9 Scope 3 GHG emissions



E2 Pollution: Objective

To specify disclosure requirements which will enable users of the sustainability statements to understand material impacts, actions taken, results of such actions, material risks and opportunities related to pollution.

- Pollution and prevention, control and reduction
 - of air - emissions into air (both indoor and outdoor)
 - of water (including groundwater)
 - of soil (at production site, outside, through use of undertaking's products and services)
- Production, use and/or distribution and commercialisation of
 - Substances of concerns (having a chronic effect for human health or the environment or substances which hamper recycling for safe and high quality secondary raw materials)
 - Most harmful substances (listed in the EU Chemicals Strategy for Sustainability)
- Enabling activities in support of prevention, control and elimination of pollution (four remaining environmental objectives of the EU Taxonomy Regulation)

E3 Water and marine resources: Objective

To specify disclosure requirements to enable users of the sustainability statements to understand material impacts, actions taken, results of such actions, material risks and opportunities related to water and marine resources

Water

- Undertaking's relationship with water in its upstream and downstream value chain, in terms of dependencies, impacts, risks and opportunities and how it effectively addresses these issues
- Where and how much water is withdrawn, consumed and discharged for the undertaking's activities, products and services
- What are the water-related impacts caused or contributed to by the undertaking
- How the undertaking is exposed to water-related risks (flood risks, water scarcity risks, etc)

Marine resources

- Undertaking's activities which cause or contribute to impacts either through the use of ocean-based resources, discharges and emissions to the environment which end up in the oceans, or activities located in maritime (naval matters) areas

E4 Biodiversity and ecosystems: Objective

To specify disclosure requirements to enable users of the sustainability statements to understand material impacts, actions taken, results of such actions, material risks and opportunities related to biodiversity and ecosystems

- Undertaking's relationship to terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species, including diversity within species, between species and of ecosystems and their interrelation with many indigenous and local communities
- 'Biological diversity' covers 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 of

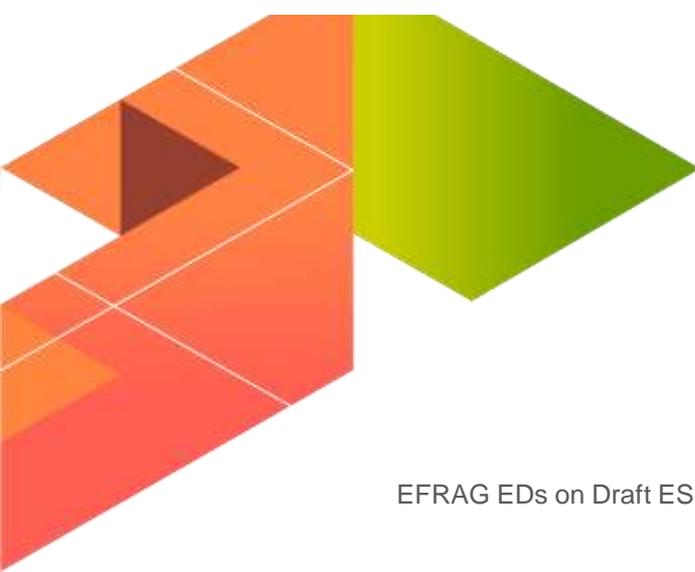
E5 Resource use and circular economy

To specify disclosure requirements to enable users of the sustainability statements to understand material impacts, actions taken, results of such actions, material risks and opportunities related to resource use and circular economy

- Circular economy is a restorative system in which waste and pollution are eliminated and resource use is minimised through systemic design, maintaining and improving the value of products and components and achieving a circular flow of resources, while regenerating natural ecosystems
- The goal is to retain the value of the resources, products and materials by creating a system with innovative business models that allow for renewability, long life optimal use or re-use, refurbishment, remanufacturing, recycling and biodegradation.
- A circular economy is based on three principles, driven by design: eliminate waste and pollution, keep products and materials in use at their highest value and regenerate ecosystems. It is underpinned by a transition to renewable energy.
- Decoupling economic activity from extraction of natural resources can take place through the implementation of circular strategies to prevent natural resources extraction and intensify circular material use.



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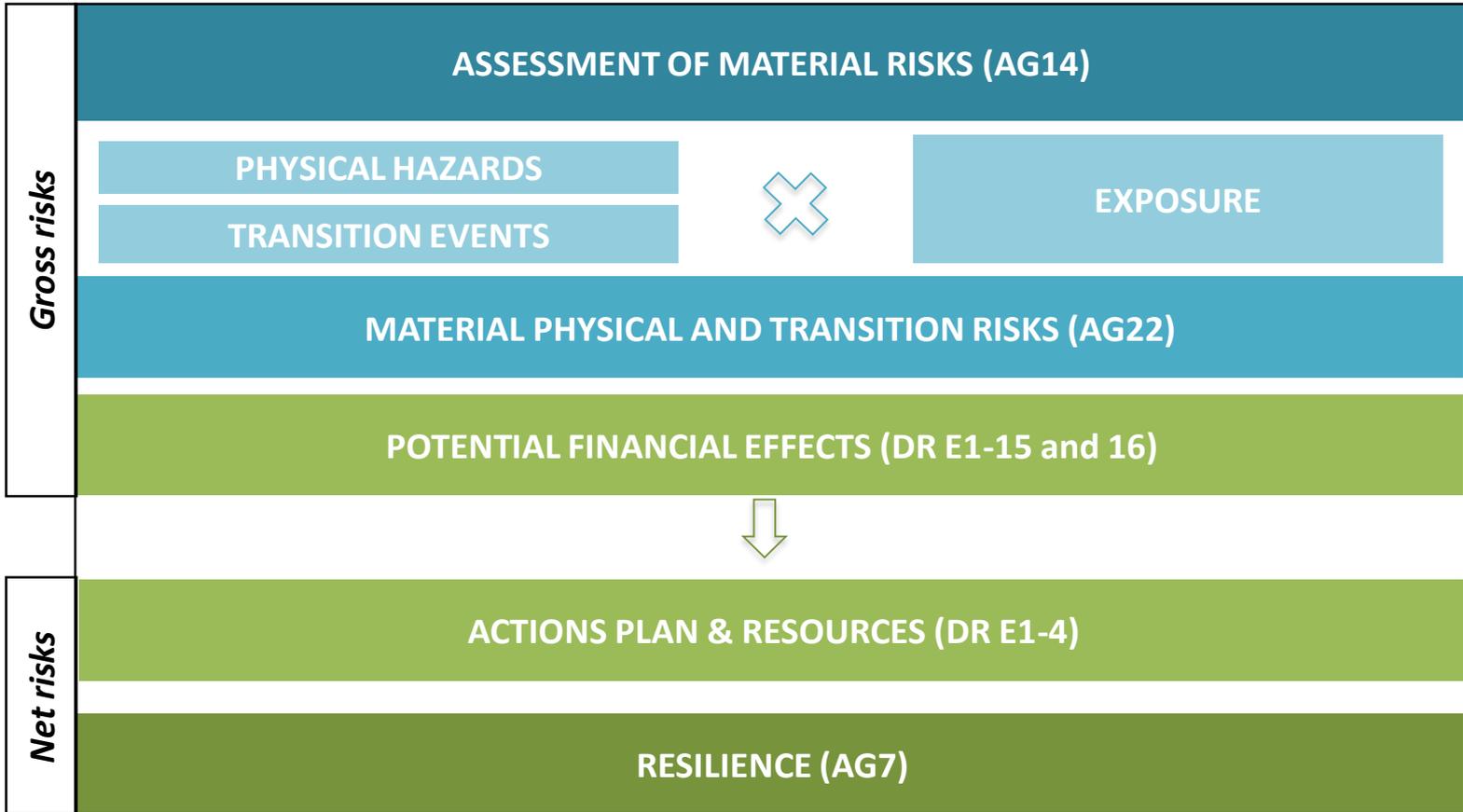
EFRAG
Aisbl - ivzw
35 Square de Meeüs
B-1000 Brussel
Tel. +32 (0)2 207 93 00
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6.1 E1 Climate change: Disclosure Requirements Strategy, Governance and materiality assessment

FOCUS

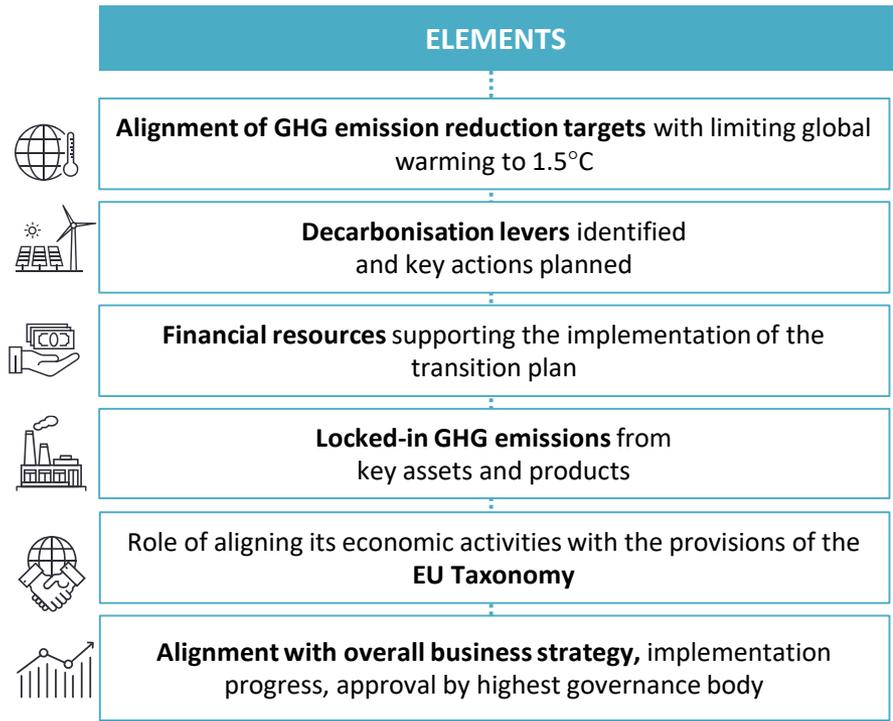
ESRS E1 – Focus on Gross VS Net risks



6.1 E1 Climate change: Disclosure Requirements Strategy, Governance and materiality assessment

ESRS E1 – Focus on Transition Plan

DR E1-1 Transition plan for climate change mitigation



“...the undertaking is expected to provide a high-level explanation on how it will adjust its strategy and business model to ensure compatibility with the transition to a climate-neutral economy and with limiting of global warming to 1.5°C in line with the Paris Agreement ... and shall, where applicable, refer to and contextualise information presented under other disclosures requirements of this [draft] standard.”

6.2 E1 Climate change: Disclosure Requirements Policies, targets, action plans and resources

ESRS E1 Disclosure Requirements (III/IV)

3 Disclosure Requirements related to Policies, targets, action plans and resources

- **DR E1-2 – Policies** implemented to manage climate change mitigation and adaptation CSRD
- **DR E1-3 – Measurable targets** for climate change mitigation and adaptation CSRD ISSB US SEC
- **DR E1-4 – Climate change mitigation and adaptation action plans and resources** CSRD* ISSB* Taxo*

Information to be published in relation to the Disclosure Principles (ESRS 1):

- Policies to manage GHG emissions, physical and transition risks and opportunities.
- Targets, including for reducing GHG emissions. Additional information to be provided if a net-zero target (including removals) or carbon neutrality (including carbon credits) is claimed.
- Action plan and resources to implement policies and achieve targets.

