

# NON-MANDATORY ILLUSTRATIVE GUIDANCE

DRAFT AMENDED ESRS

 JULY 2025

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## **Introduction: Non-mandatory illustrative guidance ('NMIG')**

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This document provides non-binding illustrations of the requirements of [Draft] Amended ESRS. As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to this document, named 'Non-Mandatory Illustrative Guidance' ('NMIG'). This document does not address all the existing implementation questions on the Standards. It collects the guidance that was already included in the Delegated Act and is not mandatory anymore. The legal status of the NMIG remains open from EFRAG's standpoint (either as appendices in the Delegated Act or as documents issued independently of the Delegated Act) and will be considered by the EC in due course.

This document should be read in conjunction with the corresponding provisions in Amended ESRS.

## [DRAFT] Amended ESRS 1 – *General requirements*

### Chapter 1 – ESRS Standards, reporting areas and drafting conventions

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on chapter 1

<p><b>NMIG 1. for para. 10</b></p> <p><b>(Entity Specific Disclosures)</b></p>	<p>(former AR 5) Further guidance for developing entity-specific disclosures that the undertaking might consider can be found by considering the information required under topical ESRS, that addresses other similar sustainability topics.</p>
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### Chapter 3 – Double materiality as the basis for sustainability reporting

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 3.3.2

<p><b>NMIG 2. for para. 41</b></p> <p><b>(Sources of risks or opportunities)</b></p>	<p>The following illustrates how <i>impacts</i> and <i>dependencies</i> may be sources of <i>risks</i> or <i>opportunities</i>:</p> <ul style="list-style-type: none"> <li>(a) when the undertaking's <i>business model</i> depends on a natural resource – for example water – it is likely to be affected by changes in the quality, availability and pricing of that resource;</li> <li>(b) when the undertaking's activities result in negative <i>impacts</i>, e.g., health and safety negative <i>impacts</i> on the <i>affected communities</i> that live nearby the factory, the activities could become subject to stricter government regulation and/or the <i>impact</i> could trigger consequences of a reputational nature. These might have negative effects on the undertaking's brand and sales within the affected community, and higher recruitment costs might arise; and</li> <li>(c) when the undertaking's business partners face material sustainability-related <i>risks</i>, the undertaking could be exposed to related consequences as well.</li> </ul>
<p><b>NMIG 3. for para. 42</b></p> <p><b>(Identification of risks and opportunities, likelihood and magnitude)</b></p>	<p><i>Anticipated financial effects</i> that are not (or are not yet) reflected in financial statements may include:</p> <ul style="list-style-type: none"> <li>(a) potential situations that following the occurrence of future events may affect cash flow generation potential;</li> <li>(b) capitals that are not recognised as assets from a financial reporting perspective but have a significant influence on financial performance, such as natural, intellectual (organisational), human, social and relationship capital; and</li> <li>(c) possible future events that may have an influence on the evolution of such capitals.</li> </ul>

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 3.4

<p><b>NMIG 4. for para. 43</b></p> <p><b>(Negative impacts or material impacts on other topics)</b></p>	<p>The following are examples of material <i>impacts</i> arising from actions to address other topics:</p> <ul style="list-style-type: none"> <li>(a) an action plan to decarbonise production that involves abandoning certain products might have material negative impacts on the undertaking's employees due to the lack of upskilling programmes for its employees that</li> </ul>
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	<p>could be heightened in countries with limited social protection coverage; or</p> <p>(b) an action plan of an automotive <b>supplier</b> to focus on the supply of e-vehicles might lead to stranded assets for the production of supply parts for conventional vehicles.</p>
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#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 3.7

<p><b>NMIG 5. for para. 51</b></p> <p><b>(Group and subsidiary level)</b></p>	<p>(new) In a group, a topic may be assessed as to be reported because of the aggregation of several <b>impacts</b> derived from different subsidiaries that, if assessed in isolation by each subsidiary, would not be considered material. This is the case where aggregation of the impacts of the same nature across sites or subsidiaries is feasible and meaningful (for example, for environmental topics such as GHG emissions, emissions of pollutants or raw materials for <b>circular economy</b>). Conversely, in addition to disclosing information about topics that are assessed as material at group level, there may be situations where a topic is assessed to be material at the level of individual subsidiaries in isolation but, despite the aggregation of data of such subsidiaries, the topic is assessed as not material at group level.</p>
<p><b>NMIG 6. for para. 52</b></p> <p><b>(Disaggregation so as not to obscure material information)</b></p>	<p>As an illustration, assuming water usage is a topic to be reported and to ensure that material information is not obscured, the undertaking may need to disaggregate information about its use of water to distinguish between water drawn from abundant sources and water drawn from water-stressed areas and to only report on the latter.</p>

### Chapter 5 – Reporting undertaking and value chain

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 5.3

<p><b>NMIG 7. for para. 70</b></p> <p><b>(Leased assets)</b></p>	<p>(new) For example, pollution caused, or energy or water usage in a leased factory do not relate to the lessor itself, but to the lessee, i.e. the undertaking causing the pollution, using the energy, or consuming the water. A lessor granting the right to use its own asset to a third party, during the lease period considers the relationship with the lessee and the <b>impacts</b> from the operations of the leased asset by the lessee as part of its down-stream <b>value chain</b> and not in its own operation.</p>
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### Chapter 7 – Preparation and presentation of sustainability information

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 7.1

<p><b>NMIG 8. for para. 82</b></p> <p><b>(Impracticability to adjust comparative data)</b></p>	<p>Examples of impracticability are: when data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a <b>metric</b> or <b>target</b>, or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information (see ESRS 2 BP-2).</p>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 7.4**

<p><b>NMIG 9. For para. 90</b> <b>(Metrics calculation)</b></p>	<p>(new) The decision to exclude activities from metric calculations might be determined based on reasonable assumptions or estimations based on qualitative considerations.</p>
<p><b>NMIG 10. For para. 90</b> <b>(Metrics calculation)</b></p>	<p>(new) For example, the undertaking which operates a large number of industrial facilities may determine that water consumption in manufacturing represents a material <b>impact</b> and/or <b>risk</b>. As manufacturing is an area connected with likely severe impacts, the undertaking might include in metric calculations the data from manufacturing activities in all industrial facilities, including those whose relative share is small whereas the exclusion of water consumption in office space is not expected to obscure the reported information.</p>
<p><b>NMIG 11. For para. 90</b> <b>(Metrics calculation)</b></p>	<p>(new) Where the undertaking identifies a material <b>impact</b>, <b>risk</b> or <b>opportunity</b> which depends on specific location or asset, such as water availability in a particular area at water risk, the corresponding <b>metric</b> might include data from activities that are the main driver of water consumption in that area. The undertaking may also determine that total water consumption in all areas at water risk is a topic to be reported. In such a case it includes in metric calculation all activities as explained in the previous NMIG (10). The same principle applies for <b>impacts</b> on nature or pollution that are relevant at location or asset level.</p>

**Chapter 9 – Connected information and linkages with other parts of corporate reporting**

**NON-MANDATORY ILLUSTRATIVE GUIDANCE – NMIG on sub-chapter 9.2**

<p><b>NMIG 12. for para. 114</b> <b>(Direct/indirect connectivity with financial statements and consistency of assumptions)</b></p>	<p>(new) The following are illustrations of connections with the financial statements:</p> <ul style="list-style-type: none"> <li>(a) if the undertaking pursued a particular <b>opportunity</b> and that resulted in an increase in revenue, connected information will depict the relationship between the undertaking's strategy and its financial performance;</li> <li>(b) if the undertaking identified a trade-off between two <b>risks</b> it is exposed to and took action on the basis of its assessment of that trade-off, connected information will depict the relationship between those <b>risks</b> and the undertaking's strategy; or</li> <li>(c) if the undertaking committed to a particular <b>target</b>, but that commitment has not yet affected the undertaking's financial position or financial performance because the applicable recognition criteria have not been met, connected information will depict that relationship.</li> </ul>
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## **Mapping of sub-topics to disclosures in topical standards**

### **Introduction**

This section supports the application of ESRS 1 paragraph 50.

It articulates the relationship between the sub-topics described in ESRS 1 Appendix A (mapping), and the Disclosure Requirements in the topical standards (ESRS E1-E5, ESRS S1-S4 and ESRS G1).

To this extent, the list below is not exhaustive for the materiality assessment, as entity-specific sub-topics might exist.

The mapping below takes the differences of architecture of topical standards into account. It provides an overview of the direct links that exist between **topics** and Disclosure Requirements or datapoints where such direct links exist (for example, in ESRS E2 microplastics at datapoint level). As not in all cases there is a direct link between a datapoint and a sub-topic, the structure of this appendix reflects the approach that exist in topical standards.

The mapping shows the link between a Disclosure Requirement and an individual sub-topic. It does not capture the interrelation between sub-topics. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic in a topical ESRS can trigger reporting requirements in other topical ESRS (for example, just transition).

