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SEC 2 – General approach to sector-specific ESRS

Content of this document:

This document is consulting upon the general approach adopted to draft the sector-specific ESRS and intended to be adopted as part of the future sector-specific ESRS. This document supports the collection of comments but will not be adopted as a separate ESRS in a Delegated Act. Its content will however be reflected in the respective sector-specific ESRS.

This document is accompanied by the following illustrative non-authoritative appendices which are provided for clarification purposes only:

- Appendix A: Reconciliation of ESRS sector mapping with other classification systems
- Appendix B: Sector descriptions

ESRS SEC 2 – General approach to sector-specific ESRS

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Objective

- 1 The objective of this document is to invite the public and specifically those undertakings that operate in sectors not yet covered by [Draft] ESRS sector standards and those interested in those sectors to participate in the consultation and comment on the general requirements used for sector reporting.
- 2 Chapter 2 - 4 describe the general requirements to be applied by an undertaking when preparing sector disclosures following the sector-specific [Draft] ESRS. These requirements are also included in the sector-specific [draft] ESRS consulted jointly with this document.
- 3 Chapter 5 describes the general approach contemplated for the level of disaggregation of sector-specific information.

Incremental sector-specific reporting of material information

- 4 The content of a sector-specific [draft] ESRS is incremental to the content of the existing cross-cutting and topical standards in accordance with the Delegated Act supplementing Directive 2013/34 of the European Parliament and of the Council as regards sustainability reporting standards Delegated Act. The ESRS do not prescribe a specific process for the Materiality Assessment (MA). There is no one process for the materiality assessment that fits all undertakings, including diversified global undertakings.
- 5 A parent undertaking of a large group (according to CSRD art. 29a) has to disclose in its consolidated sustainability statement the group's impacts, risks and opportunities. For this purpose, the parent undertaking (as defined in ESRS 1 chapter 7.6) is to perform its materiality assessment for the consolidated group, irrespective of its group legal structure.
- 6 The parent undertaking may perform its materiality assessment using different approaches. As an illustration, two possible approaches could be: a. top-down approach, with an assessment at group level with engagement or consultation with the subsidiaries for specific matters; or b. bottom-up approach, involving the subsidiaries and consolidating the results.
- 7 In defining the thresholds, the parent undertaking of a large group which operates in different sectors, has to consider an appropriate level of consistency in scoring methodologies and in defining the thresholds (as defined in ESRS 1 chapter 3) across the entire group. An example of a trade-off that an undertaking may face is between a high severity impact from a small revenue stream and a medium severity impact from its main revenue stream.

- 8 As part of its initial assessment, the undertaking can consider impacts, risks and opportunities (or alternatively subtopics) commonly associated with its sectors, geographic locations, or with a specific subsidiary of the undertaking's organisation and define its perimeter. On this regard, the sector-standards will help identifying the impacts, risks and opportunities and subsequently assess them.

Reporting boundary

- 9 Without changing the application of the requirements in Chapter 5 of [Draft] ESRS 1 Value chain, the undertaking shall include in its sustainability statements information about the operational sites and assets that are under operational control (Operational control (over an entity, site, operation or asset) is the situation where the undertaking has the ability to direct the operational activities and relationships of the entity, site, operation or asset.)

Sector-specific additions to Disclosure Requirements covered by the undertaking's sustainability statements (ESRS 2 IRO-2)

- 10 When all the Disclosure Requirements of a sector-specific topic are omitted as it is assessed to be not material for the undertaking, it may report a brief explanation of the conclusions of its materiality assessment for those topics in line with the requirement of ESRS 2 – IRO²
- 11 Disclosure Requirements of a sector-specific [draft] standard might further be subdivided in segments of activity. The navigation table reported at the beginning of each sector-specific [draft] standard explains – if applicable - the subdivision of the sector in segments. A brief explanation why information is omitted is not necessary when the undertaking omits a datapoint or Disclosure Requirement in a sector-specific [draft] ESRS standard that is applicable to the segment of activity in which the undertaking does not operate.
- 12 The undertaking shall include in the ESRS 2 IRO-2 list of Disclosure Requirements complied with following the outcome of the materiality assessment (see paragraph 56 of ESRS 2) also the Disclosure Requirements of chapter 2 of the sector-specific ESRS Standard.

General approach to Sector ESRS guidance for the standard setter in defining the level of disaggregation in Sector ESRS

- 13 For some sectors, current practice and other existing frameworks and standards show several disclosures disaggregated by location, at operational site level, (or at country, asset or project level), i.e. the disaggregation level. The following paragraphs present the tentative guidance that the SRB intends to follow in determining the appropriate level of disaggregation for a specific datapoint, when developing a sector-specific [draft] ESRS.

- 14 A requirement to disclose information disaggregated at a disaggregation level such as at individual sites or assets level would be considered as appropriate only when the general criteria in ESRS 1 on level of disaggregation (see paragraphs 54 - 57) would require disaggregated information. The decision whether to require a disaggregation of information at operational site level, whether to limit it to key operational sites or at a higher level of aggregation, shall reflect primarily the relevance of the resulting information and, as a second step, the cost/benefit profile of the disclosures.
- 15 Consistent with ESRS 1, appropriate factors must be considered to define the appropriate level of granularity, by keeping a focus on the necessity of the resulting information:
- (a) to be material;
 - (b) not to obscure the specificity and context necessary to convey a complete understanding of the information; and
 - (c) not to aggregate material information items that have a different nature.
- 16 When developing requirements for a sector-specific ESRS standard, the following three general principles were applied:
- (a) proportionate scope: The level of disaggregation to be required in a sector-specific [draft] ESRS standard shall be commensurate to the scope at which the sustainability impacts occur and the processes level to manage impacts. To produce relevant information, when material impacts affect a specific operational site or a specific local area, such as for high-land impact operations, the sector-specific ESRS standard shall require a disaggregation of the information up to that specific level. Example: high-impacting mining sites.
 - (b) material aspects affecting a specific site: When specific events or aspects, which are linked to a specific operational site or specific local area trigger material changes in the impact profile of the operations, the sector-specific [draft] ESRS standard shall require disaggregation at the level of this specific site or local area. Examples:
 - (i) for biodiversity, the sector-specific [draft] ESRS standard may incorporate a presumption that for operations that are located in or near nature sensitive areas and are connected with material impacts, risks and opportunities, the appropriate level of disaggregation is the specific operational site; and
 - (ii) for mining, all the sites that are under closure and rehabilitation may have to be disclosed; and

- (c) alternative information based on internal control: In developing the required level of disaggregation, before defining a granularity at operational site level, the sector-specific [draft] ESRS standard should consider whether relevant information can be obtained otherwise e.g. requiring disclosing alternative information based on the internal control evidence of the undertaking. For example, requiring whether an EMAS or ISO 14001 certification exists at site level, would provide useful information on the level of internal control in place and, as such, may replace the requirement to disclose more detailed information on governance, policies and actions on environmental impact, risk or opportunities at site level.
- 17 When appropriate, the [draft] standard may include a requirement for a mapping of the operational sites to a specific impact, risk or opportunity related to the site(s).
- 18 The disaggregation at site level shall be required only, when necessary, supported by the criteria above (see paragraph 16). This would for example mean for the Mining, Quarry and Coal sector that, for specific fact patterns characterised by a particularly high level of severity (acid drainage, mining sites in or near biodiversity areas, methane, tailing facilities, rehabilitation, re-settlements), the undertaking shall disaggregate the information at site level.

Appendix A: Reconciliation of ESRS sector mapping with other classification systems

19 This appendix has an illustrative non-authoritative nature. It provides a reconciliation of the ESRS sector mapping with the following classification systems:

- (a) Pillar III (EBA Implementing Technical Standards on Pillar III disclosures on environmental, social and governance risks)
- (b) SASB industries (Sustainability Accounting Standards Board);
- (c) GRI (Global Reporting Initiative); and
- (d) FINREP (EBA Implementing Technical Standards on Financial Reporting according to IFRS).