6.3 E1 Climate change: Disclosure Requirements Performance measures

ESRS E1 Disclosure Requirements) (III/IV)

13 Disclosure Requirements related to performance measures 1/2

Energy

DR E1-5: Energy consumption & mix SFDR

DR E1-6: Energy intensity per revenue SFDR

GHG emissions / removals

DR E1-7: Scope 1 GHG emissions SFDR ISSB US SEC

DR E1-8: Scope 2 GHG emissions SFDR ISSB US SEC

DR E1-9: Scope 3 GHG emissions SFDR ISSB US SEC

DR E1-10: Total GHG emissions

DR E1-11: GHG intensity per net turn SFDR ISSB US SEC

DR E1-12: GHG removals CSRD*

DR E1-13: Carbon credits CSRD* ISSB US SEC

Optional DR E1-14: Avoided GHG emissions from products and services

* in recital 41

- The information on energy consumption makes it possible to assess the company's absolute consumption, its evolution and the share of renewable energy.
- Intensity information meets the requirements of the SFDR.
- Publication of GHG emissions: Scopes 1, 2, 3 and Total. For Scope 3, selection from the 15 most significant GHG Protocol categories.
- Scope 3: calculation updated every 3 years, published annually.
- Distinction between "Removals" = actions to permanently reduce GHGs from the atmosphere within the value chain and "carbon credits" = financing outside the value chain by purchasing credits.
- Optionality of avoided emissions - lack of maturity and consensus on calculation methods.

6.3 E1 Climate change: Disclosure Requirements Performance measures

ESRS E1 Disclosure Requirements (IV/IV)

13 Disclosure Requirements related to performance measures 2/2

Financial effects

DR E1-15: Financial effects from **physical risks**  

DR E1-16: Financial effects from **transition risks**  

DR E1-17: Financial effect from **opportunities**
  

Taxonomy Regulation

** indirect link

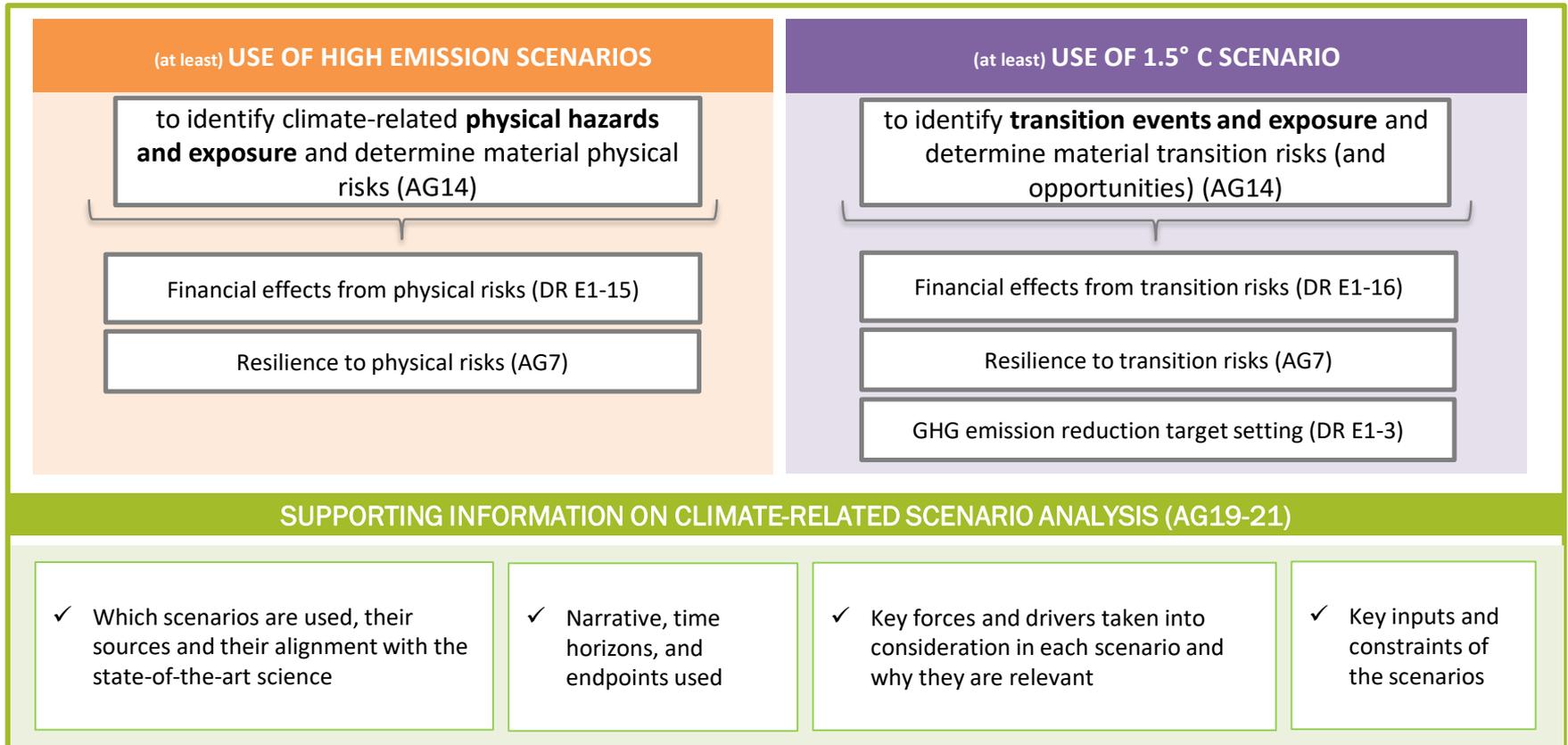
Information on potential financial effects:

- Assets exposed to physical/transitional risks (value and %), share covered by adaptation plans.
- Possible future liabilities: ETS regulated installations, emission monetisation, etc.
- Share of turnover exposed to physical / transition risks.
- Financial effects of climate change opportunities (turnover, cost reduction).

6.2 E1 Climate change: Disclosure Requirements Policies, targets, action plans and resources

FOCUS

ESRS E1 – Focus on Scenario Analysis

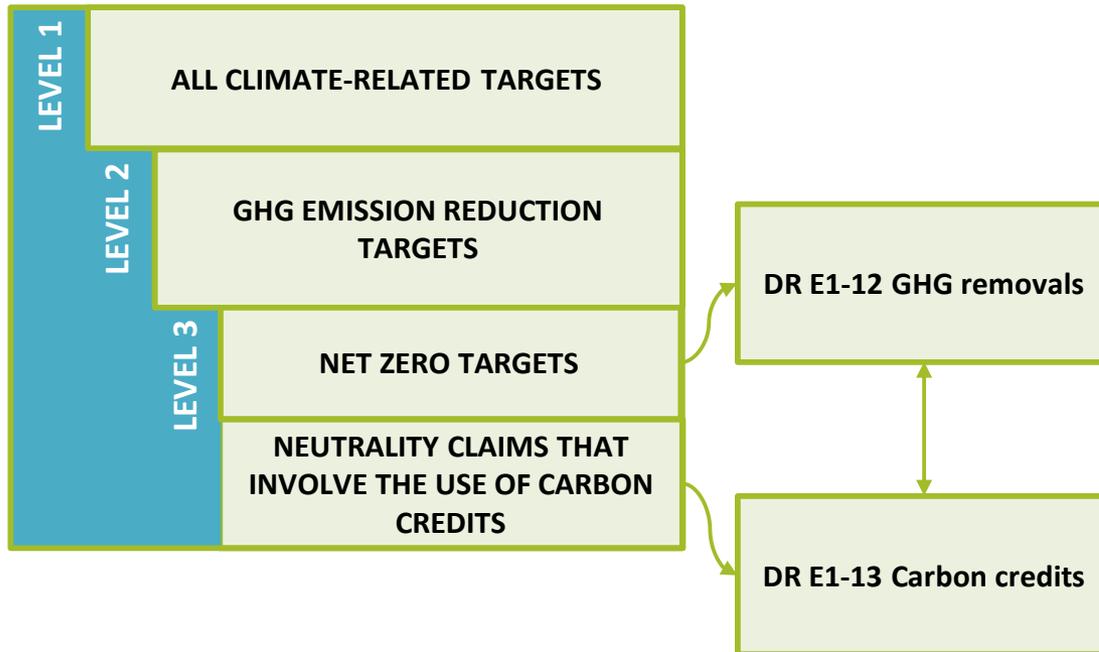


6.2 E1 Climate change: Disclosure Requirements Policies, targets, action plans and resources

FOCUS

ESRS E1 - Focus on targets

“The undertaking shall disclose the climate-related targets it has adopted.”



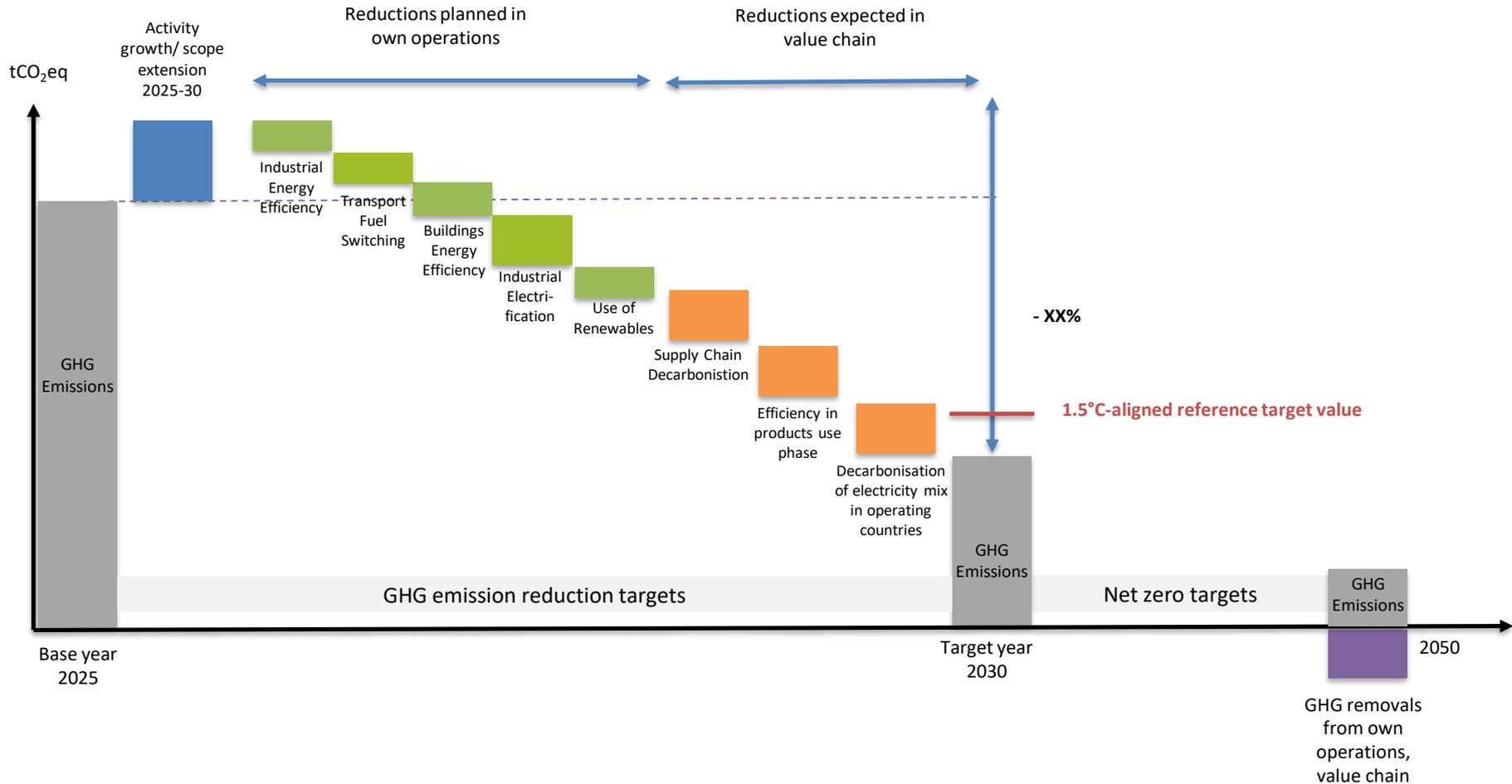
Reporting on GHG emission reduction targets:

- Absolute targets
- Scope 1, 2 and 3
- No netting of emissions to claim target achievement
- From 2025 in 5-year rolling periods
- Science-based?
- Decarbonization levers to achieve targets

6.2 E1 Climate change: Disclosure Requirements

Policies, targets, action plans and resources

ESRS E1 Graphical pathway of GHG targets



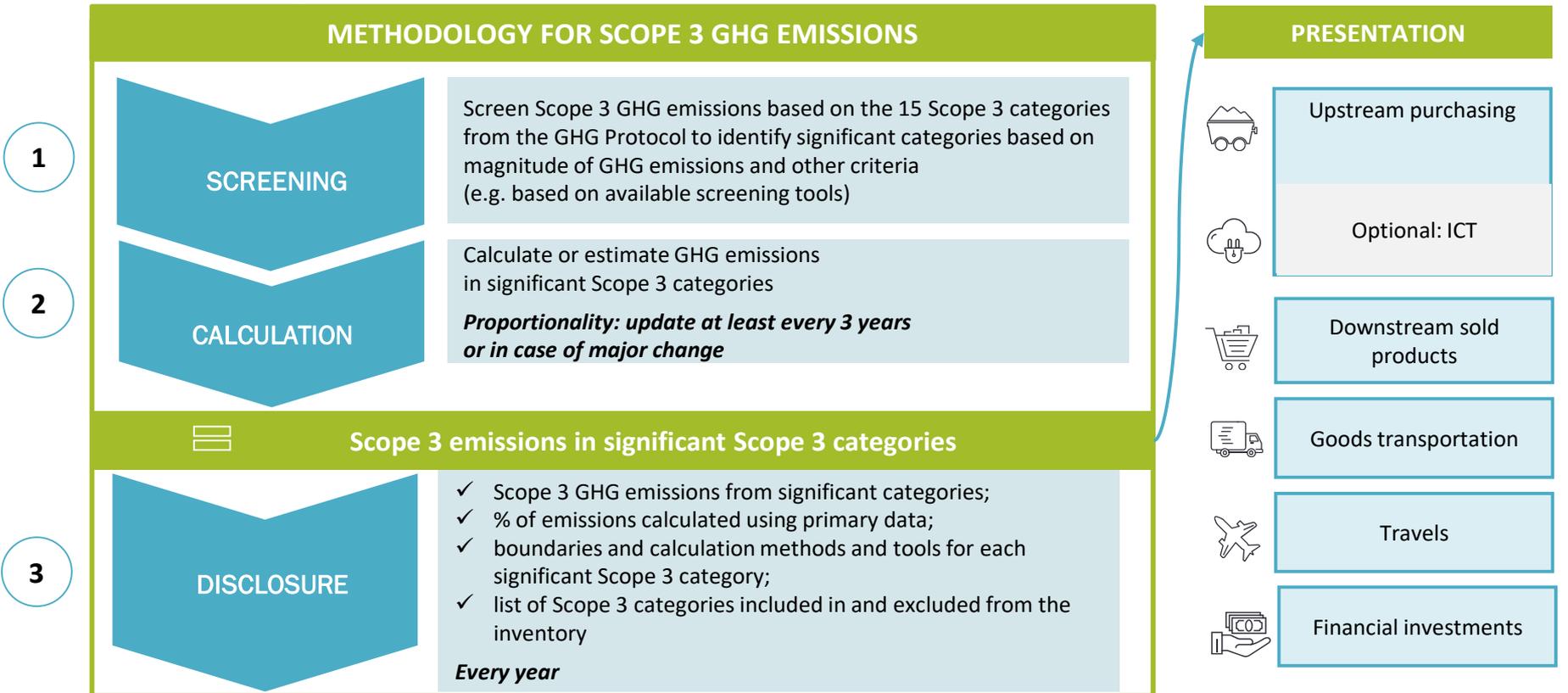
6.3 E1 Climate change: Disclosure Requirements

Performance measures

FOCUS

ESRS E1 – Focus on GHG Scope 3 methodology

DR E1-9 Scope 3 GHG emissions

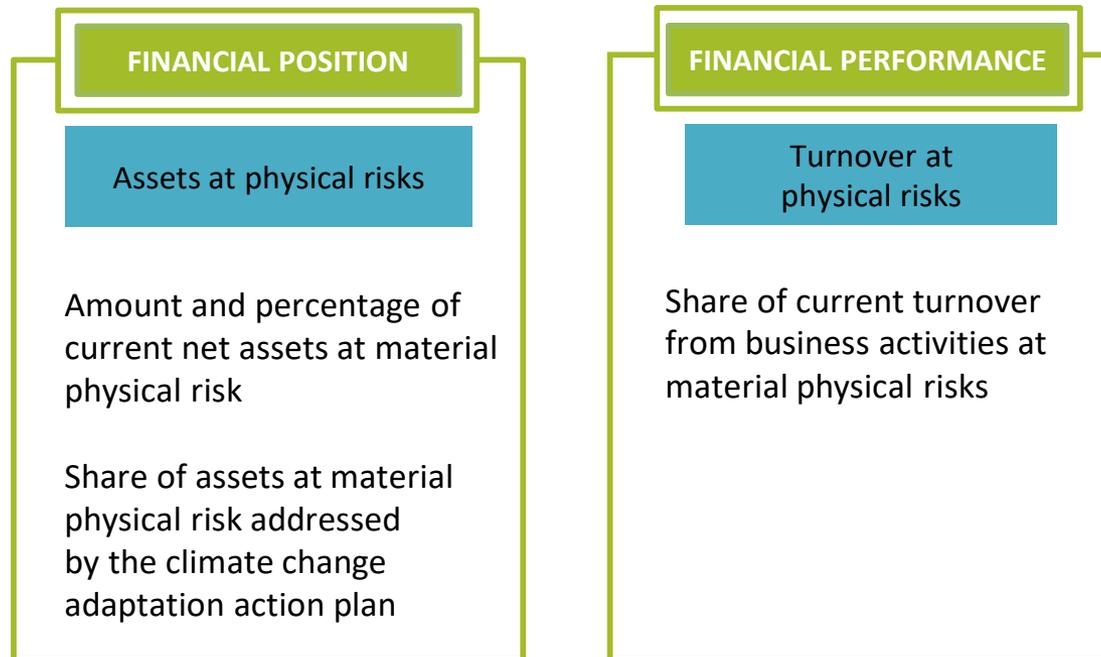


6.3 E1 Climate change: Disclosure Requirements Performance measures

FOCUS

ESRS E1 – Focus on financial effects

DR E1-15 – Potential financial effects from material physical risks

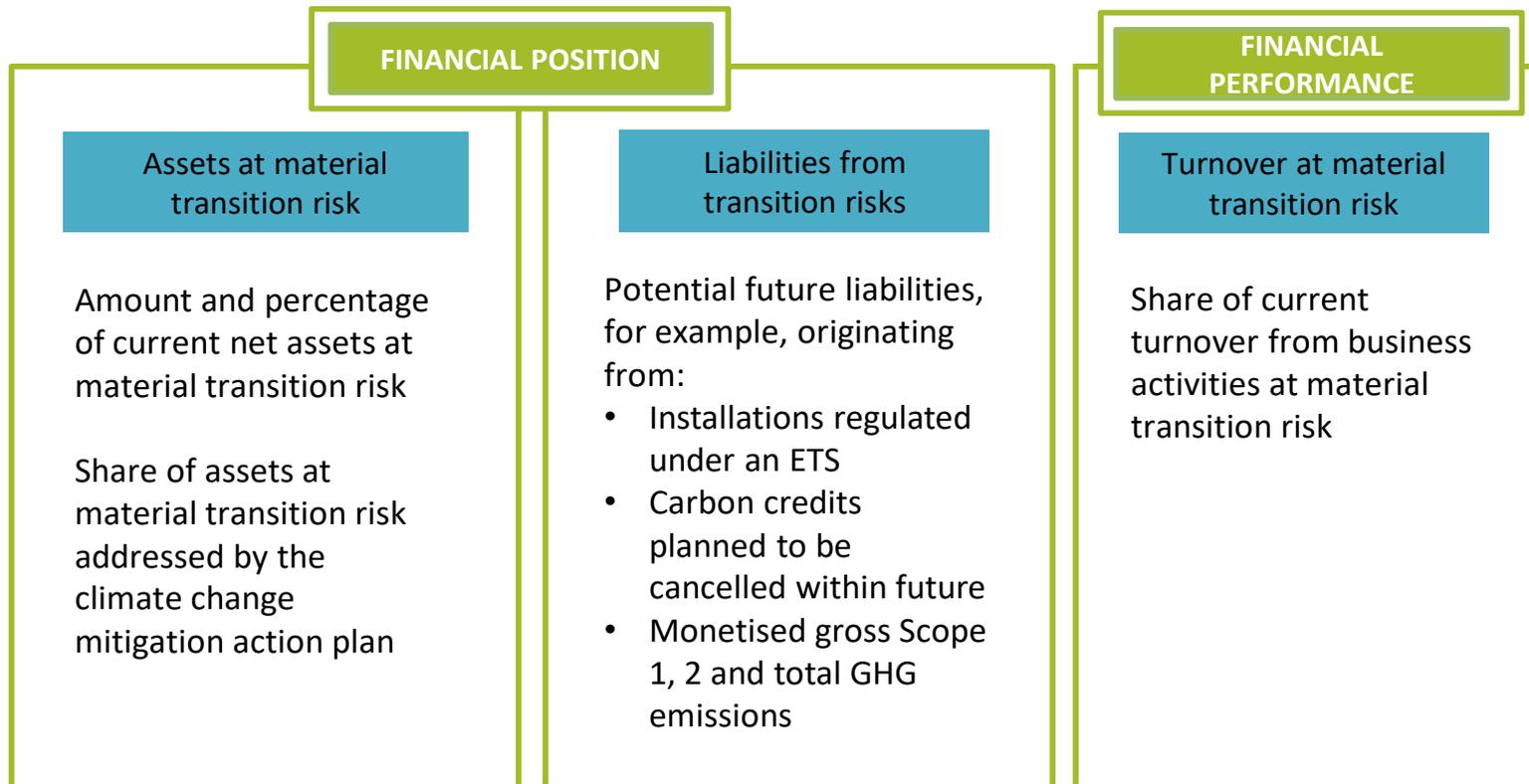


6.3 E1 Climate change: Disclosure Requirements Performance measures

FOCUS

ESRS E1 - Focus on financial effects

DR E1-16 – Potential financial effects from material transition risks



6.5 E2 Pollution: Overview (I/III)

Application guidance related to ESRS 2

- **AG on ESRS 2-SBM 4: Resilience** of strategy and business model TCFD CSRD ZPAP
- **AG on ESRS 2-IRO 1 and 2: material pollution-related impacts, risks and opportunities** TCFD CSRD OEI

- Link to the EU Action Plan initiative "Towards a Zero Pollution for Air, Water and Soil", and value chain consideration.
- Five sub-themes: air pollution, water pollution, soil pollution, substances of concern (including the most harmful substances) and enabling activities to prevent, control and eliminate pollution.
- Link to the definitions of the Chemicals Strategy for Sustainability, the EU REACH Regulation, the E-PRTR (European Pollutant Release and Transfer Register), the Industrial Emissions Directive and the work of the Sustainable Finance Platform.