For **metrics**, which can be either quantitative or qualitative, there is no systematic 'one-to-one' relationship between sub-topics (as captured by ESRS 1 Appendix A) and a topical Disclosure Requirement except for the majority of the ESRS S1 metrics.



### Environmental standards

The following can be noted for the mapping of Disclosure Requirements in ESRS E1 Climate change:

The table below for ESRS E4 has not been split by sub-topic given the way the disclosures of this standard are structured, i.e., metrics are not specific to a sub-topic and apply to any material sub-topic identified.

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirement		
ESRS E1 Climate Change	Any subtopic	Policies related to ...		
		E1-4	... Climate change	
		E2-1	... Pollution	
		E3-1	... Water	
		E4-2	... Biodiversity and ecosystems	
ESRS E2 Pollution		E5-1	... Resource use and circular economy	
Actions and resources in relation to ...				
ESRS E3 Water		E1-5	... Climate change	
ESRS E4 Biodiversity and ecosystems		E2-2	... Pollution	
		E3-2	... Water	
		E4-2	... Biodiversity and ecosystems	
ESRS E5 Resource use and circular economy		E5-2	... Resource use and circular economy	
		Targets related to ...		
		E1-6	... Climate change	
		E2-3	... Pollution	
	E3-3	... Water		
	E4-3	... Biodiversity and ecosystems		
	E5-3	... Resource use and circular economy		

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirement		
E1 - Climate change	Any sub-topic	E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	
		E1-2	Climate-related risks and scenario analysis	
		E1-3	Resilience in relation to climate change	
	Climate change mitigation	E1-1	Transition plan for climate change mitigation	
		E1-7	Energy consumption and mix	E1-7 covers aspects (energy use) linked to climate change mitigation, therefore they are connected to climate change mitigation
		E1-8	Gross Scopes 1, 2, 3 GHG emissions	
		E1-9	GHG removals and GHG mitigation projects financed through carbon credits	E1- 9 is not expected to be disclosed unless the undertaking uses such financing tools
		E1-10	Internal carbon pricing	E1-10 is expected to be disclosed only when the undertaking has implemented such mechanism
	Energy	E1-7	Energy consumption and mix	
E2 - Pollution	Pollution of air Pollution of water Pollution of soil	E2-4	Pollution of air, water and soil	
	Microplastics	E2-4	Pollution of air, water and soil	
	Substances of concern including substances of very high concern	E2-5	Substances of concern and substances of very high concern	
E3 – Water	Any subtopic	E3-4	Water metrics	
E4 Biodiversity and Ecosystems	Any subtopic	E4-1	Transition plan for biodiversity and ecosystems	ESRS E4 has not been split by sub-topic given the way the disclosures of this standard are structured, i.e., metrics apply to any material sub-topic identified.
		E4-5	Metrics related to biodiversity and ecosystems change	
E5 – Circular Economy	Resources Inflows	E5-4	Resource Inflows	
	Resources outflows related to products and services	E5-5	Resource outflows - products and services	

	Resources outflows related to waste	E5-5	Resource outflows - waste	
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**Social Standards**

**ESRS S1 – S4**

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirement		
<b>ESRS S1</b> <b>Own workforce</b>  <b>ESRS S2</b> <b>Workers in the value chain</b>  <b>ESRS S3</b> <b>Affected communities</b>  <b>ESRS S4</b> <b>Consumers and end-users</b>	Any sub-topic	Policies related to ...		GDR-P: Policies  ESRS S3-1 paragraph 15: Description of policy provisions for preventing and addressing impacts on indigenous people
		S1-1	... own workforce	
		S2-1	... value chain workers	
		S3-1	... affected communities	
		S4-1	... consumers and end-users	
		Engagement with ..., existence of channels for ... to raise concerns or needs and approaches to remedy		
		S1-2	... own workforce (and workers' representatives) ...	
		S2-2	... value chain workers ...	
		S3-2	... affected communities ...	
		S4-2	... consumers and end-users ...	
		Actions and resources related to ...		GDR-A: Actions and resources
		S1-3	... own Workforce	
		S2-3	... value chain workers	
		S3-3	... affected Communities	
		S3-4	... consumers and end-users	
		Targets related to ...		GDR-T: Targets
		S1-4	... own workforce	
		S2-4	... value chain workers	
		S3-4	... affected communities	
		S4-4	... consumers and end-users	

The topic own workforce covers human rights that are classified either as sub-topics in ESRS S1 and ESRS S2, or included within the sub-topics description. These human rights are connected between them, and such connections are not explicit in the ESRS S1 Standard, but they have been included in the table below. In other words, when mapping the disclosures to report, the sub-topics connected between them should be considered altogether when own workforce is considered material (refer to the table below) given that they are connected to the human rights.

In addition, the following metrics on S1-5, S1-6 and S1-16 are mapped to the topic **own workforce** directly. In relation to S1-6, this is mapped to the topic when non-employees in the undertaking's own workforce are assessed as material.

**ESRS S1 Own workforce – Metrics**

List of topics and sub-topics		ESRS		Explanatory note	
Topic	Sub-topic	Disclosure Requirement			
ESRS S1 Own Workforce	Any sub-topic	S1-5	Characteristics of the undertaking's employees		
		S1-6	Characteristics of non-employee workers in the undertaking's own workforce		
		S1-16	Incidents of discrimination and other human rights incidents		
			S1-7 Collective bargaining coverage and social dialogue S1-9 Adequate wages S1-10 Social protection S1-13 Health and safety metrics S1-8 Diversity metrics S1-11 Persons with disabilities		These are the disclosures that address the core principles of the International Labour Organisation (ILO) and described the human rights mentioned in the paragraph above : freedom of association and collective bargaining (including social dialogue), adequate wages, social protection, health and safety and non-discrimination (diversity and persons with disabilities).
	Working conditions (adequate wages, work-life balance, working time, secure employment, social protection)	S1-10	Social protection	Working time: Undertakings might provide entity specific information where working time is assessed as material	
		S1-9	Adequate wages		
		S1-14	Work-life balance		
	Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining	S1-7	Collective bargaining coverage and social dialogue		
	Health and safety	S1-13	Health and safety metrics		
	Training and skills development	S1-12	Training and skills development metrics		
	Diversity and equal treatment (gender equality, equal pay for equal work, employment and inclusion of people with disabilities, non-discrimination, anti-harassment)	S1-8	Diversity	Measures against harassment: Undertakings might provide entity-specific information where violence and harassment is assessed as material. Specific datapoint in S1-16.	
		S1-11	Persons with disabilities		
		S1-15	Remuneration metrics (gender pay gap and total annual remuneration ratio)		

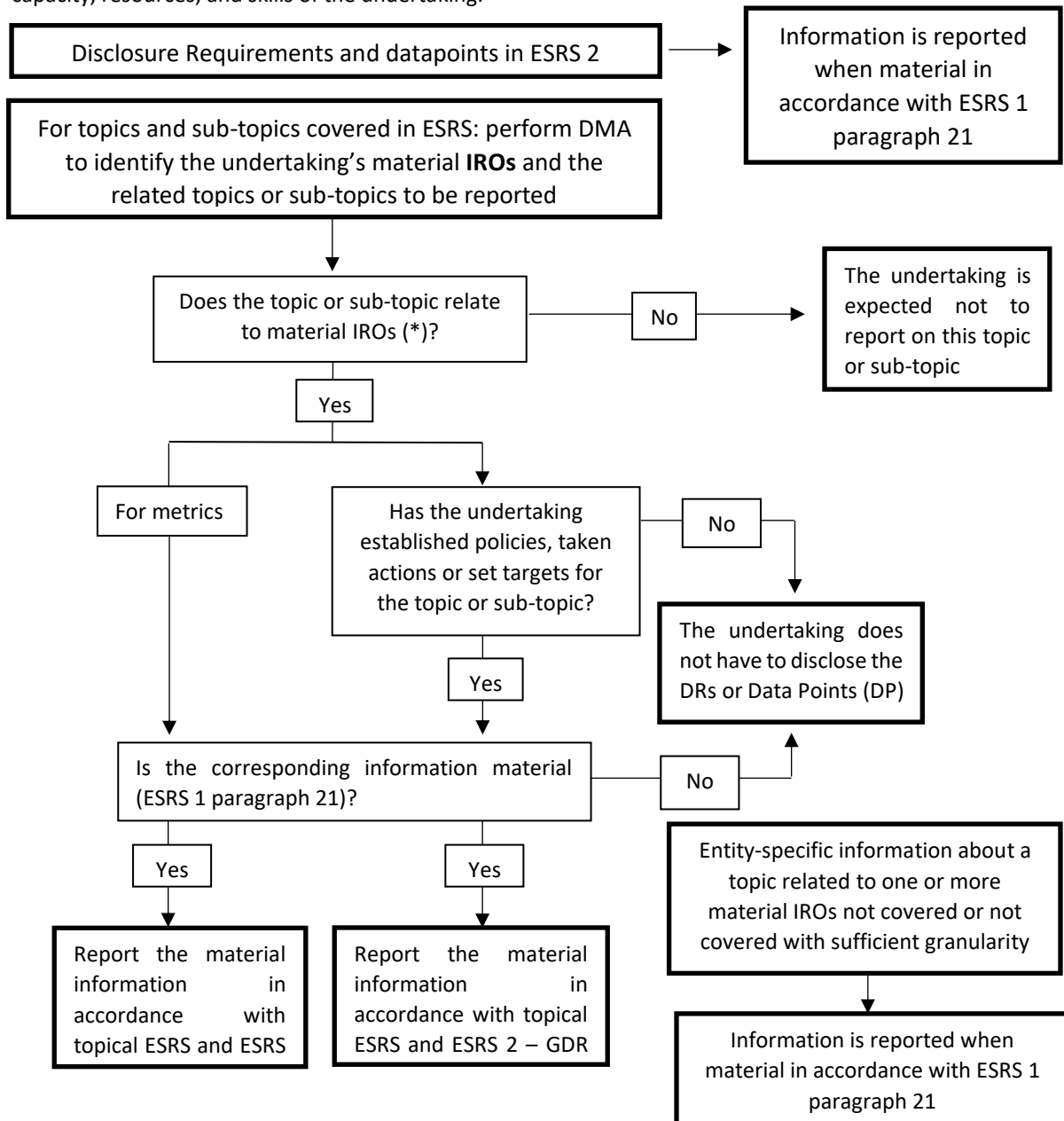
	Other labour-related human rights (child labour, forced labour, privacy and adequate housing)	ESRS 1 paragraph 10	Undertakings might provide entity-specific information where child labour is assessed as material. It forms parts of S1-16.
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**Governance standards**