ESRS sector – Pillar III mapping

| ESRS Sector | Pillar III ESG |
|---------------------------------------|--|
| Agriculture, Farming and Fishing | A. Agriculture, forestry and fishing |
| Forestry | A. Agriculture, forestry and fishing |
| Construction and Engineering | F.41 - Construction of buildings F.42 - Civil engineering F.43 - Specialised construction activities |
| Power Production and Energy Utilities | D35.1 - Electric power generation, transmission and distribution D35.11 - Production of electricity D35.2 - Manufacture of gas; distribution of gaseous fuels through mains D35.3 - Steam and air conditioning supply |
| Water and Waste Services | E - Water supply; sewerage, waste management and remediation activities |
| Gaming | Exposures to other sectors (NACE codes J, M - U) |
| Recreation and Leisure | Exposures to other sectors (NACE codes J, M - U) |
| Capital Markets | K - Financial and insurance activities |
| Credit Institutions | K - Financial and insurance activities |
| Insurance | K - Financial and insurance activities |
| Health Care and Services | Exposures to other sectors (NACE codes J, M - U) |
| Accommodations | I - Accommodation and food service activities |
| Food and Beverage Services | I - Accommodation and food service activities |

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|-----------------------------|--|
| Construction Materials | C.23 - Manufacture of other non-metallic mineral products |
| Chemical Products | C.20 - Production of chemicals C.18 - Printing and service activities related to printing C.22 - Manufacture of rubber products C.32 - Other manufacturing |
| Construction and Furnishing | C.22 - Manufacture of rubber products C.31 - Manufacture of furniture C.23 - Manufacture of other non-metallic mineral products |
| Defence | C.20 - Production of chemicals C.25 - Manufacture of fabricated metal products, except machinery and equipment C.30 - Manufacture of other transport equipment C.33 - Repair and installation of machinery and equipment |
| Electronics | C.26 - Manufacture of computer, electronic and optical products C.27 - Manufacture of electrical equipment C.29 - Manufacture of motor vehicles, trailers and semi-trailers C.33 - Repair and installation of machinery and equipment Exposures to other sectors (NACE codes J, M - U) |
| Food and Beverages | C.10 - Manufacture of food products C.11 - Manufacture of beverages |
| Machinery and Equipment | C.28 - Manufacture of machinery and equipment n.e.c. C.30 - Manufacture of other transport equipment C.33 - Repair and installation of machinery and equipment |
| Medical Instruments | C.26 - Manufacture of computer, electronic and optical products C.32 - Other manufacturing |
| Metal Processing | C.24 - Manufacture of basic metals C.25 - Manufacture of fabricated metal products, except machinery and equipment C.32 - Other manufacturing C.33 - Repair and installation of machinery and equipment |
| Motor Vehicles | C.22 - Manufacture of rubber products C.29 - Manufacture of motor vehicles, trailers and semi-trailers C.30 - Manufacture of other transport equipment |

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| | |
|---|---|
| Paper and Wood Products | C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials C.17 - Manufacture of pulp, paper and paperboard |
| Pharma and Biotechnology | C.21 - Manufacture of pharmaceutical preparations Exposures to other sectors (NACE codes J, M - U) |
| Sporting Equipment and Toys | C.30 - Manufacture of other transport equipment C.32 - Other manufacturing |
| Textiles, Accessories, Footwear and Jewelleries | C.13 - Manufacture of textiles C.14 - Manufacture of wearing apparel C.15 - Manufacture of leather and related products C.32 - Other manufacturing |
| Tobacco | C.12 - Manufacture of tobacco products |
| Mining, Quarrying and Coal | B.05 - Mining of coal and lignite B.07 - Mining of metal ores B.08 - Other mining and quarrying B.09 - Mining support service activities C.19 - Manufacture of coke oven products |
| Oil and Gas | B.06 - Extraction of crude petroleum and natural gas H.49 - Land transport and transport via pipelines |
| Real Estate and Services | L - Real estate activities Exposures to other sectors (NACE codes J, M - U) |
| Sales and Trade | G - Wholesale and retail trade; repair of motor vehicles and motorcycles Exposures to other sectors (NACE codes J, M - U) |
| Education | Exposures to other sectors (NACE codes J, M - U) |
| Marketing | Exposures to other sectors (NACE codes J, M - U) |
| Professional Services | Exposures to other sectors (NACE codes J, M - U) |
| Information Technology | Exposures to other sectors (NACE codes J, M - U) |
| Media and Communication | C.18 - Printing and service activities related to printing Exposures to other sectors (NACE codes J, M - U) |
| Other Transportation | H.49 - Land transport and transport via pipelines H.50 - Water transport H.51 - Air transport H.52 - Warehousing and support activities for transportation |

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| | |
|----------------|---|
| Road Transport | H.49 - Land transport and transport via pipelines H.52 - Warehousing and support activities for transportation H.53 - Postal and courier activities |
|----------------|---|

ESRS sector – SASB industry mapping¹

| ESRS Sector | SASB industries |
|---------------------------------------|--|
| Agriculture, Farming and Fishing | Agricultural products Meat, poultry and dairy |
| Forestry | Forestry management |
| Construction Materials | Engineering and construction services Home builders |
| Power production and Energy Utilities | Electric utilities and power generators Gas utilities and distributors Solar technology and project developers Wind technology and project developers |
| Water and Waste Services | Water utilities and services Waste management |
| Gaming | Casinos and gaming |
| Recreation and Leisure | Leisure facilities Media and entertainment |
| Capital Markets | Asset management and custody activities Investment banking and brokerage Security and commodity exchanges |
| Credit Institutions | Commercial banks Mortgage finance Consumer finance |
| Insurance | Insurance Managed care |
| Health Care and Services | Health care delivery Health care distributors |
| Accommodations | Hotels and lodging |
| Food and Beverage Services | Restaurants |
| Construction Materials | Construction materials Engineering and construction services Home builders |

¹ This table will have to be reviewed subject to the development of the ESRS sector standards as the final content of the standards does differ from the draft versions based on which this table was developed.

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| | |
|---|--|
| Chemicals | Chemicals Household and personal products Biofuels |
| Construction and Furnishing | Building products and Furnishing |
| Defence | Aerospace and defence |
| Electronics and electrical equipment | Appliance manufacturing Electrical and electronic equipment Electronic manufacturing services and original design manufacturing Fuel cells and industrial batteries Hardware Semiconductors |
| Food and Beverages | Alcoholic beverages Non-alcoholic beverages Processed foods |
| Machinery and Equipment | Industrial machinery and goods |
| Medical Instruments | Medical equipment and supplies |
| Metal Processing | Iron and steel producers |
| Motor Vehicles | Automobiles Auto parts |
| Paper and Wood Products | Pulp and paper products Containers and packaging |
| Pharma and Biotechnology | Biotechnology and pharmaceuticals Drug retailers |
| Sporting, Equipment and Toys | Toys and sporting goods |
| Textiles, Accessories, Footwear and Jewelleries | Apparel, Accessories and Footwear |
| Tobacco | Tobacco |
| Mining, Quarrying and Coal | Metals and mining Coal operations |
| Oil and Gas | Oil and gas – exploration and production Oil and gas – midstream Oil and gas – refining and marketing Oil and gas - services |

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| | |
|--------------------------|---|
| Real Estate and Services | Real estate Real estate and services |
| Sales and Trade | E-commerce Agricultural products Automobiles Auto-parts Professional and commercial services Alcoholic beverages Non-alcoholic beverages Apparel, accessories and footwear Appliance manufacturing Electrical and electronic equipment Electronic manufacturing services and original design manufacturing Hardware Building products and furnishings Chemicals Industrial machinery and goods Metals and mining Pulp and paper products Food retailers and distributors Multiline and specialty retailers and distributors |
| Education | Education |
| Marketing | Advertising and marketing |
| Professional Services | Professional and commercial services |
| Information Technology | Software and IT services Internet media and services |
| Media and Communication | Telecommunication services Media and entertainment Pulp and paper products Internet media and services |
| Other Transportation | Air freight and logistics Airlines Cruise lines |