3 Disclosure Requirements related to Policies, targets, action plans and resources

- **DR E2-1** – Policies implemented to prevent and control pollution CSRD Sev. III
- **DR E2-2** – Measurable targets for pollution ZPAP Taxo CSRD IED GRI
- **DR E2-3** – Pollution action plans and resources CSRD GRI IED Taxo

- Policies should pursue an objective (prevention, minimisation, etc.) related to one of the five sub-themes.
- Targets should be expressed in terms of the volume of pollutants concerned, as well as in terms of turnover and raw material costs for substances of concern, and the link should be made with the BAT benchmarks.
- The actions serve the objectives in line with the regulations.

6.5 E2 Pollution: Overview (II/III)

4 Disclosure Requirements related to performance measurement

- **DR E2-4** – Pollution to air, water and soil SFDR CSRD
IED GRI
- **DR E2-5** – Substances of concern and most harmful substances CSRD
Taxo ZPAP
- **DR E2-6** – Pollution-related incidents and deposit impacts and risks, and financial exposure to the undertaking CSRD
- **DR E2-7** – Potential financial effects from pollution-related impacts, risks and opportunities CSRD
- **Taxonomy Regulation**

Pollution to air, water and soil

- Information on the list and volumes of air, water and soil pollutants generated or used throughout the value chain, as well as the area affected where relevant (including Annex II E-PRTR).
- Link to degree of urbanisation and air quality indicators, as well as to the EU Industrial Emissions Directive and BAT/BREFs where relevant.

Substances of concern

- Specific information on the share of turnover and raw material costs related to these substances.

Incidents and deposits

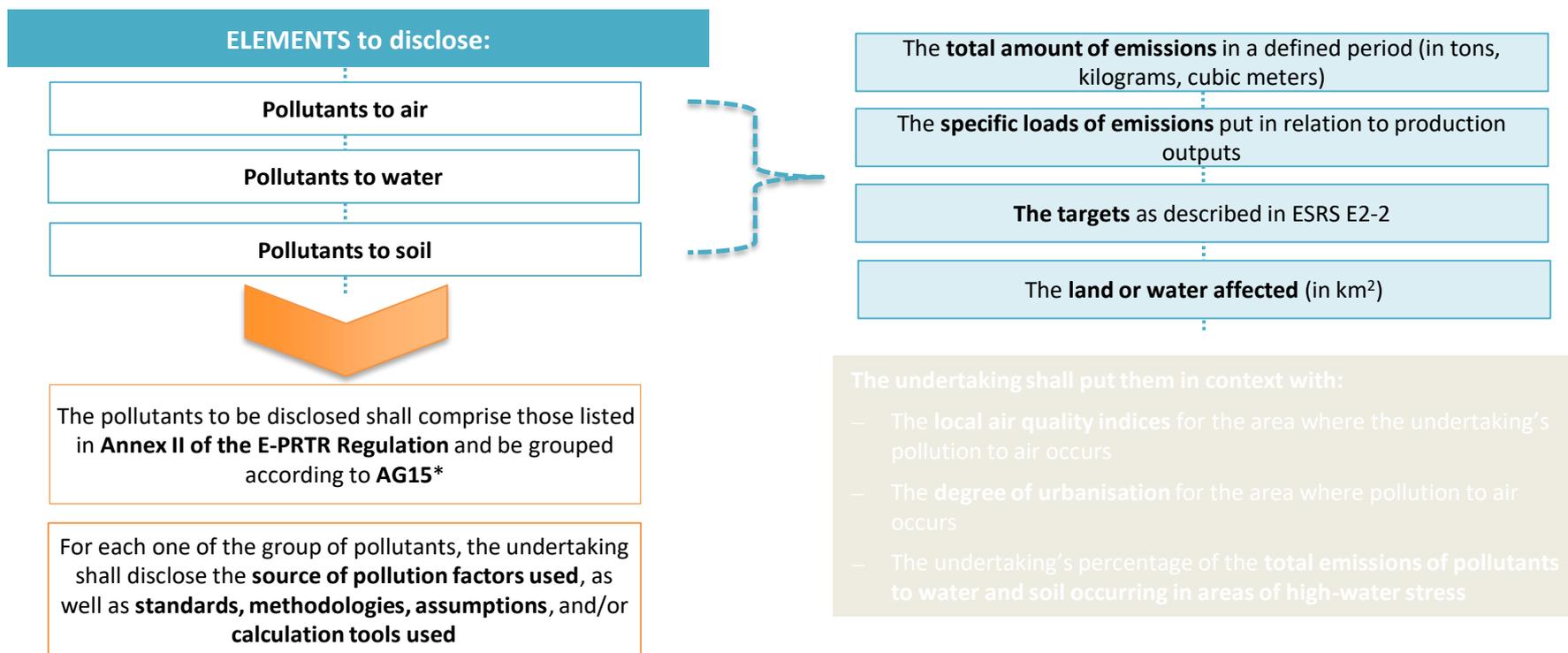
- Information on the main incidents and deposits, their impacts as well as their associated and provisioned costs.

SFDR

Link to additional indicators SFDR on Emissions of inorganic pollutants, air pollutants and ozone-depleting substances.

6.5 E2 Pollution: Overview (III/III)

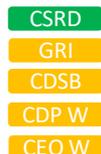
“The undertaking shall disclose the list of pollutants that are generated or used during production processes or that are procured, and that leave its facilities as emissions, as products, or as part of products or services.”



6.7 E3 Water and marine resources: Overview (I/III)

Application guidance related to ESRS 2

AG on ESRS 2-IRO 1 and 2: Water and marine resources-related **impacts, risks and opportunities**



- Water and marine resources sub-themes, covering the impacts and dependencies of water abstraction, consumption and discharge, including exposure to physical hazards (flooding, water stress, etc.).
- Link with the Water Framework Directive and the EU Marine Strategy Framework Directive.
- Water is a local issue: criticality of geographical sites, hydrological basins.
- Importance of raw materials and consideration of suppliers.
- Marine resources: consideration of deep-sea mineral resources, gravel and seafood.

3 Disclosure Requirements related to Policies, targets, action plans and resources

DR E3-1: Policies implemented to manage water and marine Resources



- Value chain and link to EU policies and quantified commitments to reduce water abstraction, consumption and discharge.

DR E3-2: Measurable **targets** for water and marine resources

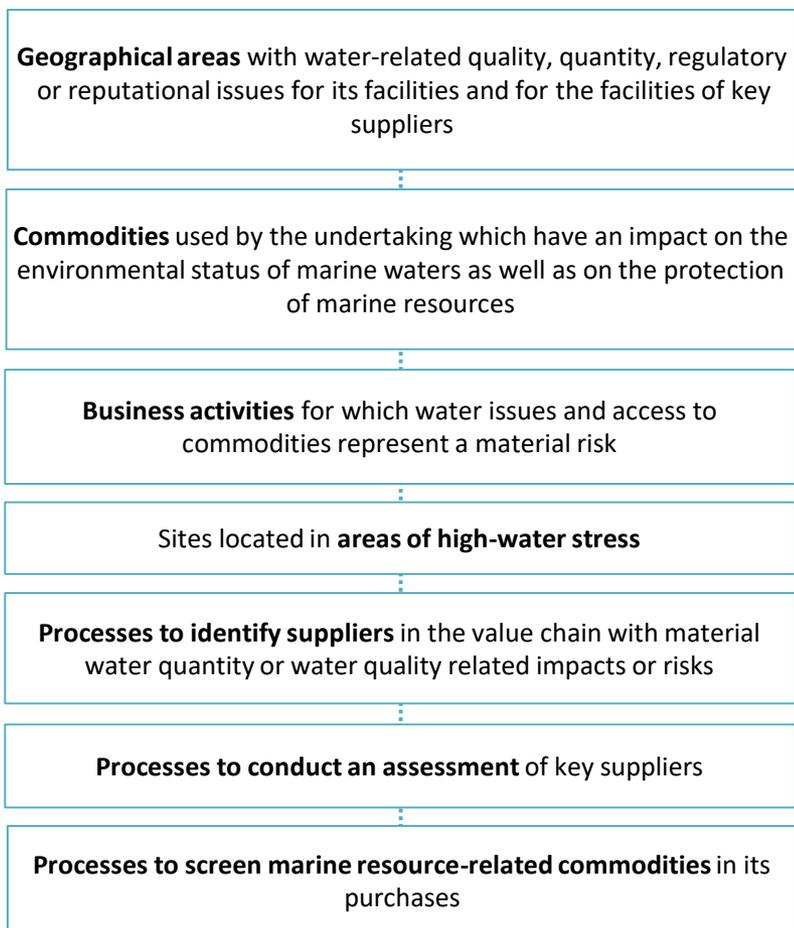


DR E3-3: Water and marine **action plans and resources**



6.7 E3 Water and marine resources: Overview (II/III)

The process of identifying **material IROs** should include:



Outcomes:

A list of geographical areas where water is a material issue for the undertaking's operations and value chain

A list of commodities used by the undertaking which are material to the good environmental status of marine waters as well as for the protection of marine resources

A list of business activities associated to water and marine resources material IROs

Recommended databases: WWF Water Risk Filter, World Resources Institute's (WRI) Water Risk Atlas tool Aqueduct, annex II to EU Recommendation 2021/2279 on the use of the Environmental Footprint methods.

6.7 E3 Water and marine resources: Overview (III/III)

4 Disclosure Requirements related to performance measurement

DR E3-4: Water management performance



DR E3-5: Water intensity performance



DR E3-6: Marine resources-related performance



DR E3-7: Potential financial effects from water and marine resources-related impacts, risks and opportunities

Taxonomy regulation

Water

- Volumes of water abstracted, consumed, discharged and link to ESRS E2.
- If relevant, volume of water recycled, reused or stored.
- If relevant, information on intensity.
- Information by geographical area and business segment.

Marine resources

- Nature and quantity of materials used from marine resources.
- Links with ESRS E5 on waste and plastic use, ESRS E2 on pollutants, ESRS E1 on GHG emissions, ESRS E4 on impacting land use or settlement changes.

SFDR

Link to SFDR principal indicator on Emissions to water and additional indicators on Water usage and recycling, Investments in companies without water management policies and Exposure to areas of high-water stress.

6.9 E4 Biodiversity and ecosystems: Overview (I/III)

1 Disclosure Requirement related to Strategy, Governance and materiality assessment

- **DR E4-1** – Transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050

TNFD

- Information on the compatibility of the business model with the EU Biodiversity Strategy 2030 and the Post-2020 Global Biodiversity Framework.
- Identification of biodiversity loss levers (threatened species, protected areas and key areas) in the value chain and remediation actions (avoid, minimise, restore, compensate) on the main resources/dependencies and assets concerned.

Application guidance related to ESRS 2

- **AG on ESRS 2-SBM 4: Resilience** of strategy and business model

CSRD

TNFD

- **AG on ESRS 2-IRO 1 and 2: Biodiversity and ecosystems - related impacts, risks and opportunities**

CSRD

SFDR

TNFD

Resilience : advocating the use of scenarios (e.g. IPBES, ENCORE, etc.).

Materiality assessment :

- Advocacy of databases, assessment by geographical location and by commodity, consideration of threatened species, protected areas and key zones.
- Distinction between physical, transition and systemic risks, as well as opportunities in relation to TNFD and CDSB work.
- Presence of activity in biodiversity hotspots.