List of topics and sub-topics		ESRS		Explanatory notes
Topic	Sub-topic	Disclosure Requirement		
ESRS G1 Business Conduct	Corporate Culture (including anti-corruption and bribery, protection of whistle-blowers and animal welfare)	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	Includes SFDR datapoints
		G1-4	Metrics related to incidents of corruption or bribery	
	Management of relationships with suppliers, including (unfair) payment practices	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	
		G1-6	Metrics in relation to payment practices	
	Political influence and lobbying	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	
		G1-5	Metrics in relation to political influence and lobbying activities	

### Flowchart for determining disclosures under the ESRS

The **Double Materiality Assessment** (DMA) is the starting point for sustainability reporting under ESRS. This appendix provides a non-binding illustration of the impact- and financial materiality assessment outlined in chapter 3. ESRS 2 IRO-1 includes general disclosure requirements about the undertaking's process to identify impacts, risks and opportunities (IROs) and assess their materiality. The individual disclosure requirements and datapoints of ESRS 2 are also subject to materiality; as they are fundamental in nature, they are likely to result in material information for all undertaking. ESRS 2 IRO 2 and SBM-3 provide Disclosures Requirements on the IROs resulting from the undertaking's materiality assessment. The undertaking is expected to omit all Disclosure Requirements in a topical standard if it assessed that the topic in question does not relate to material impacts, risks or opportunities. In that case it shall disclose a brief explanation of the conclusions of the materiality assessment for that topic (ESRS 2 IRO-2). ESRS set disclosure requirements, not behavioral requirements. Disclosure requirements in relation to **action plans, targets, policies, scenario analysis** and **transition plans** are proportionate because they are contingent on the undertaking having these, which may depend on the size, capacity, resources, and skills of the undertaking.



(\*) When a material impact, risk or opportunity relates to a particular sub-topic, the undertaking needs only to report the material information related to that sub-topic within the relevant topical standard.

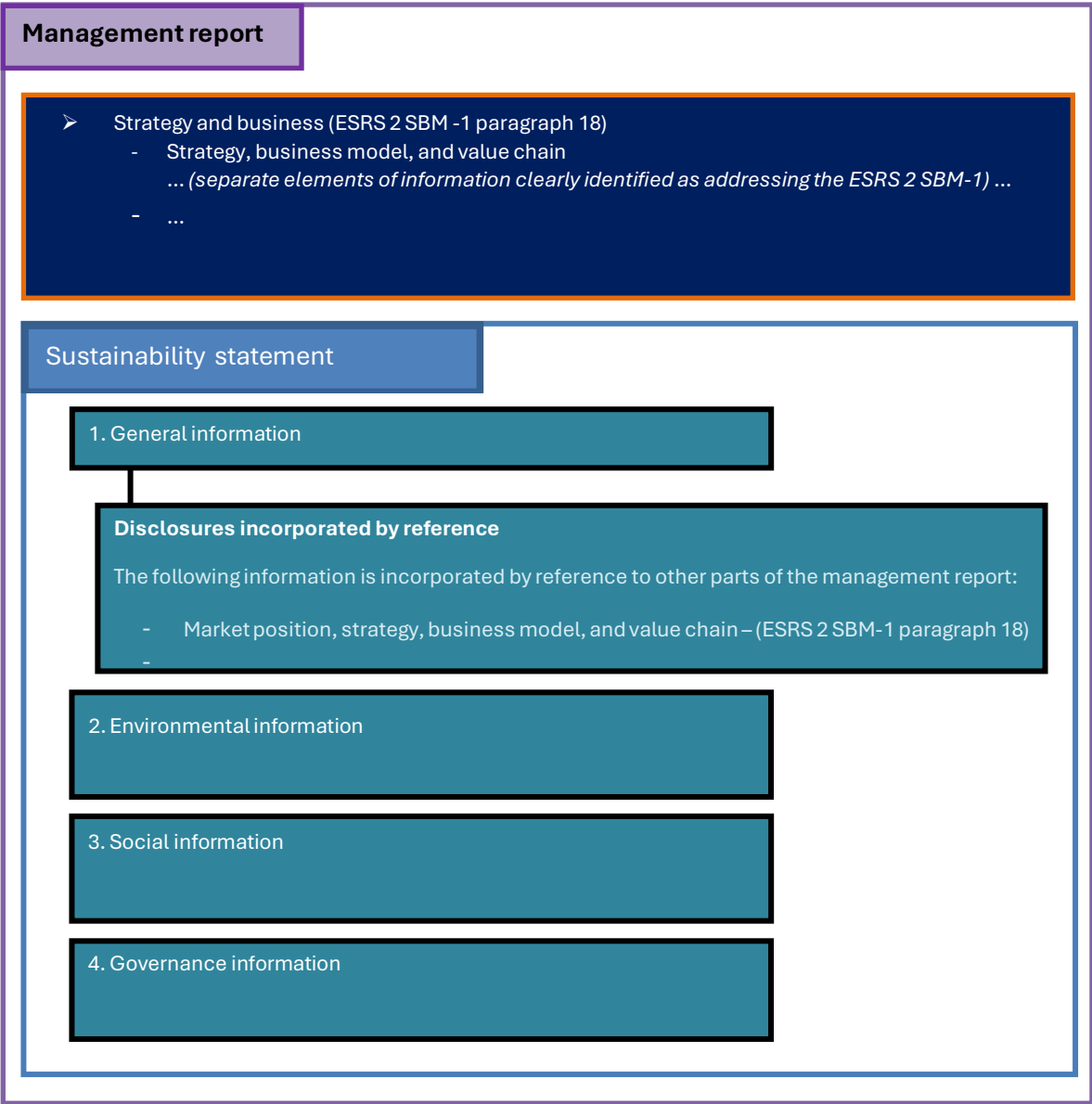
**Example of structure of the ESRS sustainability statement**

This table provides a non-binding illustration with respect to reporting in four parts as outlined in ESRS 1, paragraphs 105 and 106.

Part of the management report	ESRS codification	Title
1. General information	ESRS 2	<i>General disclosures</i>
2. Environmental information	ESRS E1	<i>Climate change</i>
	ESRS E2	<i>Pollution</i>
	ESRS E3	<i>Water</i>
	ESRS E4	<i>Biodiversity and ecosystems</i>
	ESRS E5	<i>Resource use and circular economy</i>
3. Social information	ESRS S1	<i>Own workforce</i>
	ESRS S2	<i>Workers in the value chain</i>
	ESRS S3	<i>Affected communities</i>
	ESRS S4	<i>Consumers and end-users</i>
4. Governance information	ESRS G1	<i>Business conduct</i>
Appendix	ESRS 1 para. 106	<i>Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)</i>

Example of incorporation by reference

This section provides non-binding illustrations of incorporation by reference to another section of the management report into the **sustainability statement** as outlined in chapter 9.3 of ESRS 1.