ESRS SEC 2 – General approach to sector-specific ESRS

| | |
|----------------|---|
| | Marine transportation Rail transportation |
| Road Transport | Road transportation Car rental and leasing |

ESRS sector – GRI mapping

It is noted that the final GRI sector classification is decided upon by the GSSB (Global Sustainability Standards Board) and till that decision the table below is provisional only. The GSSB decides the final scope of each sector at the inception of each project and is open to the inclusion of new sectors.

| [draft] ESRS sector | GRI sectors | Aligned? |
|---|--------------------------------------|----------|
| Agriculture, Farming and Fishing | Agriculture, aquaculture and fishing | Yes |
| Forestry | Forestry | Yes |
| Construction and Engineering | Construction | Yes |
| Power Production and Energy Utilities | Utilities Renewable energy | No |
| Water and Waste Services | Utilities | No |
| Gaming | n/a | Partial |
| Recreation and Leisure | n/a | Partial |
| Capital Markets | Capital Markets | Yes |
| Credit Institutions | Banking | Yes |
| Insurance | Insurance | Yes |
| Health Care and Services | Managed healthcare | Yes |
| Accommodations | Hotels Non-profit (hotels of) | Yes |
| Food and Beverage Services | Restaurants | Yes |
| Chemicals | Chemicals | Yes |
| Construction Materials | Construction materials | Yes |
| Constructions and Furnishing | Household durables | Partial |
| Defence | Aerospace and defence | Yes |
| Electronics and electrical equipment | Electronics | Yes |
| Food and Beverages | Food and Beverages | Yes |
| Machinery and Equipment | Machinery and Equipment | Yes |
| Medical Instruments | Medical equipment and services | Yes |
| Metal Processing | Metal processing | Yes |
| Motor Vehicles | Automotive | Partial |
| Paper and Wood Products | Forestry | No |
| Pharma and Biotechnology | Pharmaceuticals | Yes |
| Sporting Equipment and Toys | Household durables | Partial |
| Textiles, Accessories, Footwear and Jewelleries | Textiles and apparel | Partial |
| Tobacco | Food and Beverages | Partial |
| Mining, Coal and Quarrying | Coal Mining | Yes |
| Oil and Gas | Oil and Gas | Yes |
| Real Estate and Services | Real estate | Yes |
| Sales and Trade | Retail Commercial services | Yes |
| Education | Educational services | Yes |
| Marketing | Commercial services | No |
| Professional Services | Packaging | Partial |

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| | | |
|-------------------------|---|---------|
| | Commercial services | Yes |
| | Security services and correctional facilities | Partial |
| Information Technology | Software | Yes |
| Media and Communication | Media and communication | Yes |
| Other Transportation | Transportation infrastructure | No |
| | Shipping | No |
| | Airlines | No |
| | Trading, distribution and logistics | No |
| Road Transport | Trucking | No |
| | Trading, distribution and logistics | No |
| | Non-profit | No |

ESRS SECTOR– FINREP mapping

20 The FINREP mapping has been made with FINREP table 6 Breakdown of non-trading loans and advances to non-financial corporations by NACE codes and FINREP table 20 Geographical breakdown by residence of the counterparty of loans and advances other than held for trading to non-financial corporations by NACE codes.

| ESRS Sector standards | FINREP – table 6/table 20 |
|--|-----------------------------------|
| Agriculture, Farming and Fishing Forestry Tobacco | Agriculture, forestry and fishing |
| Mining, coal and quarrying Oil and gas | Mining and Quarrying |
| Construction materials Chemicals Construction and furnishings Defence Electronics and electrical equipment Food and beverages Machinery and equipment Medical instruments Metal processing Motor vehicles Paper and wood products Pharma and biotech Sporting equipment and toys | Manufacturing |

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| | |
|---|---|
| Textiles, Accessories, Footwear and Jewelleries Tobacco Mining, coal and quarrying Media and communication Other transportation | |
| Power production and Energy utilities Water and waste | Electricity, gas, steam and air conditioning supply |
| Power production and Energy utilities Construction and engineering Water and waste | Water supply |
| Construction and engineering | Construction |
| Pharma and biotech Oil and gas Sales and trade | Wholesale and retail trade |
| Defence Other transportation Road transport | Transport and storage |
| Accommodations Food and beverages services | Accommodation and food service activities |
| Recreation and leisure Information technology Media and communication | Information and communication |
| Capital markets Credit institutions Insurance | Financial and insurance activities |
| Real estate and services | Real estate services |
| Health care and services Pharma and biotech Education Marketing Professional services | Professional, scientific and technical activities |
| Real estate and services Sales and trade Professional services | Administrative and support service activities |

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| | |
|--|---|
| n/a | Public administration and defence, compulsory social security |
| Education | Education |
| Health care and services | Human health services and social work activities |
| Gaming Recreation and leisure | Arts, entertainment and recreation |
| Electronics and electrical equipment Sales and trade Professional services | Other services |

Appendix B: sector descriptions

21 The content of Appendix B, which has not the same authority as the main body of [Draft] ESRS SEC2, is provided for illustrative purposes, and may be subject to changes following the issuance of the respective sector standards.

In this appendix n.e.c. means “not elsewhere classified”.

Agriculture sector group

The Agriculture sector group includes the exploitation of vegetal and animal natural resources, comprising the activities of growing of crops, raising and breeding of animals, harvesting of timber and other plants, animals or animal products from a farm or their natural habitats.

Agriculture, Farming and Fishing sector

The Agriculture, Farming & Fishing sector includes the production of crop and production of animal products, covering also the forms of organic agriculture, the growing of crops and the raising of animals. The sector includes growing of crops in open fields as well in greenhouses. It also includes service activities incidental to agriculture, as well as hunting, trapping and related activities. The sector also includes capture fishery and aquaculture, covering the use of fishery resources from marine, brackish or freshwater environments, with the goal of capturing or gathering fish, crustaceans, molluscs and other marine organisms and products (e.g. aquatic plants, pearls, sponges etc.). Also included are activities that are normally integrated in the process of production for own account (e.g. seeding oysters for pearl production). Service activities incidental to marine or freshwater fishery or aquaculture are included in the related fishing or aquaculture activities. The sector does not include activities covered in the ESRS Tobacco sector and ESRS Food & Beverage Industry.

Forestry sector

The Forestry sector includes the production of roundwood as well as the extraction and gathering of wild growing non-wood forest products. Besides the production of timber, forestry activities result in products that undergo little processing, such as firewood, charcoal and roundwood used in an unprocessed form (e.g. pit-props, pulpwood etc.). These activities can be carried out in natural or planted forests. Further processing of wood beginning with sawmilling and planing of wood are excluded.

The Forestry sector consists of undertakings that own and/ or manage natural and planted forestry lands and timber tracts or operate non-retail tree nurseries and rubber plantations. The sector conducts its operations on lands that can be company-owned or leased from public or private landowners. Undertakings typically sell timber to wood products manufacturers, pulp and paper producers, energy producers, and a variety of other customers. While some integrated undertakings may also operate sawmills, wood products facilities, or pulp and paper facilities, sustainability issues arising from these activities are addressed in ESRS Building Products and Furnishings and ESRS Pulp, Paper and Wood products standards.

Construction sector group

The Construction sector group includes the construction of residential and non-residential buildings, civil engineering projects, demolition, testing and drilling services and other specialised construction activities.