6.9 E4 Biodiversity and ecosystems: Overview (II/III)

3 Disclosure Requirements related to Policies, targets, action plans and resources

- **DR E4-2 – Policies** implemented to manage biodiversity and ecosystems **SFDR**
- **DR E4-3** – Measurable targets for biodiversity and ecosystems
- **DR E4-4** – Biodiversity and ecosystems action plans and resources

- Information in relation to the transition plan, as well as the hierarchy of levers: avoid, minimise, restore, compensate, and mitigate.
- Key role of the value chain, traceability of raw materials and suppliers, and importance of social issues of IROs including in relation to the use of genetic resources and interaction with local communities.

6 Disclosure Requirements related to performance measurement

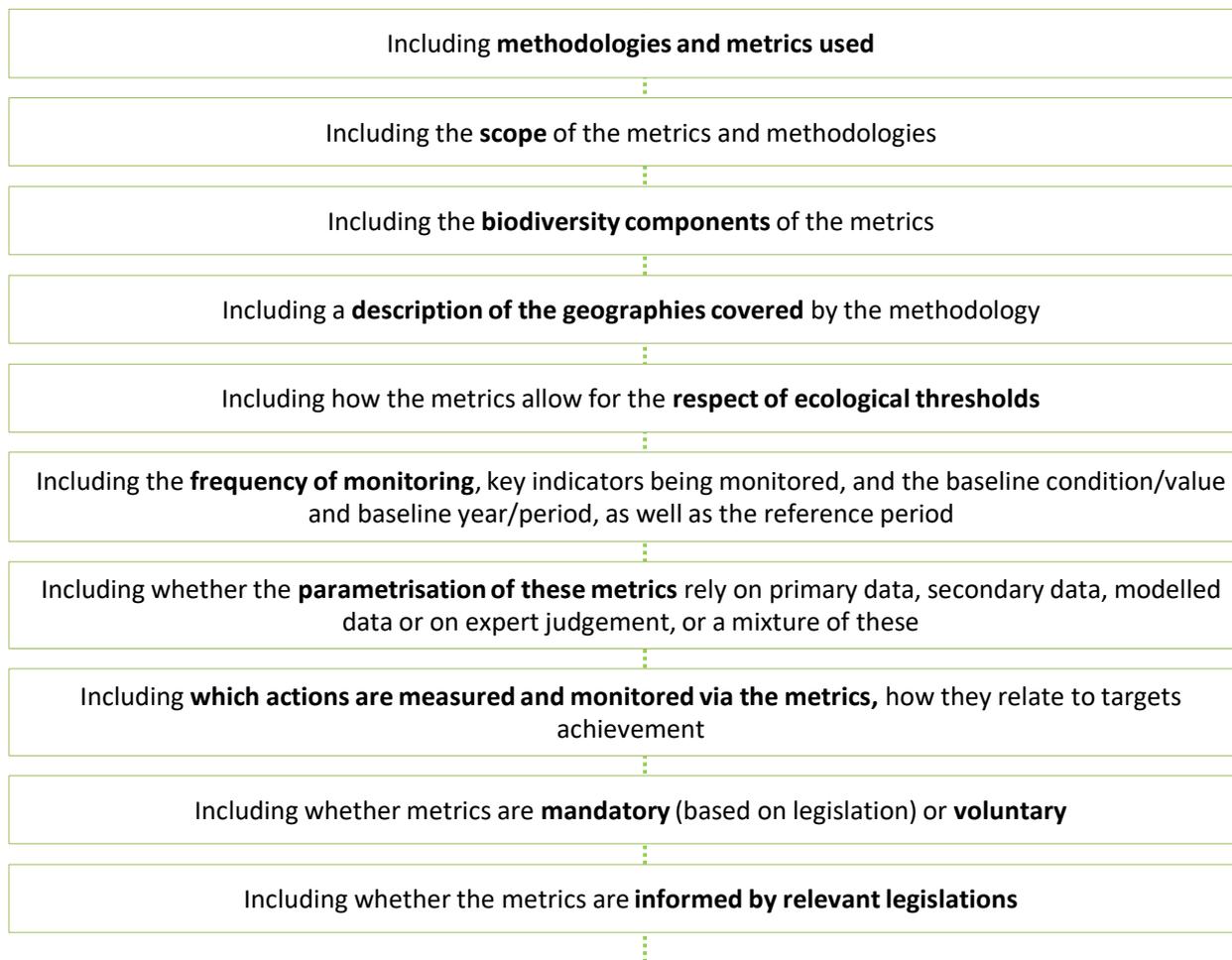
- DR E4-5** – Pressure metrics
- DR E4-6** – Impact metrics
- DR E4-7** – Response metrics
- DR E4-8** – Biodiversity-friendly consumption and production metrics
- DR E4-9** – Biodiversity offsets
- DR E4-10** – Potential financial effects from biodiversity-related impacts, risks and opportunities
- Taxonomy Regulation**

- Very basic indicators, in line with ongoing work at international level and the lack of agreed indicators, description of characteristics that indicators should have.

SFDR

Link to SFDR principal indicator on Activities negatively affecting biodiversity-sensitive areas and additional indicators on Land degradation, desertification, soil sealing, Investments in companies without sustainable land/agriculture practices, Investments in companies without sustainable oceans / seas practices, Natural species and protected areas and Deforestation.

6.9 E4 Biodiversity and ecosystems: Overview (III/III)



6.11 E5 Resource use and circular economy: Overview (I/II)

Application guidance related to ESRS 2

- **AG on ESRS 2 SBM 3 and SBM 4** on the integration of resource use and circular economy in the business model
- **AG on ESRS 2-IRO 1 and 2:** on impacts, risks and opportunities

- Link with the European plan on the circular economy.
- Integration of **circular economy principles** in the business model: **elimination of waste and pollution**, circularity of products, **regeneration of nature**, decoupling of economic activity from natural resource extraction, **products and materials maintained at their highest value**.
- Materiality assessment in relation to the **five sub-themes described** in E5-4 to E5-8 in relation to the scenarios of remaining in a linear economy versus making a transition to a circular economy.

3 Disclosure Requirements related to Policies, targets, action plans and resources

- **DR E5-1 – Policies** implemented to manage resource use and circular economy
- **DR E5-2 – Measurable targets** for resource use and circular economy
- **DR E5-3 – Resource use and circular economy action plans**

- Policies to decouple activity and use of non-renewable resources / regenerate renewable resources and ecosystems.
- Action plans related to the sub-themes and the three principles of the circular economy.

6.11 E5 Resource use and circular economy: Overview (II/II)

6 Disclosure Requirements related to performance measurement

- **DR E5-4** – Resource inflows
- **DR E5-5** – Resource outflows
- **DR E5-6** – Waste **SFDR**
- **DR E5-7** – Resource use optimisation
- **DR E5-8** – Circularity support

- **DR E5-9** – Financial effects from resource use and circular-economy-related impacts, risks and opportunities
- **Taxonomy Regulation**

SFDR

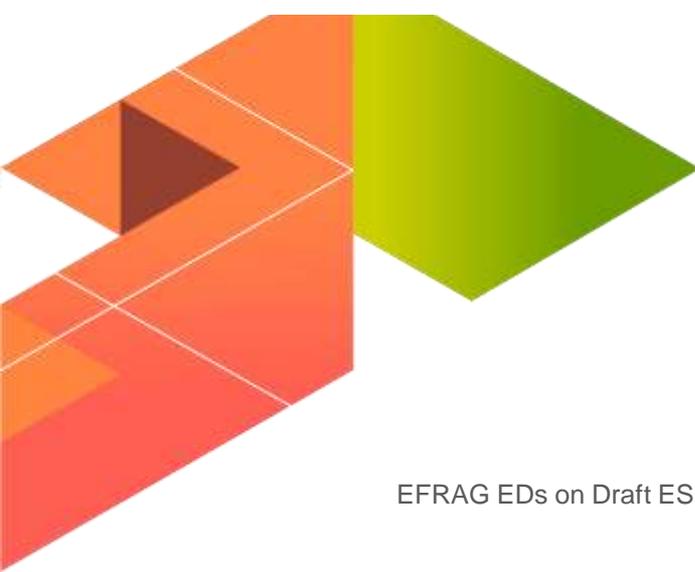
Link to SFDR principal indicator on Hazardous waste and radioactive waste ratio and additional indicator on Non-recycled waste ratio.

Information on the **five sub-themes**:

- quantitative (absolute value et percentage) et qualitative.
- **Resource Inflows**: information on the materials used (renewable, reused, recycled).
- **Resource Outflows**: information on the weight and percentage of products, materials and packaging intentionally created to contribute to the circular economy, i.e. sustainability, reusability, reparability, disassembly, recycling, etc.
- **Waste**: details of hazardous/non-hazardous waste and waste destination.
- **Resource use optimisation**: share of turnover for products and services that optimise the use of resources and promote circular business models.
- **Circularity support**: coordinated actions and partnerships in the value chain.



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



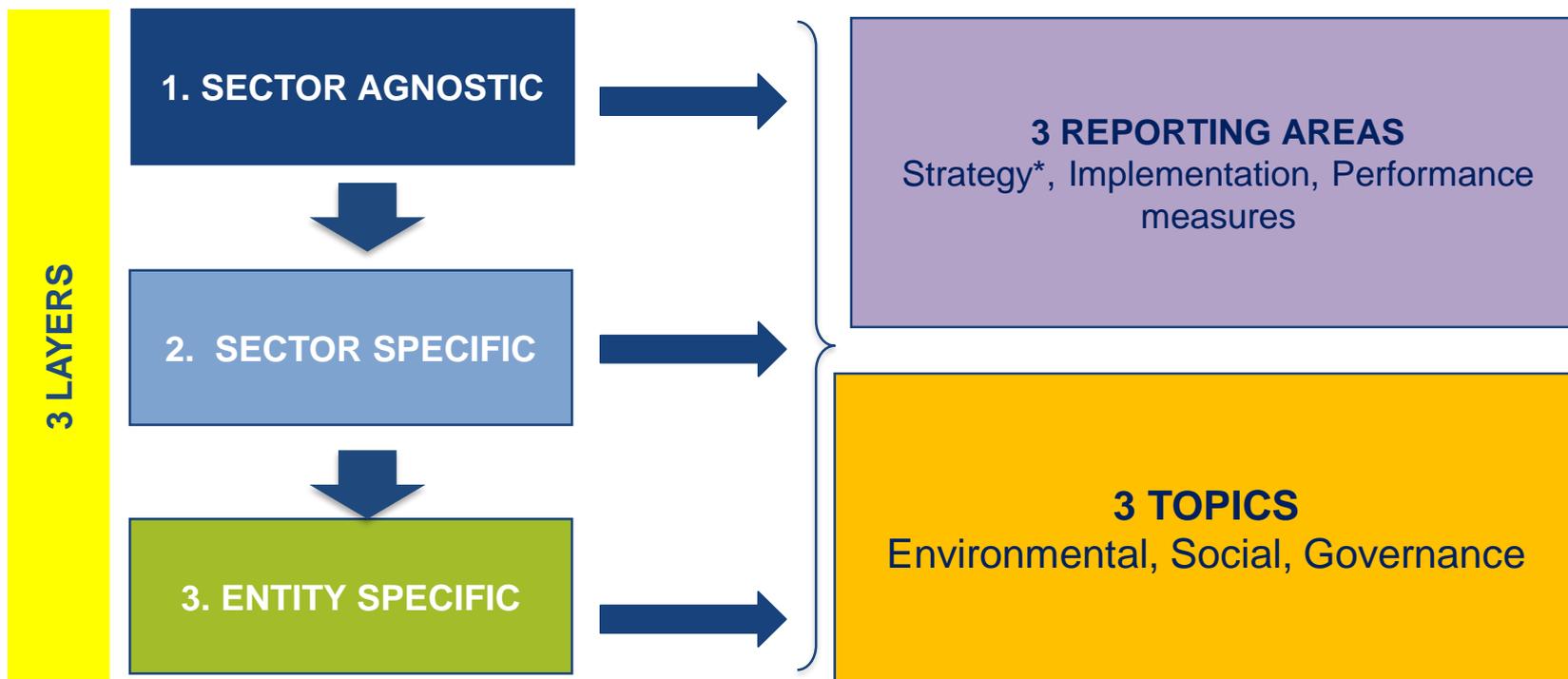


Overview and Architecture

1.1 ESRS Overview: Architecture

An EU comprehensive sustainability reporting

The 'rules of three' approach for the architecture of a mandatory sustainability reporting regime