## [DRAFT] Amended ESRS 2 – *General disclosures*

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GOV-1 – *The role the administrative, management and supervisory bodies with regards to sustainability topics*

<b>NMIG 1 for para. 9</b>	<p>When disclosing the composition of the administrative, management and supervisory bodies, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (paragraph 21(a)) the number of executive and non-executive members; and</li> <li>(b) (paragraph 21(c)) information about the administrative, management and supervisory bodies members' experience relevant to the sectors, products and geographic locations of the undertaking.</li> </ul>
<b>NMIG 2 for para. 9</b>	<p>(AR 3) When disclosing about the roles and responsibilities of the administrative, management and supervisory bodies, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the form of oversight (e.g. information, consultation, decision-making);</li> <li>(b) how it is organised and formalised within governance processes; and</li> <li>(c) (AR 4) the presentation of the governance structure by using a diagram.</li> </ul>

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GOV-3 – *Statement on due diligence*

<b>NMIG 3 for para. 13</b>	<p>The core elements of due diligence are reflected directly in Disclosure Requirements set out in ESRS 2 and in the topical ESRS, as illustrated below:</p> <ul style="list-style-type: none"> <li>(a) embedding due diligence in governance, strategy and business model<sup>1</sup> <ul style="list-style-type: none"> <li>i. ESRS 2 GOV-1: The role of the administrative, management and supervisory bodies in relation to sustainability;</li> <li>ii. ESRS 2 GOV-2: Integration of sustainability-related performance in incentive schemes; and</li> <li>iii. ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model.</li> </ul> </li> <li>(b) engaging with affected stakeholders<sup>2</sup> <ul style="list-style-type: none"> <li>i.;</li> </ul> </li> </ul>
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<sup>1</sup> UN Guiding Principle 16 and its commentary; UN Interpretive Guide, Questions 21 and 25 as well as OECD Guidelines Chapter II on General Policies (paragraph A.10), and chapter IV on Human Rights (paragraph 4; and paragraph 44 of the Commentary); and OECD Due Diligence Guidance, Section II (1.1 and 1.2) and Annex, Questions 14 and 15.

<sup>2</sup> UN Guiding Principle 18 and its Commentary, UN Guiding Principle 20, Commentary to UN Guiding Principles 21 and 29, and UN Guiding Principle 31(h) and its Commentary; and the UN Interpretive Guide, Questions 30, 33, 42 and 76 as well as OECD Guidelines Chapter II on General Policies (paragraph A.14 and paragraph 25 of the Commentary); and OECD Due Diligence Guidance, Section II (2.1.c, 2.3, 2.4.a, 3.1.b and 3.1.f) and Annex Questions 8- 11.

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GOV-3 – *Statement on due diligence***

	<ul style="list-style-type: none"> <li>i. ESRS 2 SBM-2: Interests and views of stakeholders;</li> <li>ii. ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported;</li> <li>iii. ESRS 2 GDR-P: Requirement for policies; and</li> <li>iv. topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process.</li> </ul> <p>(c) identifying and assessing negative impacts on people and the environment<sup>3</sup></p> <ul style="list-style-type: none"> <li>i. ESRS 2 IRO-1: Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported; and</li> <li>ii. ESRS 2 IRO-2: Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement;</li> </ul> <p>(d) taking action to address negative impacts on people and the environment<sup>4</sup></p> <ul style="list-style-type: none"> <li>i. ESRS 2 GDR-A: Requirement for Actions and Resources; and</li> <li>ii. Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed.</li> </ul> <p>(e) tracking the effectiveness of these efforts <sup>5</sup></p> <ul style="list-style-type: none"> <li>i. ESRS 2 GDR-M: Requirement for Metrics;</li> <li>ii. ESRS 2 GDR-T: Requirement for Targets; and</li> <li>iii. topical ESRS: regarding metrics and target</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GOV-4 – *Risk management and internal controls over sustainability reporting***

	<p>When disclosing on the risk management and internal control processes and systems in relation to sustainability reporting, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (26(b)) the risk assessment approach followed, including the risk prioritisation methodology;</li> </ul>
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<sup>3</sup> UN Guiding Principles 17, 18 and 24 and their Commentaries, and the Commentary to UN Guiding Principle 29; and the UN Interpretive Guide, Questions 9, 12-13, 27-28, 36-42, and 85-89 and OECD Guidelines Chapter II on General Policies (paragraphs A.10-11 and paragraph 14 of the Commentary), and Chapter IV on Human Rights (paragraphs 1-2 and paragraphs 41-43 of the Commentary); and OECD Due Diligence Guidance, Section II (2.1- 2.4) and Annex Questions 3-5, and 19-31).

<sup>4</sup> UN Guiding Principles 19, 22 and 23 and their Commentaries; and the UN Interpretive Guide, Questions 11, 32, 46-47, 64-68 and 82-83 and OECD Guidelines Chapter II on General Policies (paragraphs A.12 and paragraphs 18-22 of the Commentary), and Chapter IV on Human Rights (paragraphs 3 and 42-43 of the Commentary); and OECD Due Diligence Guidance, Section II (3.1-3.2) and Annex Questions 32-40).

<sup>5</sup> UN Guiding Principles 20 and 31(g) and their Commentaries; and the UN Interpretive Guide, Questions 49-53 and 80 and OECD Due Diligence Guidance, Section II (4.1 and 5.1) and Annex Questions 41-47.

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GOV-4 – Risk management and internal controls over sustainability reporting**

<b>NMIG 4 for para. 15</b>	(b) (26(c)(e)) how the undertaking integrates the findings of its risk management and internal controls in relation to sustainability reporting into relevant internal functions and processes as well as how it reports these findings to the administrative, management and supervisory bodies.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON SBM-1 – Strategy, business model and value chain**

<b>NMIG 5 for par. 17(b)</b>	<p>(new) ESRS 2 does not mandate a specific classification system of business activities. When disclosing the list of its significant sectors, the undertaking could apply the following approaches:</p> <ul style="list-style-type: none"> <li>(a) the NACE classification system (Nomenclature générale des Activités Economiques dans les Communautés Européennes NACE Rev.2.1);</li> <li>(b) the reportable segments disclosed in the financial statements in accordance with IFRS 8 Operating segments or local generally accepted accounting principles; and</li> <li>(c) available classification best practices or frameworks.</li> </ul> <p>When reporting on its significant sectors, the undertaking might consider incorporating information by reference to the breakdowns of its financial performance measures, as reported in the financial statements.</p>
<b>NMIG 6 for para. 18</b>	<p>(42(c) and AR 13 amended) When the undertaking assesses the main features of its business model and value chain in accordance with SBM-1, paragraph 18. the following are examples of possible elements to provide users with relevant information about its business model and value chain:</p> <ul style="list-style-type: none"> <li>(a) its main business actors (such as key suppliers, customers, distribution channels and endusers) and their relationship to the undertaking;</li> <li>(b) coverage of its key value chains, if the undertaking has multiple value chains;</li> <li>(c) its key business relationships and their key characteristics; and</li> <li>(d) its key activities, resources, distribution channels and customer segments.</li> </ul>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON SBM-2 – Interests and views of stakeholders**

<b>NMIG 7 for para. 20</b>	<p>(new) When disclosing about stakeholder engagement, following elements are examples that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) how the engagement is organised;</li> <li>(b) whether a particular purpose is sought; and</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON SBM-2 – *Interests and views of stakeholders***

	(c) whether this engagement has been directly with the affected stakeholders or through their legitimate representatives (e.g. workers' representatives).
<b>NMIG 8</b> for para. 20(a)	(new) The channels used to engage with stakeholders include, but are not limited to, grievances mechanisms and other channels to raise their concerns or needs. Social dialogue, surveys, mediation, negotiation, shareholder engagement, different types of meetings and on-site visits whose objectives are focused on engagement, are examples of specific channels that can be used with some stakeholders and depending on context, activities, and circumstances.
<b>NMIG 10</b> for para. 20(b)	(new) The views and interests of stakeholders can also be collected by the undertaking through its due diligence process. They can be relevant to one or more aspects of the information under SBM-2, paragraph 20, in particular, regarding the undertaking's strategy or business model. As such, these views and interests may affect the undertaking's decisions regarding the future direction of the strategy or business model.

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON IRO-2 – *Material impacts, risks and opportunities and Disclosure Requirements included in the sustainability statement***

<b>NMIG 11</b> para. 28(a) for Social topics	<p>(old S1-S4 SBM-3 paragraphs) In relation to affected stakeholders, the following elements are examples that the undertaking could consider:</p> <p>(a) a description of the key stakeholders, including affected stakeholders in its value chain subject to material impacts; and</p> <p>(b) whether and how the undertaking has developed an understanding of how people with particular characteristics may be at a greater risk of harm based on the materiality assessment.</p>
<b>NMIG 12</b> para 28(a) for Social topics	(old S1-S4 SBM-3 paragraphs) Material negative impacts are either (i) widespread or systemic in contexts where the undertaking operates (for example, child or forced labour or compulsory labour in specific countries or regions outside the EU), or (ii) related to individual incident (for example, an industrial accident or an oil spill). The same principle applies to positive impacts.
<b>NMIG 13</b> for para. 28(a)	(AR 17 amended) When describing where in its upstream and/or downstream value chain material impacts, risks and opportunities are concentrated, the following elements are examples that the undertaking could consider: geographical areas, facilities or types of assets, inputs, outputs and distribution channels.