Construction and Engineering sector

The Construction and Engineering sector includes general construction and specialised construction activities for buildings and civil engineering works. General construction is the construction of entire dwellings, residential and non-residential buildings, office buildings, stores and other public and utility buildings, farm buildings etc., or the construction of civil engineering works such as motorways, streets, bridges, tunnels, railways, airfields, harbours and other water projects, irrigation systems, sewerage systems, industrial facilities, pipelines and electric lines, sports facilities etc. The sector also includes specialised construction activities or preparation for the construction of parts of buildings and civil engineering works. These activities are usually specialised in one aspect common to different structures, requiring specialised skills or equipment, such as pile-driving, foundation work, carcass work, concrete work, brick laying, stone setting, scaffolding, roof covering, etc. The erection of steel structures is included, provided that the parts are not produced by the undertaking. These activities are usually performed at the site of the construction. The rental of equipment with operator is classified with the associated construction activity.

Entertainment sector group

The Entertainment sector group includes a wide range of activities to meet varied cultural, entertainment and recreational interests of the general public, including live performances, operation of museum sites, gambling, sports and recreation activities.

Gaming sector

The Casinos and Gaming sector is comprised of undertakings which operate gambling facilities and/or platforms, including brick-and-mortar casinos, riverboat casinos, online gambling websites, and racetracks. Select undertakings in the Casinos and Gaming sector are also engaged in activities of the Hotels and Lodging and/or Restaurants segments. For such activities are outlined in the Hotels and Lodging and Food and Beverage Services standards. For the purposes of this sector, it is assumed that casinos and gaming undertakings are engaged solely in operating gambling facilities and providing online gaming services.

Recreation and Leisure sector

The Recreation and Leisure Facilities sector is comprised of undertakings that perform arts and operate entertainment, travel, botanical and zoological gardens, historical sites as well as recreation facilities and services. Undertakings in this sector operate museums, libraries, nature reserve activities, amusement parks, movie theaters, ski resorts, sports stadiums, and fitness facilities and other venues.

Financial Institutions sector group

The Financial Institutions sector group includes financial service activities, including banking, insurance, re-insurance, pension funds and capital markets activities, such as asset management, investment banking and trading of financial instruments. Financial Institutions sector group also includes activities of financial holding companies and financial groups as well as activities, which support financial services.

EU regulation defines which types of activities, one legal entity may combine. For this reason, the EU relevant regulation determines indirectly also how sustainability matters materialise in an undertaking's operation.

Capital Markets sector

Capital Markets activities comprise two main groups of activities as well as their respective related supporting activities, all of which are regulated activities under EU regulation and require a license to operate:

- a. Undertakings subject to the Investment Firms Regulation (IFR): REGULATION (EU) 2019/2033 (IFR)
- b. Undertakings that are subject to the Markets in Financial Instruments Directive (MiFID) DIRECTIVE 2014/65/EU
- c. Markets in Financial Instruments Regulation (MiFIR) REGULATION (EU) No 600/2014
- d. Undertakings that are subject to the Undertakings for Collective Investment in Transferable Securities Directive UCITS DIRECTIVE 2009/65/EC
- e. Undertakings that are subject to the Alternative Investment Fund Managers DIRECTIVE 2011/61/EU

Credit Institutions sector

Activities in scope for the Credit Institution sector standard share similar regulatory requirements. Central to the granting of credit is the requirement to adhere to capital adequacy requirements and report on those as outlined under Capital Requirements Directive (CRD) DIRECTIVE 2013/36/EU Article 2 and activities as defined in the Capital Requirements Regulation (CRR) REGULATION (EU) No 575/2013.

Insurance sector

Undertakings in scope for the Insurance sector are subject to DIRECTIVE 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

Health Care sector group

The Health Care sector group includes an array of health services as well as social work related to those health services. It also includes the exploitation of hospitals as well as veterinary activities.

Health Care and Services sector

The Health Care and Services sector includes the provision of health and social work activities. Activities include a wide range of activities, starting from health care provided by trained medical professionals in hospitals and other facilities, over residential care activities that still involve a degree of health care activities to social work activities without any involvement of health care professionals. The sector also includes specialised professional, scientific and technical activities. The Health Care and Services sector includes activities of short- or long-term hospitals, general or specialty medical, surgical, psychiatric and substance abuse hospitals, sanatoria, preventoria, medical nursing homes, asylums, mental hospital institutions, rehabilitation centres, leprosaria and other human health institutions which have accommodation facilities and which engage in providing diagnostic and medical treatment to inpatients with any of a wide variety of medical conditions. It also includes medical consultation and treatment in the field of general and specialised medicine by general practitioners and medical specialists and surgeons. The sector includes dental practice activities of a general or specialised nature and orthodontic activities. Additionally, this division includes activities for human health not performed by hospitals or by practicing medical doctors but by paramedical practitioners legally recognised to treat patients. The sector also includes the provision of residential care combined with either nursing, supervisory or other types of care as required by the residents. Facilities are a significant part of the production process and the care provided is a mix of health and social services with the health services being largely some level of nursing services. Furthermore, the sector includes the provision of a variety of social assistance services directly to clients. The activities in this sector do not include accommodation services, except on a temporary basis.

In addition, the sector includes the provision of animal health care and control activities for farm animals or pet animals. These activities are carried out by qualified veterinarians in veterinary hospitals as well as when visiting farms, kennels or homes, in own consulting and surgery rooms or elsewhere. It also includes animal ambulance activities.

Hospitality sector group

The Hospitality sector group includes the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption.

Accommodations sector

The Accommodations sector is composed of undertakings that provide overnight accommodation, including hotels, motels, inns, and camping grounds, recreational parks and trailer parks. The amount and type of supplementary services provided within this sector group can vary widely. This sector excludes the provision of long-term accommodation as primary residences, which is classified in real estate activities.

The Accommodations sector includes the provision of accommodation for visitors and other travellers. Some units may provide only accommodation while others provide a combination of accommodation, meals and/or recreational facilities.

Food and Beverages Services sector

The Food and Beverage Services sector includes food and beverage serving activities providing complete meals or drinks fit for immediate consumption; whether in traditional restaurants, self-service or take-away restaurants, mobile food service activities, event catering and beverage serving activities. Undertakings in the Food and Beverage Services sector prepare meals, snacks, and beverages to customers' orders for immediate on-and off-premises consumption. The food and beverages could also be served in permanent or temporary stands with or without seating.

Decisive is the fact that meals fit for immediate consumption are offered, not the kind of facility providing them. The following is excluded: the production of meals not fit for immediate consumption or not planned to be consumed immediately or of prepared food which is not considered to be a meal.

Manufacturing sector group

The Manufacturing sector group includes the physical or chemical transformation of materials, substances, or components into new products, although this cannot be used as the single universal criterion for defining manufacturing. The materials, substances, or components transformed are raw materials that are products of agriculture, forestry, fishing, mining or quarrying as well as products of other manufacturing activities. Substantial alteration, renovation or reconstruction of goods is generally considered to be manufacturing. The output of a manufacturing process may be finished in the sense that it is ready for utilisation or consumption, or it may be semi-finished in the sense that it is to become an input for further manufacturing.

Construction Materials sector

The Construction Materials sector includes manufacturing activities related to a single substance of mineral origin.

The sector comprises of undertakings which manufacture, produce and cut materials for construction purposes. The manufacturing segment include non-metallic, (ready-mixed) concrete, plaster, mortars, (fibre) cement, lime, bricks and tiles, flat glass, hollow glass, glass fibres and refractory products undertakings. Undertakings in the production segment include abrasive products production.

Chemicals sector

The Chemicals sector includes the transformation of organic and inorganic raw materials by a chemical process and the formation of products. It distinguishes the production of basic chemicals that constitute the first industry group from the production of intermediate and end products produced by further processing of basic chemicals that make up the remaining industry activities.

In this sector, Undertakings transform organic and inorganic feedstocks into diverse products with a range of industrial, pharmaceutical, agricultural, housing, automotive, and consumer applications. The sector is commonly segmented into basic (commodity) chemicals, agricultural chemicals, and specialty chemicals. Basic chemicals, the largest segment by volume produced, include bulk polymers, petrochemicals, inorganic chemicals, and other industrial chemicals. Agricultural chemicals include fertilizers, crop chemicals, biofuels and agricultural biotechnology. Specialty chemicals include paints and coatings, agrochemicals, sealants, adhesives, dyes, industrial gases, resins, and catalysts.