DOUBLE MATERIALITY : Financial materiality and impact materiality

(*) Cross-cutting standards: General principles and disclosures related to General Requirements, Strategy and Business Model (SBM), Impacts, risks and opportunities (IROSs) and Governance (GOV)

1.2 ESRS Overview – Exposure drafts release

All Sector Agnostic

Cross-cutting standards

- ESRS 1 General principles
- ESRS 2 General, strategy, governance and materiality assessment

Environment

- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine sources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource and 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 Governance, risk management and internal control
- ESRS G2 Business conduct

Reporting Areas : Cross-cutting

Reporting Areas : Implementation and Performance measures

3 Reporting topics: Environmental, Social, Governance

1.3 Compatibility with TCFD and IFRS S1 core contents

The structure and location of ESRS requirements reflects the need to cover the entire set of topics (not only one topic). Cross-cutting contents are dealt with in a single place, while implementation and performance measures are left at topical level





Cross-cutting:

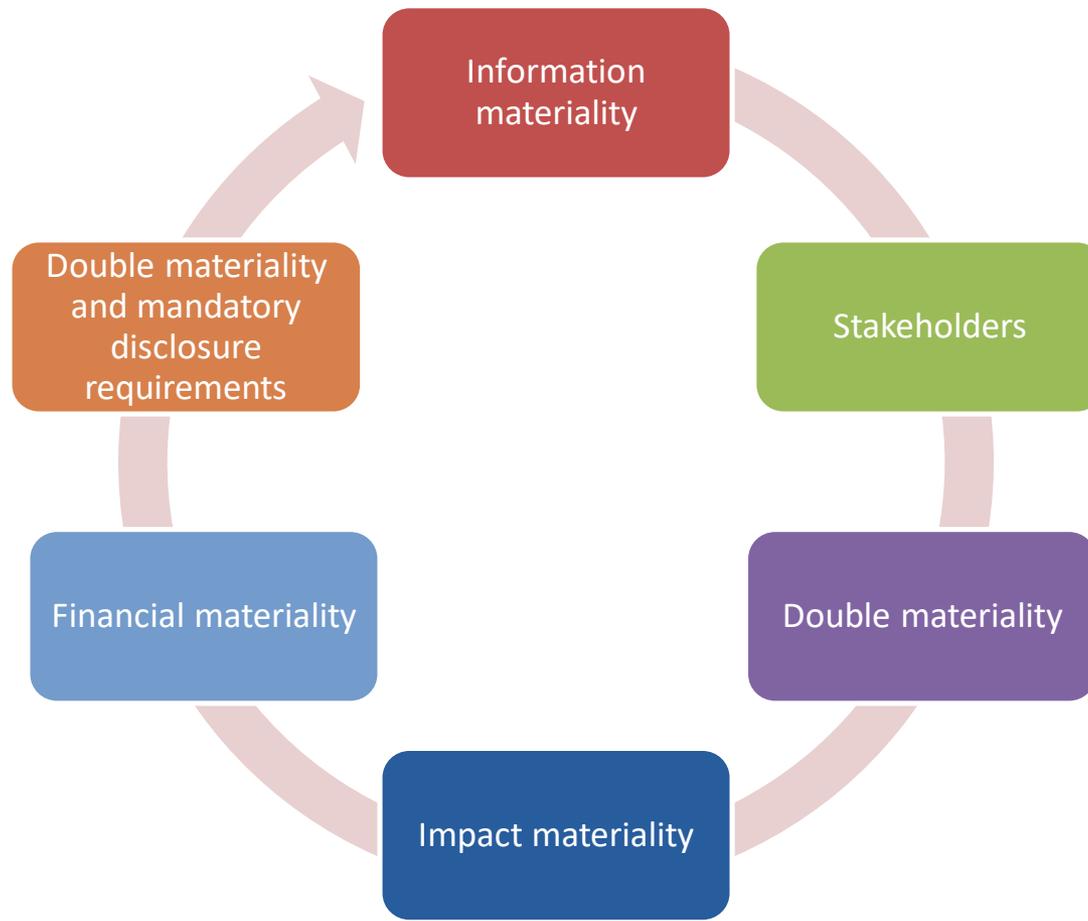
ESRS 1 General principles

ESRS 2 General, strategy,

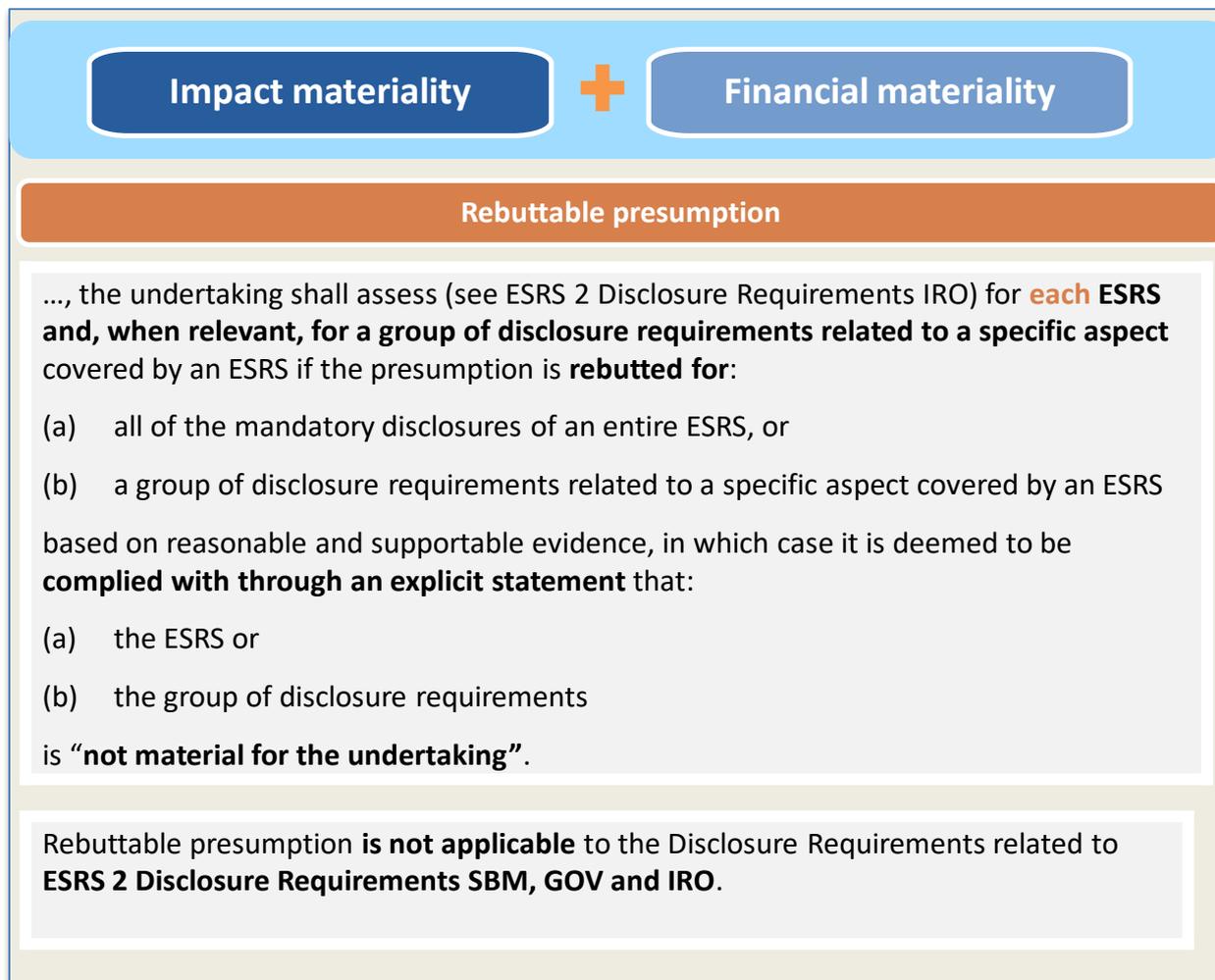
governance and materiality assessment.

2.1 Chapter 2 Applying CSRD concepts:

2.2. Double materiality as the basis for sustainability disclosures



2.1 ESRS 1 – Key concepts: Double materiality and the possibility of rebutting the presumption of materiality



- No additional costs expected compared to assessing materiality without a list of requirements - in both cases judgement and evidence are required
- Having a predefined list supports comparability
- Having to rebut the presumption mitigates the risk of loss of relevant information

2.1 Chapter 2 Applying CSRD concepts: 2.2 Double materiality: From mandated DR to information material for the undertaking

Universe of sector-agnostic and sector-specific **mandated** disclosure requirements

-

Rebuttable presumption (at level of ESRS or group of DR)

-

Individual **disclosure requirement**/datapoint that **is below materiality criteria/thresholds** and that is not part of an ESRS (or a group) for which the presumption has been rebutted **may be omitted** and therefore considered implicitly disclosed as “not material”

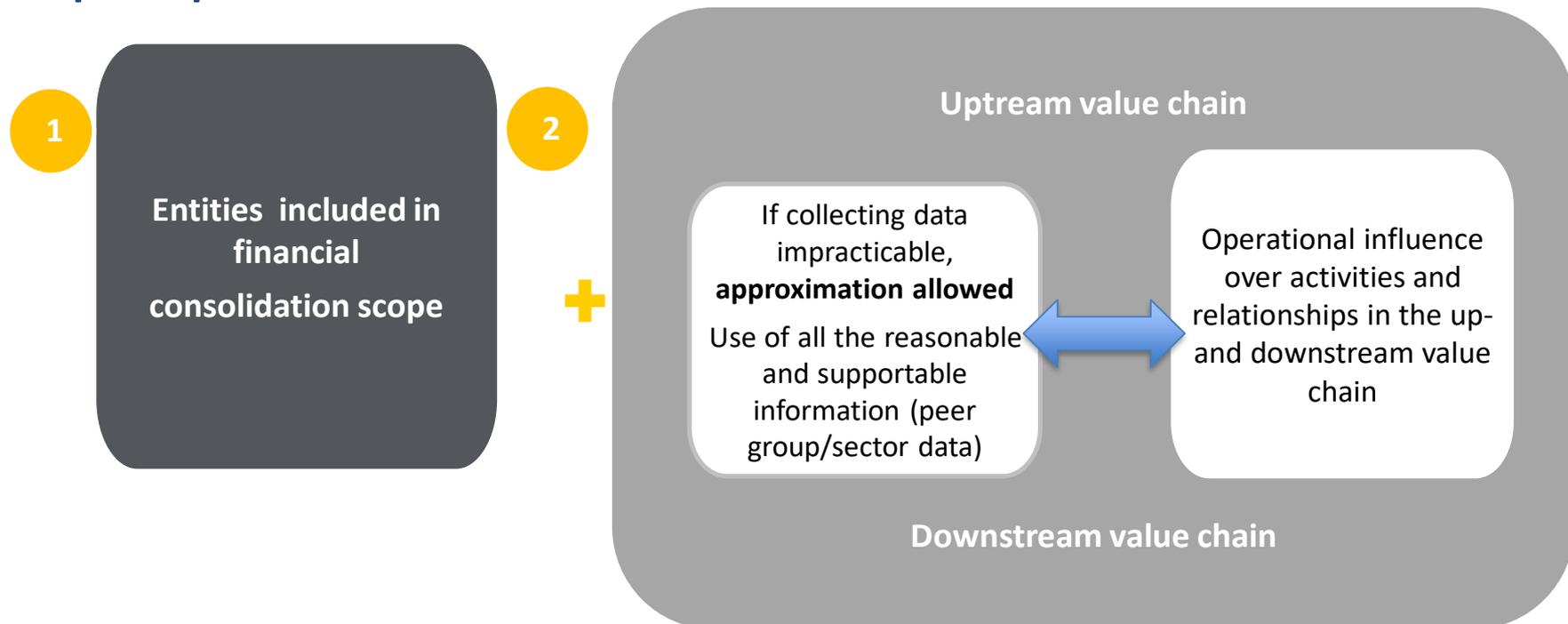
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Entity specific disclosures