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GDR-P – *General Disclosure Requirement for policies***

<b>NMIG 14</b> for para. 34	(new) A policy may cover different topics but be disclosed once only. An example whereby an undertaking shares the same policy across the environmental standards could be in relation to an environmental management system according to EMAS or ISO 14001 that covers pollution and other environmental impacts. Another example is an undertaking that has
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GDR-P – General Disclosure Requirement for policies**

	a sustainable purchasing policy including a forest policy, that covers both ESRS S2 <i>Workers in the value chain</i> and ESRS S3 <i>Affected communities</i> .
<b>NMIG 15 for para. 34(b)</b>	(AR 21 amended) The description of the scope of the policy can detail further boundaries relevant to a specific topic or to the undertaking's circumstances, which may include geographies, life cycles, and other similar factors.
<b>NMIG 16 for para. 35 for Social</b>	<p>(new from existing S1-S4; S1 AR10, AR13) After assessing the key contents of its policies related to social topics in accordance with ESRS 2 paragraph 34, the following elements are examples that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) supplier codes of conduct that the undertaking may have, indicating whether they include provisions addressing the safety of workers, precarious work (e.g. use of workers on short-term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of forced labour or child labour, and whether such provisions are fully in line with applicable ILO standards;</li> <li>(b) policies and commitments to prevent or mitigate the risks and negative impacts on people in its own workforce related to reducing carbon emissions and transitioning to greener, climate-neutral operations as well as its policies and commitments to provide opportunities for the workforce such as job creation and upskilling, including explicit commitments to a 'just transition'.</li> </ul>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GDR-A – General Disclosure Requirement for actions and resources**

<b>NMIG 17 for para. 38</b>	(69(a) amended) When disclosing the resources allocated to key actions, if and when adopted, the key contractual terms of sustainable finance instruments, such as green bonds, social bonds and green loans is an example that the undertaking could consider.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON GDR-T – General Disclosure Requirement for targets**

<b>NMIG 18 for para. 43(d)</b>	(AR 26) The baseline and the assessment of the progress relates to the impacts, risks and opportunities which underpin the materiality of the topic addressed by the policy. For example, the undertaking may assess an increase of wages by a certain percentage for those below an adequate wage, or it may assess the quality of its relationships with affected communities by reference to the proportion of issues raised by communities that were resolved to their satisfaction.
<b>NMIG 19 for para. 43</b>	(AR 25 amended) When disclosing the information on progress made towards achieving the targets, if and when adopted, the undertaking may present the information on progress in a comprehensive table, including information on the baseline and target value, milestones, and achieved performance over prior periods.

**[Draft] Amended ESRS E1 *Climate change*****NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-2 – *Climate-related risks and scenario analysis***

<div>NMIG 1 for para. 17</div> <div>(physical climate-related hazards)</div>	<div>When disclosing information on the process used to identify <b>physical risks</b>, the following elements are examples of the categories of climate-related hazards the undertaking could consider:</div> <table><tr><th colspan="3">Classification of climate-related hazards</th></tr><tr><th>Type</th><th>Chronic hazards</th><th>Acute hazards</th></tr><tr><td>Temperature-related</td><td>Changing temperature (air, <b>freshwater</b>, marine); heat stress; temperature variability; permafrost thaw</td><td>Heatwaves; cold spells / frost; wildfires</td></tr><tr><td>Wind-related</td><td>Changing wind patterns</td><td>Cyclones, hurricanes; typhoons; storms (blizzards, dust/sandstorms), tornadoes)</td></tr><tr><td>Water-related</td><td>Changing precipitation patterns and variability; ocean acidification; saline intrusion; sea level rise; water stress</td><td>Drought; heavy precipitation (rain, hail, snow); floods (coastal, river, surface, groundwater); glacial lake outbursts</td></tr><tr><td>Solid mass-related</td><td>Coastal erosion; soil degradation / erosion; solifluction</td><td>Avalanches; landslides; subsidence</td></tr></table>	Classification of climate-related hazards			Type	Chronic hazards	Acute hazards	Temperature-related	Changing temperature (air, <b>freshwater</b> , marine); heat stress; temperature variability; permafrost thaw	Heatwaves; cold spells / frost; wildfires	Wind-related	Changing wind patterns	Cyclones, hurricanes; typhoons; storms (blizzards, dust/sandstorms), tornadoes)	Water-related	Changing precipitation patterns and variability; ocean acidification; saline intrusion; sea level rise; water stress	Drought; heavy precipitation (rain, hail, snow); floods (coastal, river, surface, groundwater); glacial lake outbursts	Solid mass-related	Coastal erosion; soil degradation / erosion; solifluction	Avalanches; landslides; subsidence
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<div>NMIG 2 for para. 17</div> <div>(climate-related transition events)</div>	<div>When disclosing information on the process used to identify <b>transition risks</b>, the following elements are examples of climate-related transition events the undertaking could consider:</div> <table><tr><th colspan="4">Examples of climate-related transition events</th></tr><tr><th>Policy and legal</th><th>Technology</th><th>Market</th><th>Reputation</th></tr><tr><td><ul style="list-style-type: none"><li>Increased pricing of GHG emissions</li><li>Enhanced emissions-reporting obligations</li><li>Mandates on and regulation of existing products and services</li><li>Mandates on and regulation</li></ul></td><td><ul style="list-style-type: none"><li>Substitution of existing products and services with lower emissions options</li><li>Unsuccessful investment in new technologies</li><li>Costs of transition to lower emissions technology</li></ul></td><td><ul style="list-style-type: none"><li>Changing customer behaviour</li><li>Uncertainty in market signals</li><li>Increased cost of raw materials</li></ul></td><td><ul style="list-style-type: none"><li>Shifts in consumer preferences</li><li>Stigmatisation of sector</li><li>Increased stakeholder concern</li><li>Negative stakeholder feedback</li></ul></td></tr></table>	Examples of climate-related transition events				Policy and legal	Technology	Market	Reputation	<ul style="list-style-type: none"><li>Increased pricing of GHG emissions</li><li>Enhanced emissions-reporting obligations</li><li>Mandates on and regulation of existing products and services</li><li>Mandates on and regulation</li></ul>	<ul style="list-style-type: none"><li>Substitution of existing products and services with lower emissions options</li><li>Unsuccessful investment in new technologies</li><li>Costs of transition to lower emissions technology</li></ul>	<ul style="list-style-type: none"><li>Changing customer behaviour</li><li>Uncertainty in market signals</li><li>Increased cost of raw materials</li></ul>	<ul style="list-style-type: none"><li>Shifts in consumer preferences</li><li>Stigmatisation of sector</li><li>Increased stakeholder concern</li><li>Negative stakeholder feedback</li></ul>						
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	of existing production processes <ul style="list-style-type: none"> <li>Exposure to litigation</li> </ul>			
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-4 – Policies related to climate change**

<b>NMIG 3 for para. 22</b> <b>(Policies related to climate change)</b>	<p>(AR 17 amended) <b>Policies</b> related to <b>climate change mitigation</b> can address the management of the undertaking's greenhouse gas ('GHG') emissions, GHG removals and <b>transition risks</b> over different time horizons in its own operations and/or in the upstream and downstream value chain.</p> <p>Policies related to <b>climate change adaptation</b> can address the management of the undertaking's physical climate risks and of its transition risks related to climate change adaptation.</p>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-5 – Actions and resources in relation to climate change**

<b>NMIG 4 for para. 24</b> <b>(Financial resources)</b>	<p>(AR 20 amended) When disclosing the resources allocated to key actions as per ESRS 2 AR 29, if and when adopted, the undertaking could consider that information on resource allocation can be disaggregated between:</p> <ul style="list-style-type: none"> <li>(a) capital expenditure and operating expenditure. In this case, if disclosing CapEx and OpEx, only significant amounts required for the implementation of the key <b>actions</b> are needed, as the purpose of this information is to demonstrate the credibility of the undertaking's actions rather than to reconcile the disclosed amounts to the financial statements;</li> <li>(b) <b>resources</b> applied in the current reporting year, in which case CapEx and OpEx amounts shall be the additions made to both tangible and intangible assets during the current financial year;</li> <li>(c) the planned allocation of resources over specific time horizons, covering future periods of implementing <b>actions</b> and where the figures can be reported as ranges, given their higher uncertainty.</li> </ul>
<b>NMIG 5 for para. 24</b> <b>(Financial resources)</b>	<p>(AR 22 amended) When disclosing the information on resources allocated to key actions, if and when adopted, the undertaking could consider fulfilling its reporting obligations under ESRS 2 GDR-A, paragraph 37, by referring to their CapEx and OpEx key performance indicators and, if applicable, the CapEx plan required by EU Taxonomy (Commission Delegated Regulation (EU) 2021/2178). The undertaking could explain any potential differences between the significant OpEx and CapEx amounts disclosed under this Standard and the key performance indicators disclosed under Commission Delegated Regulation (EU) 2021/2178 due to, for instance, the disclosure of non-eligible economic activities as defined in that delegated regulation. The undertaking could structure its actions by economic activity to compare its OpEx and CapEx and, if applicable, its OpEx and/or CapEx plans to its Taxonomy-aligned key performance indicators.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-7 – Energy consumption and mix**