Constructions and Furnishings sector

The Constructions and Furnishings sector includes the manufacture of furniture and related products of any material except stone and concrete. The processes used in the manufacture of furniture are standard methods of forming materials and assembling components, including cutting, moulding and laminating. The design of the article, for both aesthetic and functional qualities, is an important aspect of the production process. Some of the processes used in furniture manufacturing are similar to processes that are used in other segments of manufacturing. However, the multiple processes distinguish wood furniture manufacturing from wood product manufacturing.

The Constructions and Furnishings sector also comprises undertakings involved in the design and manufacturing of home improvement products, home and office furnishings, and structural wood building materials. The sector's products include flooring, ceiling tiles, home and office furniture and fixtures, wood trusses, plywood, panelling, and lumber. Undertakings typically sell their products through distribution channels to retail stores or through independent or undertaking-owned dealerships.

Defence sector

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Undertakings in the Defence sector include manufacturers of commercial aircraft, aircraft parts, aerospace and defence products, as well as defence prime contractors. Commercial aircraft manufacturers sell mainly to commercial airlines and governments. Aerospace and defence parts manufacturers sell primarily to governments. Both aerospace and defence manufacturers operate globally and serve a global customer base. Defence primes manufacture products including military aircraft, space vehicles, missile systems, ammunition, small arms, and other military fighting vehicles. Their customers consist of various government agencies and related businesses with global operations. The defence prime category also includes firearms manufacturers that sell to law enforcement agencies, businesses, distributors, retailers, and consumers.

Electronics and electrical equipment sector

The sector includes the manufacture of computers, computer peripherals, communications equipment, and similar electronic products, as well as the manufacture of components for such products. Production processes of this sector are characterised by the design and use of integrated circuits and the application of highly specialised miniaturisation technologies. The sector also contains the manufacture of consumer electronics, measuring, testing and navigating equipment, irradiation, electromedical and electrotherapeutic equipment, optical instruments and equipment, and the manufacture of magnetic and optical media. In addition, the sector includes the manufacture of products that generate, distribute and use electrical power. Also included is the manufacture of electrical lighting, signalling equipment and electric household appliances as well as repair activities.

Undertakings in the Electronics sector are typically active in the appliance manufacturing, electrical and electronic equipment, electronic manufacturing services and original design manufacturing, hardware and semiconductor segments.

The appliance manufacturing segment includes undertakings involved in the design and manufacturing of household appliances and hand tools. The electrical and electronic equipment segment consists of undertakings that develop and manufacture a broad range of electric components, including power generation equipment, energy transformers, electric motors, switchboards, automation equipment, heating and cooling equipment, lighting, and transmission cables.

The electronic manufacturing services (EMS) and original design manufacturing (ODM) segment consists of two main segments. EMS undertakings provide assembly, logistics, and after-market services for original equipment manufacturers. The ODM segment of the sector provides engineering and design services for original equipment manufacturers and may own significant intellectual property.

The Hardware segment consists of undertakings that design and sell technology hardware products, including computers, consumer electronics, communications equipment, storage devices, components, and peripherals.

The Semiconductors segment includes undertakings that design or manufacture semiconductor devices, integrated circuits, their raw materials and components, or capital equipment. Some undertakings in the sector provide outsourced manufacturing, assembly, or other services for designers of semiconductor devices.

Food and Beverages sector

The Food & Beverage sector includes the manufacturing, processing and distribution of products from agriculture and farming. This includes food, beverages, pet food, feed for animals, and the production of various intermediate products that are not directly food products. The sector also includes undertakings that process and package foods for retail consumer consumption. They may partake in syrup manufacturing, marketing, bottling operations, and distribution. In addition, undertakings may also produce alcoholic beverages and brew, distill, manufacture and distribute various alcoholic beverages, including beer, wine, and liquor.

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The sector is organized by activities dealing with different kinds of products: meat, fish, fruit and vegetables, fats and oils, milk products, grain mill products, animal feeds and other food products. It does not include the preparation of meals for immediate consumption, such as in restaurants, which is covered in the ESRS Food and Beverage Services standard.

Machinery and Equipment sector

The Machinery and Equipment sector includes the manufacture of machinery and equipment that act independently on materials either mechanically or thermally or perform operations on materials (such as handling, spraying, weighing or packing), including their mechanical components that produce and apply force, and any specially manufactured primary parts as well as repair activities. This includes the manufacture of fixed and mobile or hand-held devices, regardless of whether they are designed for industrial, building and civil engineering, agricultural or home use. It also includes the manufacture of other special-purpose machinery, not covered elsewhere, whether or not used in a manufacturing process.

Undertakings in the Machinery and Equipment sector manufacture equipment for a variety of segments including construction, agriculture, energy, utility, mining, manufacturing, automotive, and transportation. Products to be considered include engines (with the exception of aircraft, vehicle and cycle engines), earth-moving equipment, industrial pumps, and turbines. Machinery manufacturers utilise large amounts of raw materials for production, including steel, plastics, rubber, paints, and glass. Manufacturers may also perform the machining and casting of parts before final assembly. The sector also includes the manufacture of transportation equipment such as ship building and boat manufacturing, the manufacture of railroad rolling stock and locomotives, the manufacture of parts thereof.

Medical Instruments sector

Undertakings in the Medical Instruments sector are engaged in the manufacture of irradiation, electromedical and electrotherapeutic equipment and the manufacture of medical and dental instruments and supplies. Undertakings are typically active in the drug retailing and medical equipment and supplies segments. The Medical Instruments sector researches, develops, and produces medical, surgical, dental, ophthalmic, and veterinary instruments and devices. Products are used in settings, including hospitals, clinics, and laboratories, and range from disposable items to highly specialised equipment.

Metal Processing sector

The Metal Processing sector includes the activities of smelting and/or refining ferrous and non-ferrous metals from ore, pig or scrap, using electrometallurgical and other process metallurgical techniques. It also includes the manufacture of metal alloys and super-alloys by introducing other chemical elements to pure metals. The output of smelting and refining, usually in ingot form, is used in rolling, drawing and extruding operations to make products such as plate, sheet, strip, bars, rods, wire or tubes, pipes and hollow profiles, and in molten form to make castings and other basic metal products.

This sector includes undertakings that are active in iron and steel production. The iron and steel production segment consists of steel producers with iron and steel mills and undertakings with iron and steel foundries. The steel producers segment consists of undertakings that produce iron and steel products from their own mills. These products include flat-rolled sheets, tin plates, pipes, tubes, and products made of stainless steel, titanium, and high alloy steels. Iron and steel foundries, which cast various products, typically purchase iron and steel from other firms.

Motor Vehicles sector

Undertakings in the Motor Vehicles sector are typically active in the automotive production and in the sector segment that supplies auto parts and accessories to original equipment manufacturers (OEMs). In addition, the sector also partly covers related repair and maintenance of motor vehicles activities

Paper and Wood products sector

The Paper and Wood Products sector includes the manufacture of wood products, such as lumber, plywood, veneers, wood containers, wood flooring, wood trusses, and prefabricated wood buildings. The production processes include sawing, planing, shaping, laminating, and assembling of wood products starting from logs that are cut into bolts, or lumber that may then be

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cut further, or shaped by lathes or other shaping tools. The lumber or other transformed wood shapes may also be subsequently planed or smoothed, and assembled into finished products, such as wood containers. The sector also includes the manufacture of pulp, paper and converted paper products. The manufacture of these products is grouped together because they constitute a series of vertically connected processes. More than one activity is often carried out in a single unit. There are essentially three activities:

- The manufacture of pulp involves separating the cellulose fibres from other matter in wood, or dissolving and de-inking of used paper, and mixing in small amounts of reagents to reinforce the binding of the fibres.
- The manufacture of paper involves releasing pulp onto a moving wire mesh so as to form a continuous sheet.
- Converted paper products are made from paper and other materials by various techniques. The paper articles may be printed (e.g. wallpaper, gift wrap etc.), as long as the printing of information is not the main purpose.