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Material disclosure requirements for the undertaking

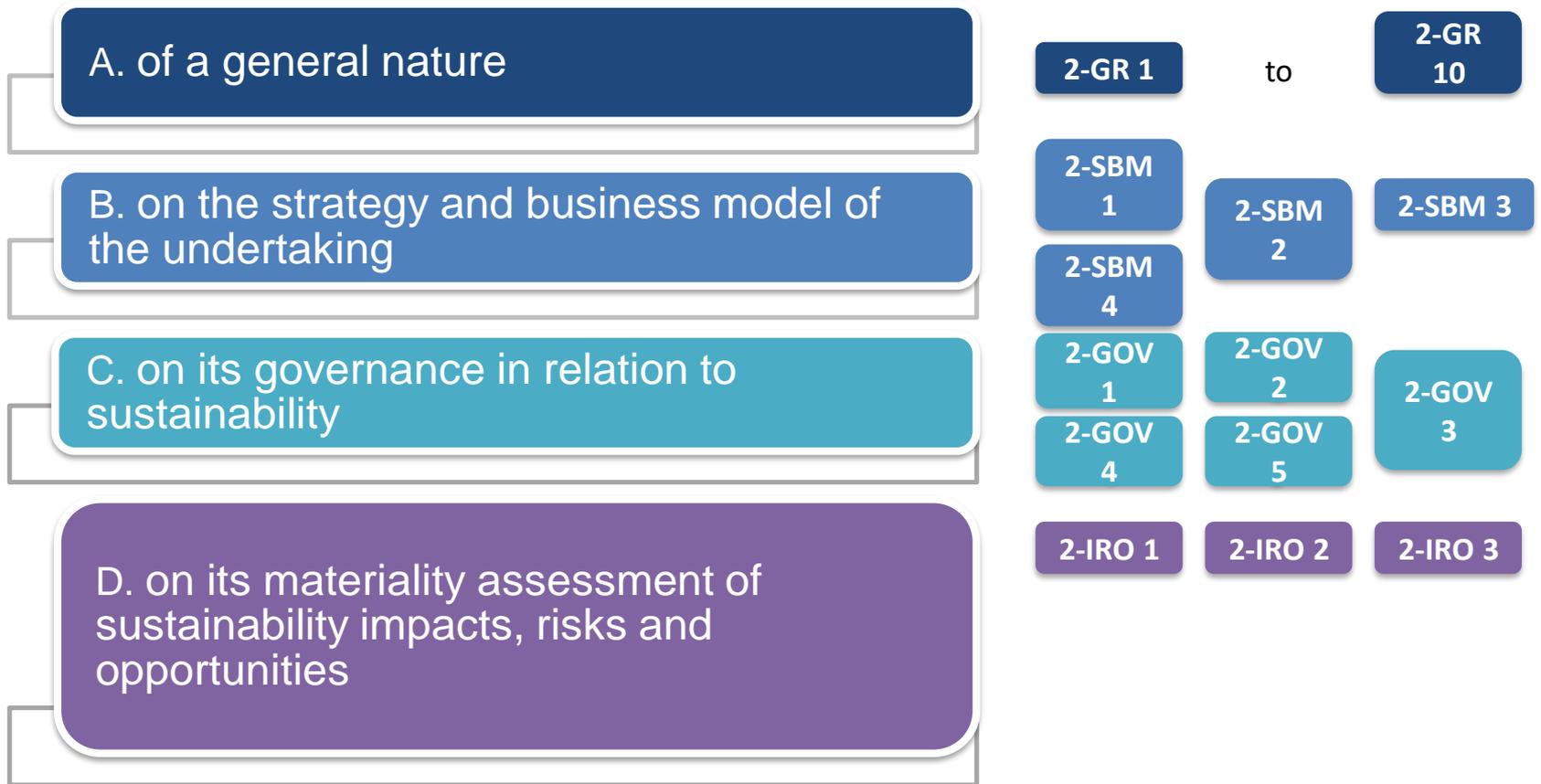
2.2 ESRS 1 – Key concepts: Boundaries and value chain: Consolidation scope plus up- and down-stream



Not all the data need to include value chain information: “Risk-based” approach and link to materiality. The boundary has to be expanded when the integration is necessary to allow a proper understanding of material impacts, risks and opportunities and to produce a set of complete information that meets the qualitative characteristics of information quality.

2.3 Objective and Overview: Objective of ESRS 2

To set out the disclosure requirements of the undertaking's sustainability reporting that are of a cross-cutting nature. They are those:



22 Disclosure requirements + Not subject to the “rebuttable presumption”

2.4 Objective and Overview: Disclosure Requirements of ESRS 2 (I/II)

GENERAL CHARACTERISTICS

DR 2-GR1: **General characteristics** of the sustainability reporting of the undertaking

DR 2-GR2: **Sector(s) of activity**

ISSB

SFDR

DR 2-GR3: **Key features** of the value chain

ISSB

TCFD

DR 2-GR4: **Key drivers** of the value creation

ISSB

DR 2-GR5: **Using approximations** on the disclosure in relation to boundary and value chain

DR 2-GR6: Disclosing on significant **estimation uncertainty**

ISSB

DR 2-GR7: **Changes** in preparation and presentation

ISSB

DR 2-GR8: Prior period **errors**

ISSB

DR 2-GR9: On other sustainability reporting **pronouncements**

ISSB

DR 2-GR10: General **statement of compliance**

ISSB

STRATEGY & BUSINESS MODEL

DR 2-SBM1: **Overview** of strategy and business model

ISSB

CSRD

DR 2-SBM2: Views, interests and expectations of

ISSB

CSRD

stakeholders

DR 2-SBM3: **Interaction of impacts and the undertaking's**

ISSB

CSRD

Strategy and business model

DR 2-SBM4: **Interaction of risks and opportunities and the**

TCFD

CSRD

undertaking's strategy and business model

ISSB

2.4 Objective and Overview: Disclosure Requirements of ESRS 2 (II/II)

GOVERNANCE

| | | | |
|---|------|------|------|
| DR 2-GOV1: Roles and responsibilities of the administrative, management and supervisory bodies | TCFD | ISSB | CSRD |
| DR 2-GOV2: Information of administrative, management and supervisory bodies about sustainability matters | TCFD | ISSB | |
| DR 2-GOV3: Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | | ISSB | |
| DR 2-GOV4: Integration of sustainability strategies and Performance in incentive schemes | TCFD | ISSB | |
| DR 2-GOV5: Statement on due diligence | | ISSB | SFDR |

IMPACTS, RISKS & OPPORTUNITIES

| | | | |
|--|------|------|------|
| DR 2-IRO1: Description of the processes to identify material sustainability impacts, risks and opportunities | ISSB | CSRD | TCFD |
| DR 2-IRO2: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS | SFDR | ISSB | CSRD |
| DR 2-IRO3: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an ESRS (entity-specific level) | SFDR | ISSB | CSRD |
| | | | TCFD |

Governance+

GREECE

11 July 2022

Fredré Ferreira



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OVERVIEW

- 1) Introduction
- 2) G1: Governance risk management and internal control
- 3) G2: Business conduct
- 4) Appendix with further details



Background

GOVERNANCE+

The Governance+ category (G+) is broader than traditionally considered under the concept of 'governance'. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

Background

CSRD PROPOSAL, Article 19 b (extract)

(c) specify the information that undertakings are to disclose about governance factors, including information about:

- (i)** the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;
- (ii)** the business ethics and corporate culture, including anti-corruption and anti-bribery;
- (iii)** political engagements of the undertaking, including its lobbying activities;
- (iv)** the management and quality of relationships with business partners, including payment practices;
- (v)** the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.



G1 GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

ESRS G1

Governance in ESRS



G1: Overview

DR ORIGINS AND SUBJECTS COVERED

STRATEGY

DR G1-1: Governance structure GRI Acc Dir

- General description of ASMB and their composition

IMPLEMENTATION

DR G1-2: Corporate governance code or policy Acc Dir

DR G1-3: Nomination process GRI

DR G1-4: Diversity policy Acc Dir

DR G1-5: Evaluation process GRI

DR G1-6: Remuneration policy SR Dir GRI

DR G1-7: Risk management GRI

DR G1-8: Internal control GRI

- More detailed description of specific aspects
- General description of the risk management & internal control processes and how they enable the ASMB to exercise their responsibility to oversee the undertaking.

PERFORMANCE MEASURES

DR G1-9: Composition of ASMB SFDR Acc Dir

DR G1-10: Meetings and attendance rate

- Indicators to measure performance of policy objectives defined by previous DRs



G2: BUSINESS CONDUCT

Overview

DR ORIGINS AND SUBJECTS COVERED

| STRATEGY | IMPLEMENTATION | PERFORMANCE MEASURES |
|---|--|--|
| <p>DR 1: Business conduct culture GRI</p> | <p>DR 2: Policies and targets on business conduct SFDR GRI</p> <p>DR 3: Prevention and detection of corruption and bribery GRI</p> <p>DR 4: Anti-competitive behaviour prevention and detection GRI</p> | <p>DR 5: Anti-corruption and anti-bribery training GRI</p> <p>DR 6: Corruption or bribery events SFDR GRI</p> <p>DR 7: Anti-competitive behaviour events GRI</p> <p>DR 8: Beneficial ownership Dir 2015/849 GRI</p> <p>DR 9: Political engagement and lobbying activities GRI</p> <p>DR 10: Payment practices</p> |
| <p>A description of how business conduct is promoted and integrated into the culture of the undertaking</p> | <ul style="list-style-type: none"> • Description of how the business conduct culture is translated into clearly defined policies, procedures and objectives • Including prevention and detection | <p>Measuring the achievement of policies and objectives in previous DRs</p> <ul style="list-style-type: none"> • covering anti-corruption/anti-bribery training • current legal proceedings (number, inventory, penalties or fines paid) • lobbying activities and their funding • contractual terms of payment and practices |

Overview

CONSULTATION: SPECIFIC QUESTION

Payment delays complicate the financial management of undertakings, especially SMEs¹, who rely on predictable flows of cash to operate. According to the relevant EU legislation (Directive 2011/7/EU) a payment is late when the creditor has not received the funds at the expiry of the period negotiated in the contract. And yet, even payments performed within the contractually negotiated period can hide unfair payment practices. Very often businesses accept payment terms longer than they are comfortable with², as such terms may reflect the one party's power compared to the other, such as by virtue of its size or brand.