<p><b>NMIG 6 for para. 28 (Renewable sources)</b></p>	<p>When disclosing total energy consumption from renewable sources, the undertaking might consider the following as examples of contextual elements:</p> <ul style="list-style-type: none"> <li>(a) fuel consumption from renewable sources including biomass (also comprising industrial and municipal <b>waste</b> of biologic origin), biofuels, biogas, hydrogen from renewable sources, etc.;</li> <li>(b) consumption of <b>purchased or acquired electricity, heat, steam and cooling</b> from renewable sources; and</li> <li>(c) consumption of self-generated non-fuel renewable energy.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-8 – Gross scopes 1, 2, 3 emissions**

<p><b>NMIG 7 for para. 32 (Emissions reporting boundary)</b></p>	<p>(AR 40 amended) When preparing the information for reporting <b>GHG emissions</b> as required by AR 20, the undertaking might consolidate 100% of the GHG emissions of the entities it operationally controls. In practice, this happens when the undertaking holds the license – or permit – to operate assets. When it has a contractually defined part-time operational control, it shall consolidate 100% of the GHGs emitted during the time of its operational control.</p>
<p><b>NMIG 8 for para. 32 (Contractual instruments)</b></p>	<p>Contractual instruments can be any type of contract between an undertaking and another party for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims (unbundled energy attribute claims relate to the sale and purchase of energy that is separate and distinct from the GHG attribute contractual instruments).</p>
<p><b>NMIG 9 for para. 32 (GHG intensity)</b></p>	<p>(53 amended) The undertaking can disclose its gross GHG emissions intensity (per unit of products and/or services). (AR 53 amended) This can be expressed on the basis of production, net revenue or another relevant business metric, for example emissions per unit of production.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-10 – Internal carbon pricing**

<p><b>NMIG 10 for para. 38 (Internal carbon pricing)</b></p>	<p>When disclosing the information required under paragraph 38, the undertaking might consider the following as examples of contextual elements:</p> <ul style="list-style-type: none"> <li>(a) assess the materiality of internal <b>carbon pricing</b> based on its exposure to carbon pricing <b>risks</b> and <b>opportunities</b>;</li> <li>(b) where disclosure of specific internal <b>carbon pricing</b> values or detailed governance processes is deemed critical to business or sensitive, a high-level qualitative description of its internal carbon pricing approach and an explanation of why detailed figures are omitted, in line with ESRS confidentiality and materiality provisions. A statement indicating that more detailed information is available internally (e.g. to auditors or regulators under confidentiality) can also be used.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities**



<p><b>NMIG 11 for para. 41 (Transition risk)</b></p>	<p>(AR 75 amended) The undertaking may apply other approaches and methodologies to assess how <b>transition risks</b> might affect the future financial position of the undertaking, disclosing a description of the methodologies and definitions used.</p>
<p><b>NMIG 12 for para. 41(d) (Potential liability)</b></p>	<p>(AR 74 amended) The following are examples of contextual elements that undertaking might consider when disclosing on potential liabilities from material <b>transition risks</b> required under paragraph 41(d):</p> <ul style="list-style-type: none"> <li>(a) undertakings that operate installations regulated under an emission trading scheme might include a range of potential future liabilities originating from these schemes;</li> <li>(b) undertakings subject to the EU ETS might disclose potential future liabilities that relate to their allocation plans for the period before and until 2030 based on: <ul style="list-style-type: none"> <li>i. the number of allowances held by the undertaking at the beginning of the reporting period;</li> <li>ii. the number of allowances to be purchased in the market yearly, i.e. before and until 2030;</li> <li>iii. the gap between estimated future <b>emissions</b> under various transition scenarios and free allocations of allowances that are known for the period until 2030; and</li> <li>iv. the estimated yearly cost per tonne of CO<sub>2</sub> for which an allowance needs to be purchased;</li> </ul> </li> <li>(c) the number of Scope 1 <b>GHG emission</b> allowances within regulated emission trading schemes and the cumulative number of emission allowances stored (from previous allowances) at the beginning of the reporting period;</li> <li>(d) undertakings disclosing volumes of <b>carbon credits</b> planned to be cancelled in the near future (Disclosure Requirement E1-9) might disclose potential future liabilities associated with those based on existing contractual agreements;</li> <li>(e) monetised gross Scope 1, 2 and total <b>GHG emissions</b> (in monetary units) calculated as follows: <ul style="list-style-type: none"> <li>i. monetised Scope 1 and 2 GHG emissions in the reporting year by the following formula: <math display="block">\frac{(\text{gross Scope 1 GHG emissions (t CO}_2\text{eq)} + \text{gross Scope 2 GHG emission (t CO}_2\text{eq)}) \times \text{GHG emission cost rate}(\frac{\text{€}}{\text{t CO}_2\text{eq}})}{1}</math> </li> <li>ii. monetised total GHG emissions in the reporting year by the following formula: <math display="block">\text{Total GHG emissions (t CO}_2\text{eq)} \times \text{GHG emission cost rate}(\frac{\text{€}}{\text{t CO}_2\text{eq}})</math> </li> <li>iii. by use of a lower, middle and upper cost rate for GHG emissions (e.g. market carbon price and different estimates for the societal costs of carbon) and the reasons for selecting them.</li> </ul> </li> </ul>

<p><b>NMIG 13 for para. 41(e)</b> <b>(Revenue at transition risk)</b></p>	<p>(AR 76 amended) When disclosing the revenue from business activities at <b>transition risk</b>, the undertaking might present a breakdown of its business activities with the corresponding details of the associated percentage of current net revenue, risk factors (events and exposure) and, when possible, the <b>anticipated financial effects</b> related to margin erosion over the short, medium and long term. The nature of business activities might also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.</p>
<p><b>NMIG 14 for para. 42</b> <b>(Climate-related opportunity)</b></p>	<p>(69 amended) When disclosing on <b>climate-related opportunities</b>, the undertaking can consider expected cost savings from <b>climate change</b> mitigation and adaptation <b>actions</b> as well as potential market size, expected changes to revenue from low-carbon products and services or adaptation solutions to which the undertaking has or might have access.</p>

## [Draft] Amended ESRS E2 *Pollution*

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E2-1 – *Policies related to pollution*

<p><b>NMIG 1 for para. 12</b></p> <p><b>(Policies related to pollution)</b></p>	<p>When disclosing on the related <b>policies</b> on <b>pollution</b> prevention and control, if and when adopted, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) how <b>policies</b> address <b>pollution</b> of air, water and <b>soil</b> in own operations or the upstream and downstream <b>value chain</b>, including the <b>pollutants</b> or <b>substances</b> covered and how it applies the mitigation hierarchy of prevention and control;</li> <li>(b) how <b>policies</b> address <b>substances of concern ('SoCs')</b> or <b>substances of very high concern (SVHCs')</b>, including approaches to substitute or minimise the use or to phase-out those <b>substances</b>. The description of the policies might include information on the <b>pollutant(s)</b> or substance(s) covered, however, if policies are publicly available, this level of detail might not be necessary;</li> <li>(c) how <b>policies</b> address <b>incidents</b>, major accidents and emergency situations, and their potential consequences for people and the environment; and</li> <li>(d) how <b>policies</b> contribute or are affected by the EU Action Plan 'Towards a Zero Pollution for Air, Water and Soil' and other EU legal requirements.</li> </ul>
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### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E2-2 – *Actions and resources related to pollution*

<p><b>NMIG 2 for para. 13</b></p> <p><b>(Actions and resources related to pollution)</b></p>	<p>As guidance to the disclosure in ESRS 2, paragraph (GDR mitigation hierarchy), when disclosing on <b>actions</b> and resources related to <b>pollution</b> mitigation efforts, if and when adopted, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) avoid and prevent <b>pollution</b> at source (e.g. phase out of materials or <b>substances</b> having a negative <b>impact</b>);</li> <li>(b) reduce and minimise <b>pollution</b> (e.g. phase-out of materials or <b>substances</b>; complying with <b>Best Available Techniques ('BATs')</b> and other enforcement requirements; or meeting the Do No Significant Harm ('DNSH') criteria for <b>pollution</b> prevention and control under the EU Taxonomy Regulation and Delegated Acts; and</li> <li>(c) restore, regenerate and transform <b>ecosystems</b> where <b>pollution</b> has occurred (control the <b>impacts</b> from both regular activities and major accidents on ecosystems, i.e. restore, regenerate and transform ecosystems).</li> </ul>
<p><b>NMIG 3 for para. 13</b></p> <p><b>(Actions and resources related to pollution)</b></p>	<p>When considering resources, examples of operational expenditures could be investments in research and development to innovate and develop safe and sustainable alternatives to the use of <b>substances of concern</b> or to decrease <b>emissions</b> in a production process.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E2-3 – Targets related to pollution**