The Paper and Wood Products sector consists of undertakings that manufacture a range of wood pulp and paper products, including pulp fiber, paper packaging and sanitary paper, office paper, newsprint, biofuels and paper for industrial applications. Undertakings in the sector typically function as business-to-business entities and may have operations in multiple countries. While some integrated undertakings own or manage timber tracts and are engaged in forest management, sustainability issues arising from these activities are addressed in ESRS Forestry standard.

Pharma and Biotechnology sector

The Pharma and Biotechnology sector includes the manufacture of basic pharmaceutical products and pharmaceutical preparations. This also includes the manufacture of medicinal chemical and botanical products. The sector also covers the research and development of biotechnology.

Undertakings in the Pharma and Biotechnology sector develop, manufacture, and market a range of brand-name and generic medications. A significant portion of the sector is driven by research and development, a high risk of product failure during clinical trials, and the need to obtain regulatory approval.

Sporting equipment and Toys sector

The Sporting equipment and Toys sector comprises undertakings that manufacture toys and games, sporting and athletic goods, such as bicycles, golf clubs, fitness equipment, musical instruments and other similar products.

Textiles, Accessories, Footwear and Jewellery sector

The Textiles, Accessories, Jewellery, and Footwear sector includes several inter-related sub-sectors. For example, this sector includes the preparation and spinning of textile fibres, textile weaving, finishing of textiles and wearing apparel, and the manufacture of made-up textile articles. The sector also includes all tailoring (ready-to-wear or made-to-measure), in all materials (e.g. leather, fabric, knitted and crocheted fabrics), of all items of clothing (e.g. outerwear and, underwear for men, women or children, as well as the fur industry (fur skins and wearing apparel). In addition, the sector includes dressing and dyeing of fur and the transformation of hides into leather by tanning or curing and fabricating the leather into products for final consumption. It also includes the manufacture of similar products from other materials (imitation leathers or leather substitutes), such as rubber footwear, textile luggage. The products made from leather substitutes are included here, since they are made in ways similar to those in which leather products are made (e.g. luggage) and are often produced in the same unit.

The sector includes undertakings involved in the design and, manufacturing of various non-textile products, including handbags, dialog watches, and footwear. The sector also includes jewellery consisting of ornamental pieces (brooches, rings, necklaces, earrings, pendants, bracelets and cufflinks) that are used for personal or public adornment, usually on the body or on the clothes. These are made of materials such as metals (e.g. gold, silver, titanium), gemstones (e.g. stones or precious stones,

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organic (e.g. plant or animal origin such as bone or wood etc.) or inorganic (e.g. plastic, clay or digital) substance. Many of the above products are largely manufactured by vendors in emerging markets, thereby allowing undertakings in the sector to primarily focus on design, wholesaling, marketing, supply chain management, and retail activities.

Tobacco sector

The Tobacco sector is comprised of undertakings that grow and manufacture tobacco products including cigarettes, electronic cigarettes, cigars, waterpipes, and smokeless tobacco products.

Mining sector group

The Mining sector group includes the extraction of minerals occurring naturally as solids (coal and ores), liquids (petroleum) or gases (natural gas). Extraction can be achieved by different methods such as underground or surface mining, well operation, seabed mining etc. This sector group also includes supplementary activities aimed at preparing the crude materials for marketing, for example, crushing, grinding, cleaning, drying, sorting, concentrating ores, liquefaction of natural gas and agglomeration of solid fuels. These operations are often accomplished by the units that extracted the resource and/or others located nearby.

Mining, Coal and Quarrying sector

The *Mining, Quarrying and Coal* sector is composed of Mining, Quarrying, Coal and Service segments.

The Mining segment includes the extraction of metals and minerals.

Extraction can be achieved by different methods such as underground or surface mining, well operation, seabed mining, salars' exploitation, geothermal mining etc.

This sector also includes supplementary activities aimed at preparing the crude materials for marketing, for example, crushing, grinding, cleaning, washing, drying, sorting, sintering of ores, dredging of alluvial deposits, rock crushing or the use of salt marshes.

The quarrying segment includes quarrying, rough trimming and sawing of large building stones, breaking and crushing of ornamental and building stones, the extraction and dredging of (industrial) sand, mining of natural phosphates and natural potassium salts, peat digging and preparation of peat to improve quality or facilitate transport or storage. It also includes mining and quarrying of various minerals and materials. Finally, support services such as exploration services, draining and pumping services or test drilling are also included in this [draft] sector standard.

The coal operations segment includes the extraction of solid mineral fuels through underground or open-cast mining and includes operations (e.g., grading, cleaning, compressing and other steps necessary for transportation etc.) leading to a marketable product.

This segment includes undertakings that mine coal and other similar materials and those that manufacture coal products. Mining activity covers both underground and surface mining, and thermal and metallurgical coal. It also includes manufacturing of coke oven products.

The Service segment includes undertakings that provide support services on a fee or contract basis to the three sectors mentioned above. Such support services consist of exploration services like prospecting, draining and pumping services or test drilling and test hole boring.

Oil and Gas

The Oil and Gas sector is composed of Upstream, Midstream, Downstream and Services segments.

Oil and Gas Upstream activities include the development, exploration and production of conventional and unconventional oil and gas reserves. Unconventional development includes the mining and extraction of oil sands, shale oil and gas, deep sea exploration and fracking, among other techniques. Activities of developing and/or operating oil and gas fields occur both for on-shore and off-shore reserves. Activities classified under NACE include B.06.10 Extraction of crude petroleum and B.06.20 Extraction of natural gas.

Oil and Gas Midstream includes the transportation and storage of natural gas, crude oil, and refined petroleum products. Activities involve gathering, transporting and processing of natural gas as well as transport of crude oil and refined products

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over land (pipelines, truck and rail) or water (tankers and barges). Includes also storage terminals stocking oil and gas above and below ground. Activities classified under NACE include H.49.50 Transport via pipeline.

Oil and Gas Downstream activities include refining and marketing of petroleum products, which includes operating gas stations and convenience stores. Activities classified under NACE include C.19.20 Manufacture of refined petroleum products, G.46.71 Wholesale of solid, liquid and gaseous fuels and related products and G.47.30 Retail sale of automotive fuel in specialised stores.

Oil and Gas Services provide support activities and equipment to the Oil and Gas value-chain. Services include activities such as drilling, completing and equipping oil and gas on-shore and off-shore wells, as well as seismic surveying, well cementing, and well monitoring. The provision of equipment comprises selling or renting equipment used in the extraction, storage, and transportation of oil and natural gas. Services are usually provided on a contractual basis, and equipment is either purchased, leased or rented. Activities classified under NACE include B.09.10 Support activities for petroleum and natural gas extraction.

Integrated oil and gas undertakings are involved in activities in more than one of the above segments, typically across upstream, midstream and downstream activities.

Biofuels

To be developed upon decision to include this extra sector.

Real Estate sector group

The Real Estate and Services sector group includes acting as lessors, agents and/or brokers in one or more of the following: selling or buying real estate, rental real estate, providing other real estate services such as appraising real estate or acting as real estate escrow agents.

Real Estate and Services sector

The Real Estate and Services sector includes owning or leasing of property and may be done on a fee or contract basis. Undertakings in this sector are commonly structured as real estate investment trusts (REITs) or play important roles in the Real Estate value chain and operate in a wide range of segments within the real estate sector, including residential, retail, office, health care, industrial, and hotel properties. In addition, the sector includes the provision of a number of general support services, including property management within a client's facilities, the interior and exterior cleaning of buildings of all types, maintenance services and provision of these services along with the design of landscape plans, brokerage, appraisal and information services.