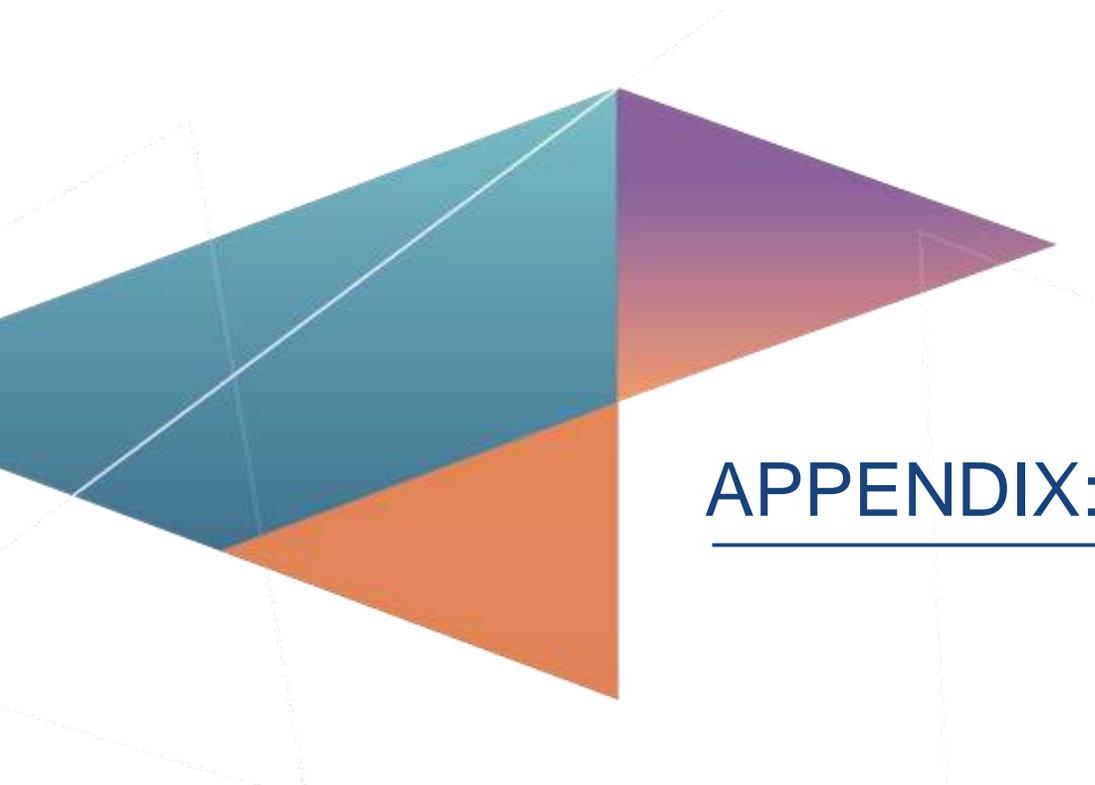
- 1) Do you consider that the indicators in G2-10 (in isolation or jointly) capture the following sufficiently:
 - a) the extent to which accounts payable or creditors at period end have been outstanding; and
 - b) the fairness of the undertaking's payment practices?

If not, please provide your rationale and indicate the sector(s) for which you deem add-ons necessary.

- 2) What alternative indicators would you propose? Please specify whether your proposal(s) are of sector-agnostic or sector-specific nature.
- 3) If you are a preparer, do you currently capture amounts of interest charged on late payments separately in your accounts and what are the costs for disclosing this?

¹ SMEs (Small and Medium-sized enterprises) are defined according to the Commission Recommendation 2003/361/EC https://ec.europa.eu/growth/smes/sme-definition_en

² According to the Intrum European payment Report 2021, on average 49% of businesses in the EU accepted payment terms longer than they are comfortable with out of fear of losing their customers or damaging business relations.



APPENDIX: Further details

G1: Strategy

| Disclosure topic | Proposed requirement |
|--|--|
| <p><i>DR 1: Governance structure and composition</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) a description of the structure of its governance body and the roles and key responsibilities of each of its committees; (b) identity of members of the governance body; (c) classification of members between executive and non-executive; (d) independence of members; (e) tenure of members on the governance body; (f) for each member the number of significant positions and commitments, and the nature of the commitments; (g) representation of stakeholder groups; and (h) competencies relevant to the sector, products and geographic locations of the undertaking and associated regulation. |

G1: Policies, targets, action plans and resources

| Disclosure topic | Proposed requirement |
|--|---|
| <p><i>DR2: Corporate governance code or policy</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the corporate governance code (mandatory or voluntary and reference to where publicly available); (b) information about the corporate governance practices applied over and above the requirements of national law. <p>If departure from a corporate governance code - provide an explanation about what and why.</p> |
| <p><i>DR3: Nomination process</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) a description of the nomination and selection processes for the AMSB and, where applicable, their committees; (b) a description of nomination and selection criteria used for AMSB, including whether and how: <ul style="list-style-type: none"> i. stakeholders (including shareholders) are involved in the nomination process; ii. diversity is considered in the selection process; iii. independence is considered in the selection process; and iv. competencies relevant to the sector of the undertaking are considered in the selection process. |
| <p><i>DR4: Diversity policy</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) description of the diversity policy for AMSB for: <ul style="list-style-type: none"> i. gender, ii. age, iii. minority or vulnerable groups, iv. educational and professional backgrounds, and v. other aspects where relevant. (b) the objectives of that diversity policy, (c) how the diversity policy has been implemented. |

G1: Policies, targets, action plans and resources

| Disclosure topic | Proposed requirement |
|---------------------------------|--|
| <i>DR5: Evaluation process</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the evaluation process for performance of AMSB; (b) frequency and independence of evaluation; and (c) resulting actions. |
| <i>DR6: Remuneration policy</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a)) the roles and responsibilities for the process, including independent oversight; (b) whether external consultants are involved; (c) whether stakeholders' views (including shareholders) are sought and taken into account, together with any corresponding voting results. <p><u>Covers:</u></p> <ul style="list-style-type: none"> (a) fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares; (b) sign-on bonuses or recruitment incentive payments; (c) termination payments; (d) clawbacks; and (e) retirement benefits. |

G1: Policies, targets, action plans and resources

| Disclosure topic | Proposed requirement |
|--|--|
| <i>DR7: Risk management processes</i> | The disclosure shall include: <ul style="list-style-type: none"> (a) the undertaking's risk assessment approach; (b) the risk prioritisation methodology; (c) the scope, main features and components of its risk management processes; (d) reporting on risk management to AMSB |
| <i>DR8: Internal control processes</i> | The disclosure shall include: <ul style="list-style-type: none"> (a) the scope, main features and components of the internal control process; (b) reporting to AMSB; (c) the main features of the undertaking's internal control systems over the sustainability reporting process. |

G1: Policies, targets, action plans and resources

| Disclosure topic | Proposed requirement |
|--|--|
| <p><i>DR9: Composition of AMSB</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) % of independent shareholder-elected members; (b) % of each of the following diversity classifications: <ul style="list-style-type: none"> i. gender; ii. age group; iii. any other relevant diversity indicators <p>SFDR: The Board’s gender diversity should be calculated as an average ratio of female to male board members expressed as a percentage of all board members.</p> |
| <p><i>DR10: Meetings and attendance rate</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the number of meetings of the AMSB and their committees in the reporting period; and (b) the number of members who participated at each meeting in the reporting period. |

G2: Strategy

| Disclosure topic | Proposed requirement |
|---------------------------------------|---|
| <i>DR 1: Business conduct culture</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the business conduct subjects that are taken into consideration and discussed by AMSB and with which frequency; (b) how the undertaking’s leadership provide direction to promote a business conduct culture; (c) the business conducts topics that are promoted within the business conduct culture; (d) specific incentives for its employees to foster and encourage its business conduct culture; (e) the communication of the business conduct culture and/or values; and (f) whether the undertaking has specific contractual clauses with its value chain on business conduct. |

G2: Policies, targets, action plans and resources

| Disclosure topic | Proposed requirement |
|---|---|
| <i>DR 2: Policies and targets on business conduct</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) mechanism to report concerns about unethical or unlawful behaviour; (b) if no policies on anti-corruption or anti-bribery - shall state this; (c) safeguards of employees for reporting irregularities including whistleblowing protection; (d) where no policies on the protection of whistle-blowers, it shall state this; (e) commitment to investigate business conduct incidents promptly, independently and objectively; (f) treatment of incidents within value chain; and (g) strategy for training on business conduct, including target audience, frequency and depth of coverage. |
| <i>DR 3: Prevention and detection of corruption and bribery</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) overview of procedures to prevent, detect and address allegations or incidents of corruption or bribery; (b) Independence of investigators or investigating committee; (c) the number of reported allegations of corruption or bribery received through whistleblowing channels; (d) the number of internal investigations launched in response to allegations or incidents relating to corruption or bribery; and (e) the system to report outcomes to senior management and the AMSB where relevant. |
| <i>DR 4: ACB prevention and detection</i> | As for corruption and bribery |

G2: Performance measures

| Disclosure topic | Proposed requirement |
|---|---|
| <p><i>DR 5: Training (anti-corruption and anti-bribery)</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) identification or definition of ‘at-risk’ persons in respect of corruption/bribery; (b) the nature and scope (including location and staff included) of anti-corruption/antibribery training programmes offered or required by the undertaking; (c) the scope and depth covered by the training programmes provided; (d) the percentage of persons who are most ‘at risk’ covered by training programmes; (e) the assessment methodology. <p>Include how information about its anti-corruption/anti-bribery policy shared within its value chain</p> <p>Voluntary:</p> <ul style="list-style-type: none"> • sharing information on anti-corruption/anti-bribery policy • other aspects covered by training |
| <p><i>DR 6: Corruption or bribery events</i></p> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the main outcomes of legal proceedings, including sanctions and fines. Including number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws; (b) details of ongoing legal proceedings related to corruption or bribery; (c) the number of investigations into and decisions where employee dismissals or disciplining; and (d) the number of investigations into and decisions relating to business partner relationships terminated or not renewed. <p>Insufficiencies in actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery</p> |

G2: Performance measures

| Disclosure topic | Proposed requirement |
|---|---|
| <i>DR 7: ACB events</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) investigations into and decisions relating to violations of anti-trust and monopoly legislation by a competent authority; (b) number of new, continuing, or finalised legal action (separately) during the reporting period; (c) main outcome of legal proceedings, including sanctions, fines and damages orders. |
| <i>DR 8: Beneficial ownership</i> | <p>Identity of ultimate beneficial owners with their respective ownership or control percentages.</p> <p>As defined by Directive (EU) 2015/849</p> |
| <i>DR 9: Political engagement and lobbying activities</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) ASMB representatives overseeing these activities; and (b) on financial or in-kind contributions: <ul style="list-style-type: none"> i. the total monetary value of financial and in-kind political contributions (directly or indirectly) aggregated by country and/or type of recipient/beneficiary; ii. how the monetary value of in-kind contributions was estimated; iii. the total monetary amount of financial and in-kind lobbying or advocacy expenses (both internal and external); and iv. the total amount paid for membership to professional or advocacy associations. <p>Where material to ESRS 2: (a) the main topics covered by such activities; and (b) its main positions on these topics.</p> <p>Shall also include information about the appointment of any members of ASMB or senior executives previously in public administration, including regulators</p> |

G2: Performance measures

| Disclosure topic | Proposed requirement |
|---------------------------------|---|
| <i>DR 10: Payment practices</i> | <p>The disclosure shall include:</p> <ul style="list-style-type: none"> (a) the average time the undertaking takes to pay an invoice in number of days; (b) details about the undertaking’s standard contractual payment terms in number of days for both purchases and sales of products or services provided; and (c) complementary information necessary to provide sufficient context. |



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Thank you

EFRAG
Aisbl - ivzw
35 Square de Meeüs
B-1000 Brussel
Tel. +32 (0)2 210 44 00
www.efrag.org