<p><b>NMIG 4 for para. 14</b></p> <p><b>(Targets related to pollution)</b></p>	<p>When disclosing on <b>targets</b> related to pollution prevention and control, if and when adopted, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) air <b>pollutants</b> and respective <b>specific loads</b>;</li> <li>(b) <b>emissions</b> to water and respective specific loads;</li> <li>(c) <b>pollution</b> to <b>soil</b> and respective specific loads; and</li> <li>(d) <b>substances of concern</b> and <b>substances of very high concern</b>.</li> </ul>
<p><b>NMIG 5 for para. 14</b></p> <p><b>(Targets related to pollution)</b></p>	<p>Where relevant to support the <b>policies</b> it has adopted, the undertaking might provide information on the <b>targets</b> set at <b>site</b> level, as per provisions in ESRS 1, paragraph 53.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E2-4 – Pollution of air, water and soil**

<p><b>NMIG 6 for para. 16(a)</b></p> <p><b>(Pollution of air, water and soil)</b></p>	<p>Where the undertaking's activities align with the provisions of Directive 2024/1785/EU of the European Parliament and of the Council on Industrial Emissions (IED 2.0), or other equivalent provisions under applicable law, irrespective of whether the activity takes place within the European Union or not, the undertaking might consider disclosing a list of any non-compliance <b>incidents</b> or enforcement <b>actions</b> necessary to ensure compliance in case of breaches of permit conditions, as an example of elements to cover.</p>
<p><b>NMIG 7 for para. 16</b></p> <p><b>(Pollution of air, water and soil)</b></p>	<p>An example of possible elements of context that might be covered are the changes over time.</p>
<p><b>NMIG 8 for para. 16(a)</b></p> <p><b>(Pollution of air, water and soil)</b></p>	<p>When providing contextual information on the <b>emissions</b>, the undertaking might consider the following as examples of contextual elements:</p> <ul style="list-style-type: none"> <li>(a) the local air quality indices ('AQI'), water quality indices ('WQI'), and <b>soil</b> quality indices ('SQI') for the area where the undertaking's air, water, and <b>soil pollution</b> occurs; and</li> <li>(b) the degree of urbanisation ('DEGURBA')<sup>6</sup> for the area where air <b>pollution</b> occurs.</li> </ul>
<p><b>NMIG 9 for para. 16</b></p> <p><b>(Pollution of air, water and soil)</b></p>	<p>When providing information on <b>pollutants</b>, the undertaking might apply the approaches for quantification in the following order of priority:</p> <ul style="list-style-type: none"> <li>(a) direct measurement of <b>emissions</b>, effluents or other <b>pollution</b> through the use of recognised continuous monitoring systems (e.g. Automated Measuring Systems ('AMS'));</li> </ul>

<sup>6</sup> According to Eurostat, the Degree of urbanisation ('DEGURBA') is a classification that indicates the character of an area. Based on the share of local population living in urban clusters and in urban centres, it classifies Local Administrative Units ('LAUs' or communes) into three types of area: i) Cities (densely populated areas), ii) Towns and suburbs (intermediate density areas), and iii) Rural areas (thinly populated areas).

	<p>(b) periodic measurements;</p> <p>(c) calculation based on <b>site</b>-specific data;</p> <p>(d) calculation based on published <b>pollution</b> factors; and</p> <p>(e) estimation, when not possible to report primary data.</p>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E2-5 – *Substances of concern and substances of very high concern***

<p><b>NMIG 10 for paras. 18, 19 and 20</b></p> <p><b>(Substances of concern and substances of very high concern)</b></p>	<p>When disclosing in accordance with paragraphs 18, 19 and 20, the undertaking might consider presenting the information in tabular format, separately for <b>substances of concern</b> and for <b>substances of very high concern</b>, and as per the example below. It is to be noted that not all categories below are applicable to the undertaking, and, therefore, the undertaking might consider adapting them to its own circumstances.</p>				
	<b>E.g. Substances of Concern ('SoC') by Main Hazard Class</b>				
		<b>Carcinogenicity Category 1 and 2</b>	<b>Reproductive toxicity Category 1 and 2</b>	<i>[add more category columns if necessary]</i>	<b>Total in 2025 *</b>
	<b>Total amounts of SoC</b>				
	That were procured				
	That were manufactured				
	That were sold as products**				
	That were directly released into the environment				
<p><i>* A single substance might belong to one or multiple hazard classes. To avoid double counting, the total is the amount of substances and not the sum of all the hazard classes.</i></p> <p><i>** Note: XX tonnes of SoC manufactured were also sold. Therefore, allocate this amount to SoC produced to avoid double counting.</i></p>					

	<i>/ One (or more) substance(s) belonging to multiple hazard classes has been double counted under each hazard class total. However, the total is the amount of substances and not the sum of all the hazard classes.</i>
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## [Draft] Amended ESRS E3 Water

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E3-1 – Policies related to water

<p><b>NMIG 1 for para. 11</b></p> <p><b>(Policies related to water)</b></p>	<p>When disclosing on the related <b>policy</b> on water, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(d) (12(a), 12(a)(i) amended) water use and management;</li> <li>(e) (12(a)(ii) amended) <b>water treatment</b> as a step towards more sustainable sourcing of water and as a tool for prevention and reduction of <b>pollution</b>;</li> <li>(f) (12(b) amended) water resource efficiency, e.g. through the integration of water-related considerations into product and service design;</li> <li>(g) cooperation with other stakeholders, considering the shared and local nature of water resources;</li> <li>(h) (AR 17 amended) protection and improvement of the quantitative and qualitative status of <b>surface water</b> and <b>groundwater</b> bodies; and</li> <li>(i) (AR 18(c) amended) avoided <b>impact</b> on local communities.</li> </ul>
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### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E3-2 – Actions and resources related to water

<p><b>NMIG 2 for paras. 13, 14</b></p> <p><b>(Actions and resources related to water)</b></p>	<p>(18 amended) When disclosing on the water-related <b>actions</b> and resources allocated to layers in the mitigation hierarchy, if and when adopted, reflecting their specific content, the following are examples of elements the undertaking could consider:</p> <ul style="list-style-type: none"> <li>avoid the use of water;</li> <li>(j) reduce the use of water such as through efficiency measures;</li> <li>(k) reclaiming the use of water; or</li> <li>(l) restoration and regeneration of water bodies (<b>surface water</b>, <b>groundwater</b>).</li> </ul>
<p><b>NMIG 3 for paras. 13, 14</b></p> <p><b>(Actions and resources related to water)</b></p>	<p>(AR 20 amended) Considering that <b>water</b> is a shared resource which may require collective <b>actions</b>, or action plans, involving other <b>stakeholders</b>, reflecting the content and nature of its actions, describing its collective actions is an example of possible element to cover.</p>

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E3-3 – Targets related to water

<p><b>NMIG 4 for para. 15</b></p> <p><b>(Targets related to water)</b></p>	<p>(AR 23 amended) When disclosing on the related <b>targets</b> on water, id and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(AR 23(a) amended) the sustainable management of <b>freshwater</b>, including quality and quantity of <b>water withdrawals</b>, <b>water consumption</b>, <b>water discharges</b>, also in <b>areas at water risk</b>, including <b>areas of high-water stress</b>;</li> </ul>
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	<p>(m) (AR 23(b) amended) the responsible/sustainable management of marine water; and</p> <p>(n) protection and improvement of the status of <b>freshwater (surface water, groundwater)</b> and marine water bodies.</p>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E3-4 – Water metrics**

<p><b>NMIG 5 for para. 17</b> <b>(Water metrics)</b></p>	<p>(28 amended) The undertaking might consider disclosing the following examples of contextual elements when disclosing information required under paragraph 17:</p> <ul style="list-style-type: none"> <li>(a) where the water use occurs, e.g. by basin, country or <b>site</b>;</li> <li>(b) the water basins' water quality and quantity;</li> <li>(c) distinguishing between <b>surface water, groundwater</b>, municipal supply, sea or ocean water, rainwater, etc; and</li> <li>(d) any aspects related to seasonal variation in water availability or use.</li> </ul>
<p><b>NMIG 6 for para. 17</b> <b>(Water metrics)</b></p>	<p>The undertaking can rely on publicly available tools based on different indicators for the assessment of <b>areas at water risk</b> and <b>areas of high-water stress</b>. Such tools include, but are not limited to, the World Resources Institute (WRI) Aqueduct Water Risk Atlas, the European Environmental Agency (EEA's) Water Exploitation Index Plus ('WEI+') for river basin districts (1990-2015) interactive map, and the World Wildlife Fund (WWF) Water Risk Filter.</p>