Sales and Trade sector group

The Sales and Trade sector group includes wholesale and retail sale (i.e. sale without transformation) of any type of goods, and rendering services incidental to the sales and trading activities, which may include warehousing and specialised transport services. It includes sale through various channels: e-commerce, specialised stores, non specialised multi-brand stores, and pure trading of goods not produced by the undertaking. It also includes the retail-oriented activities of repair, lending and leasing of goods, for example of cars, computers and personal and household goods.

Sales and Trade sector

Selling usually comprises the final step in the distribution of goods and services, but it may also relate to undertakings specialised in business-to-business sales. Trading may also include either end-consumer clients or intermediate sales to other businesses. Sales and trading without transformation is considered to include the usual operations (or manipulations) associated with trade, for example sorting, grading and assembling of goods, mixing (blending) of goods (for example sand), bottling (with or without preceding bottle cleaning), packing, breaking bulk and repacking for distribution in smaller lots, storage (whether or not frozen or chilled). Wholesale is the resale (sale without transformation) of new and used goods to retailers, business-to-business trade, such as to industrial, commercial, institutional or professional users, or resale to other wholesalers, or involves acting as an agent or broker in buying merchandise for, or selling merchandise to, such persons or undertakings. The principal types of businesses included in wholesale are undertakings who take title to the goods they sell, such as wholesale merchants or jobbers, industrial distributors, exporters, importers, and cooperative buying associations, sales branches and sales offices (but not retail stores) that are maintained by manufacturing or mining units apart from their plants or mines for the purpose of marketing their products and that do not merely take orders to be filled by direct shipments from the plants or mines. Wholesalers frequently physically assemble, sort and grade goods in large lots, break bulk, repack and redistribute in smaller lots. Retailing is the resale of new and used goods mainly to the general public for personal or household consumption or utilisation, in shops, department stores, stalls, mail-order houses, door-to-door sales persons, hawkers, consumer cooperatives, auction houses etc. Most retailers take title to the goods they sell, but some act as agents for a principal and sell either on consignment or on a commission basis.

The Sales and Trade sector encompasses a variety of retailing and distribution categories such as for example department stores, food and agriculture retailers, drug and healthcare retailers, mass merchants, home products stores, automotive sale, rental and leasing, and warehouse clubs. Most undertakings operate an e-commerce platform for marketing, selling and distributing of their products. In addition, undertakings can also provide online marketplaces for other firms or individuals to sell their goods and services, as well as retailers and wholesalers that provide an exclusively web-based platform for various types of clients (business and consumers) to buy goods and services. This sector also covers undertakings that rent, lease or provide maintenance for automobiles and other transport vehicles, bicycles and other recreational vehicles to customers. The segment includes car-sharing business models, repair-shop services and sales of automotive parts. .

The Sales and Trade sector also includes sales and trade in both new and used goods as well as the repair and maintenance of various goods like computers peripheral equipment (desktops, laptops, computer terminals, storage devices and printers), communications equipment, consumer electronics, home and garden equipment, footwear and leather goods, furniture and home furnishings, clothing and footwear, sporting goods, musical instruments, hobby articles and other personal and household goods.

This sector excludes:

- financial leasing,

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- rental of real estate,
- rental of equipment with operator, see corresponding activities according to activities carried out with this equipment, e.g. construction or transportation.

Services sector group

The Services sector group includes specialised professional, scientific and technical activities. These activities require a high degree of training and make specialised knowledge and skills available to users.

Education sector

The Education sector includes activities within Education and within Research and Development.

Activities within education include education at any level or for any profession. The instructions may be oral or written and may be provided by radio, television, Internet or via correspondence. It includes education by the different institutions in the regular school system at its different levels as well as adult education, literacy programmes etc. Also included are military schools and academies, prison schools etc. at their respective levels. The sector includes public as well as education institutions that generate revenue from student fees. At the primary and secondary levels this includes mostly alternative educational schools, specialty schools within sports, the arts or similar occupations, as well as some businesses. At the tertiary (or higher) level, services are delivered on a full-time, part-time, distance-learning, and occasional basis across establishments such as junior colleges, business and secretarial schools, colleges, universities, and professional schools including medical, pharmaceutical, and veterinary programs. This sector also includes other educational activities such as tutoring undertakings and specialty schools that fall in between the secondary level and tertiary level.

This sector also includes research and development and focuses on the activities of three types of research and development:

- 1) basic research: experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without particular application or use in view,
- 2) applied research: original investigation undertaken in order to acquire new knowledge, directed primarily towards a specific practical aim or objective, and
- 3) experimental development: systematic work, drawing on existing knowledge gained from research and/or practical experience, directed to producing new materials, products and devices, to installing new processes, systems and services, and to improving substantially those already produced or installed. Research and experimental development activities in this division are subdivided into two categories: natural sciences and engineering.

Marketing sector

The Marketing sector includes the creation of advertising campaigns and placement of such advertising in periodicals, newspapers, radio and television, or other media as well as the design of display structures and sites.

The Marketing sector is comprised of undertakings that create advertising campaigns for use in media, display, or direct mail advertising and related services including market research and public opinion polling. Advertising and marketing undertakings are engaged primarily by businesses selling consumer products, entertainment, financial services, technology products, telecommunication services and sale and re-sale of time and space for various media soliciting advertising. Larger advertising undertakings are structured as holding undertakings, owning multiple agencies across the globe that provide a wide range of services such as custom publishing, brand consultancy, mobile and online marketing, and public relations.

Professional Services sector

The Professional Services sector includes undertakings that rely on the unique skills and knowledge of their employees to serve a range of clients. Services are often provided on an assignment basis, where an individual or team is responsible for the delivery of services to clients. Offerings include, but are not limited to, management and administration consulting services, such as

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staffing and executive search services; legal, accounting, and tax preparation services; political, religious, and organisational services; travel, beauty and well-being services; architectural services, engineering services not covered by the ESRS Construction and Engineering standard, drafting services, building inspection services and surveying and mapping services. Information service providers that may specialise in an array of topics such as energy, healthcare, real estate, technology, and science. Service undertakings also include credit and rating agencies and data analytics providers.

The Professional Services sector group also includes the activities of membership organisations, it also includes activities of organisations representing interests of special groups or promoting ideas to the general public. It also includes all service activities not mentioned elsewhere in the sector classification. Notably it includes types of services such as washing and (dry-)cleaning of textiles and fur products, hairdressing and other beauty treatment, funeral and related activities.

Technology sector group

The Technology sector group includes the production and distribution of information and cultural products, the provision of the means to transmit or distribute these products, as well as data or communications, information technology activities and the processing of data and other information service activities.

Information Technology sector

The Information Technology sector includes the activities of data processing and hosting activities, as well as other activities that primarily supply information. It also includes providing expertise in the field of information technologies: writing, modifying, testing and supporting software.

Undertakings in the Information Technology sector offer products and services globally to retail, business, and government customers, and includes undertakings involved in the development and sales of applications software, infrastructure software, and middleware. The sector also includes IT services undertakings delivering specialised IT functions, such as consulting and outsourced services. New sector business models include cloud computing, software as a service, virtualisation, machine-to-machine communication, big data analysis, and machine learning.

Media and Communication sector

Undertakings in the Media and Communication sector are active in the media and entertainment, internet media and services and telecommunications segments. The main components are publishing activities, including software publishing, motion picture and sound recording activities, radio and TV broadcasting and programming activities, telecommunications activities, information technology activities and other information service activities. Publishing includes the acquisition of copyrights for content (information products) and making this content available to the general public by engaging in (or arranging for) the reproduction and distribution of this content in various forms. All the feasible forms of publishing (in print, electronic or audio form, on the Internet, as multimedia products etc.) are included in this sector as well as activities related to production and distribution of TV programming at different stages in this process.

The sector includes printing of products, such as newspapers, books, periodicals, business forms, greeting cards, and other materials, and associated support activities, such as bookbinding, plate-making services, and data imaging. The support activities included here are an integral part of the printing industry, and a product (a printing plate, a bound book, or a computer disk or file) that is an integral part of the printing industry is almost always provided by these operations. Though printing and publishing can be carried out by the same unit (a newspaper, for example), it is less and less the case that these distinct activities are carried out in the same physical location. It also includes the reproduction of recorded media. This also includes the publishing of books, brochures, leaflets, dictionaries, encyclopaedias, atlases, maps and charts.

Undertakings in the Media and Entertainment segment create content and/or acquire rights to distribute content over cable or broadcast media, including entertainment programs, news, data programs of entertainment, music, and children's programming. Undertakings in this sector also publish books, newspapers, and periodicals, and broadcast radio and local television programming. Undertakings in the Media and Communication sector are increasingly engaged in distributing content via the Internet. Issues such as data processing, hosting and related activities are covered by ESRS Software and IT Services. This includes production of theatrical and non-theatrical motion pictures whether on film, video tape or disc for direct projection in theatres or for broadcasting on television. It also includes the sound recording activities, i.e. production of original sound master recordings, releasing, promoting and distributing them, publishing of music as well as sound recording service activities in a studio or elsewhere.

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The Internet Media and Services segment consists of two main segments. The internet media segment includes undertakings providing search engines and internet advertising channels, and online communities such as social networks, as well as content, usually easily searchable, such as educational, medical, health, sports, or news content. The internet-based services segment includes undertakings selling services mainly through the Internet. As well as activities of web search portals, data processing and hosting activities, as well as other activities that primarily supply information. The segment generates revenues primarily from online advertising, on usually free content, with other sources of revenue being subscription fees, content sales, or sale of user information to interested third parties.

The Telecommunication Services segment consists of wireless and wireline telecommunications undertakings, as well as undertakings that provide cable and satellite services. The broadcasting can be performed using different technologies, over-the-air, via satellite, via a cable network or via Internet. The wireless services segment provides direct communication through radio-based cellular networks and operates and maintains the associated switching and transmission facilities. The wireline segment provides local and long-distance voice communication via the Public Switched Telephone Network. Wireline carriers also offer voice over internet protocol (VoIP) telephone, television, and broadband internet services over an expanding network of fiber optic cables. Cable providers distribute television programming from cable networks to subscribers. They typically also provide consumers with video services, high-speed internet service, and VoIP. These services are traditionally bundled into packages that provide subscribers with easier payment options than paying for each service separately. Satellite undertakings distribute TV programming through broadcasting satellites orbiting the Earth or through ground stations. The commonality of activities classified in this segment is the transmission of content, without being involved in its creation. The breakdown in this segment is based on the type of infrastructure operated. In the case of transmission of television signals this may include the bundling of complete programming channels into programme packages for distribution.

The sector also includes the activities of web search portals, data processing and hosting activities, as well as other activities that primarily supply information. Undertakings serve customers primarily in their domestic markets, although some undertakings operate in several countries.

Transportation sector group

The Transportation sector group includes the provision of passenger or freight transport, whether scheduled or not, by rail, pipeline, road, water or air and associated activities such as terminal and parking facilities, cargo handling, storage etc. Included in this sector is the rental of transport equipment with driver or operator. Also included are postal and courier activities.

Other Transportation sector

Undertakings in the Transportation sector are typically active in the air freight and logistics, airlines, cruise lines, marine transportation, rail transportation segments.

Air freight and logistics undertakings provide freight services and transportation logistics to both businesses and individuals. There are three main sector segments: air freight transportation, post and courier services, and transportation logistics services. Transportation logistics services include contracting with road, rail, marine, and air freight undertakings to select and hire appropriate transportation. Services can also include customs brokerage, distribution management, vendor consolidation, cargo insurance, purchase-order management, and customized logistics information.

The sector includes postal and courier activities, such as pickup, transport and delivery of letters and parcels under various arrangements. Local delivery and messenger services are also included.

The airlines segment is comprised of undertakings that provide air transportation globally to passengers for both leisure and business purposes. This includes commercial full-service, low-cost, and regional airlines. Full-service carriers typically use a hub-and-spoke model to design their routes within countries and internationally. Low-cost carriers usually offer a smaller number of routes as well as no-frills service to their customers. Regional carriers typically operate under contract to full-service carriers, expanding the network of the larger carriers. Many airline undertakings also have a cargo segment in their operations from which they generate additional revenue. It is common within the segment for undertakings undertaking to form partnerships or join alliances in order to increase network size.

The cruise lines segment comprises undertakings that provide passenger transportation and leisure entertainment, including deep sea cruises and river cruises. The segment is dominated by a few large undertakings. The marine transportation segment consists of undertakings that provide deep-sea, coastal, and/or river-way freight shipping services. Key activities include transportation of containerised and bulk freight, including consumer goods and a wide range of commodities, and transportation of chemicals and petroleum products in tankers. This also includes the transport of passengers or freight over water, whether scheduled or not. Also included are the operation of towing or pushing boats, excursion, cruise or sightseeing boats, ferries, water taxis etc

The rail transportation segment consists of undertakings that provide passenger rail transport, whether urban, suburban or interurban, rail freight shipping and support services. Key activities include shipping containerised and bulk freight, including consumer goods and commodities.

The Transportation sector includes warehousing and support activities for transportation, such as operating of transport infrastructure (e.g. airports, harbours, tunnels, bridges, etc.), the activities of transport agencies and cargo handling.

Road Transport sector

Passenger land transport: urban and suburban passenger land transport, taxi operation + other passenger land transport not classified elsewhere

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Operation of passenger land transport: For motor vehicles, operation of vehicles designated as category M2 or M3, in accordance with Article 4(1) of Regulation (EU) 2018/858, for the provision of passenger transport. The economic activities in this category may include operation of different modes of land transport, such as by motor bus, trolley bus. The economic activities in this category also include taxi operation, scheduled long-distance bus services, charters, excursions and other occasional coach services, airport shuttles (including within airports), operation of school buses and buses for the transport.

Operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.

Utilities sector group

The Energy sector group includes the activities of producing and distributing various types of energy and utility services. This includes providing electric power, oil, natural gas, heat, steam, water, waste services and the like through a permanent infrastructure (network) of lines, mains and pipes. Distribution to industrial parks and residential buildings are included.

Power production and Energy Utilities sector

The Power Production and Energy Utilities sector is comprised of undertakings that provide production, transmission, distribution, storage of and trade in electricity and related services. It also includes production, distribution, storage and trade of gas, as well the provision of steam and air-conditioning supply. All types of electric power producers are included, for example, utilities that generate from solar, wind, hydro, geothermal, nuclear, biomass and thermal (coal, fuel oil and gas) fuels. It also includes production, distribution, storage and trade of gas, as well the provision of steam and air-conditioning supply. The sector includes undertakings that operate the transmission and distribution systems that convey electricity from generating plants to end users.

Combined heat and power (CHP) is also included, independently if the power and heat are provided exclusively to a nearby facility or to the grid. Provision of thermal energy through heat and steam for city dwellings and industry is also included. The sector also includes production of gas, such as biogas, from by-products of agriculture or from waste.

Production of clean hydrogen from electricity and renewable energy sources, as well as hydrogen, electricity and heat storage are also included. Water and wastewater utilities as well as waste-related services are excluded from this sector. The sector also excludes the (typically long-distance) transport of the gas through pipelines

Water and Waste Services sector

The Water and Waste Services sector includes activities related to the management (including collection, treatment disposal and recovery) of various forms of waste, such as solid or non-solid industrial or household waste, as well as contaminated sites. The output of the waste or sewage treatment process can either be disposed of or become an input into other production processes. It also includes the remediation and other waste management services. Activities of water supply and wastewater are also included in this sector. The types of water supply services include the sourcing, treatment, and distribution of water to residences, businesses, and other undertakings such as governments. Wastewater systems collect and treat wastewater, including sewage, graywater, industrial waste fluids, and stormwater runoff, before discharging the resulting effluent back into the environment.