## [Draft] Amended ESRS E4 Biodiversity and ecosystems

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E4-1 – *Transition plan for biodiversity and ecosystems*

<p>NMIG 1 for para. 15</p> <p>(Transition plan for biodiversity and ecosystems)</p>	<p>(AR 1 amended) When disclosing on a transition plan, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(o) how the undertaking will adjust its strategy and <b>business model</b> to improve and, ultimately, achieve alignment with relevant local, national and global public policy goals and targets related to <b>biodiversity</b> and <b>ecosystems</b>;</li> <li>(p) how it is responding to material impacts in its upstream and downstream <b>value chain</b> identified in its materiality assessment in accordance with ESRS 2 IRO-1;</li> <li>(q) how its strategy interacts with its <b>transition plan</b>;</li> <li>(r) how it contributes to addressing biodiversity and ecosystem impact drivers and its possible mitigation actions following the mitigation hierarchy and the main path dependencies and locked-in assets and resources (e.g. plants, raw materials) that are associated with biodiversity and ecosystems change;</li> <li>(s) explain the effects of the transition plan on the organisation's financial position, financial performance and cash flows over the short, medium, and long term, including information about how it is resourcing or plans to resource its activities in order to achieve the transition plan priorities, to the extent the <b>financial effects</b> of the transition plan are separately identifiable;</li> <li>(t) how biodiversity offsets are used as part of the transition plan, and if so, where the offsets are planned to be used, the extent of use in relation to the overall transition plan, and whether the mitigation hierarchy was considered;</li> <li>(u) how the process of implementing and updating the transition plan is managed;</li> <li>(v) how it measures progress, namely indicate the metrics and methodologies it uses for that purpose;</li> <li>(w) whether the <b>administrative, management and supervisory bodies</b> have approved the transition plan; and</li> <li>(x) indicate current challenges and limitations to draft a plan in relation to areas of significant impact and how the company is addressing those challenges.</li> </ul>
<p>NMIG 2 for para. 15</p> <p>(Transition plan for biodiversity and ecosystems)</p>	<p>(AR 2 amended) If disclosing a transition plan, the undertaking, in reflecting in its specific content, could consider referring to the following targets from the EU Biodiversity Strategy for 2030:</p> <ul style="list-style-type: none"> <li>(a) the decline of pollinators is reversed;</li> <li>(b) the risk and use of chemical pesticides is reduced by 50%, and the use of more hazardous pesticides is reduced by 50%;</li> <li>(c) at least 25% of agricultural land is under organic farming management, and the uptake of agro-ecological practices is significantly increased;</li> </ul>

	<ul style="list-style-type: none"> <li>(d) three billion additional trees are planted in the EU, in full respect of ecological principles;</li> <li>(e) significant progress in the remediation of contaminated soil sites;</li> <li>(f) at least 25 000 km of free-flowing rivers are restored;</li> <li>(g) the losses of nutrients from fertilisers are reduced by 50%, resulting in the reduction of the use of fertilisers by at least 20%; and</li> <li>(h) the negative impacts on sensitive species and habitats, including on the seabed through fishing and extraction activities, are substantially reduced to achieve good environmental status.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E4-2 – Policies related to biodiversity and ecosystems**

<p><b>NMIG 3 for para. 13</b></p> <p><b>(Policies related to biodiversity and ecosystems)</b></p>	<p>(23,24(b)(c)(d) amended and AR 12,16,17) When disclosing on its biodiversity and ecosystems-related policies, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) production, sourcing or consumption from ecosystems that are managed to maintain or enhance conditions for biodiversity, as demonstrated by regular monitoring and reporting of biodiversity status and gains or losses;</li> <li>(b) how the undertaking addresses social consequences of biodiversity and ecosystems-related impacts, [AR 15 (a)(b)] particularly, the fair and equitable sharing of the benefits arising from the utilisation of genetic resources; and the free, prior and informed consent for access to genetic resources. If this is disclosed under ESRS S3 the undertaking can cross-reference it under this Section;</li> <li>(c) any limitations that the undertaking might have applied to procurement from <b>suppliers</b> that cannot demonstrate that they are not contributing to significant damage to protected areas or key <b>biodiversity</b> areas (e.g. through certification);</li> <li>(d) how the undertaking refers to recognised standards or third-party certifications overseen by regulators and (former AR 17(d) / former VO AG( whether the standard used is verifiable through independent certifying or verifying bodies; and</li> <li>(e) how the undertaking addresses raw materials originating from <b>ecosystems</b> that have been managed to maintain or enhance conditions for biodiversity, as demonstrated by regular monitoring and reporting of biodiversity status and gains or losses.</li> </ul>
<p><b>NMIG 4 for para. 13</b></p> <p><b>(Policies related to biodiversity and ecosystems)</b></p>	<p>(AR 13 amended) The undertaking could consider presenting connections and alignment with other global goals and agreements such as the Sustainable Development Goals (SDGs) 2, 6, 14 and 15 or any other well established global convention related to biodiversity and ecosystems.</p>
<p><b>NMIG 5 for para. 13</b></p> <p><b>(Policies related to biodiversity and ecosystems)</b></p>	<p>(AR 14 amended) When disclosing policies related to social consequences of biodiversity and ecosystems related dependencies and impacts under (paragraph 12), the undertaking could consider referring to the Nagoya Protocol and the Convention for Biological Diversity (CBD).</p>

<b>NMIG 6 for para. AR 4</b> <b>(Scenario analysis)</b>	<p>If disclosing on biodiversity and ecosystems scenario analysis, if and when used, reflecting on its specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (18(a)(b) amended) how the scenarios were selected and how they are updated to reflect evolving conditions and emerging trends; and</li> <li>(b) (18(c) amended) whether the scenarios are informed by expectations published by authoritative intergovernmental bodies, such as the Convention for Biological Diversity and, where relevant, by scientific consensus, such as that expressed by the Intergovernmental Science-policy Platform on Biodiversity and Ecosystem Services ('IPBES').</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E4-3 – *Actions and resources related to biodiversity and ecosystems***

<b>NMIG 7 for para. 15</b> <b>(Actions and resources related to biodiversity and ecosystems)</b>	<p>(AR 19 amended) When disclosing on its actions, if and when adopted, reflecting their specific content, the following are examples of 'avoidance' action plan elements, which prevents damaging <b>actions</b> before they take place, that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) avoidance through site selection (locate the entire project away from areas recognised for important biodiversity values);</li> <li>(b) avoidance through project design (configure infrastructure to preserve areas at the project site with important biodiversity values); and</li> <li>(c) avoidance through scheduling (time project activities to account for patterns of species behaviour (e.g. breeding, migration) or ecosystem functions (e.g. river dynamics)).</li> </ul>
<b>NMIG 8 for para. 15</b> <b>(Actions and resources related to biodiversity and ecosystems)</b>	<p>(28(c) amended) The undertaking could consider describing whether and how it has incorporated local and indigenous knowledge and nature-based solutions into biodiversity and <i>ecosystems</i>-related actions. (AR 21 amended) 'Local and indigenous knowledge' refer to the understandings, skills and philosophies developed by societies with long histories of interaction with their natural surroundings. For rural and indigenous peoples, local knowledge informs decision-making about fundamental aspects of day-to-day life.</p>
<b>NMIG 9 for para. 15</b> <b>(Actions and resources related to biodiversity and ecosystems)</b>	<p>When disclosing in accordance with ESRS 2 GDR-A, (paragraph 35), the undertaking could consider reporting by referring to their <b>CapEx</b> and <b>OpEx</b> key performance indicators and, if applicable, the CapEx plan required by EU Taxonomy (Commission Delegated Regulation (EU) 2021/2178).</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E4-4 – *Targets related to biodiversity and ecosystems***

<b>NMIG 10 for para. 17</b> <b>(Targets related to biodiversity and ecosystems)</b>	<p>(32(b) amended) When describing the targets set, the undertaking, in reflecting on their specific content, could consider including whether the targets are informed by, and/or aligned with the Kunming-Montreal Global Biodiversity Framework, relevant aspects of the EU Biodiversity Strategy for 2030 and other <i>biodiversity</i> and <i>ecosystem</i>-related national policies and legislation.</p>
<b>NMIG 11 for para. 17</b>	<p>(AR 22 amended) The undertaking could consider specifying whether the <b>target</b> addresses shortcomings related to the Substantial Contribution criteria for</p>

(Targets related to biodiversity and ecosystems)	Biodiversity as defined in the delegated acts adopted pursuant to Article 15(2) of Regulation (EU) 2020/852. Where the Do No Significant Harm (DNSH) criteria for Biodiversity as defined in delegated acts adopted pursuant to Article 10(3), Article 11(3), Article 12(2), Article 13(2), and Article 14(2) of Regulation (EU) 2020/852 are not met, the undertaking might specify whether the target addresses shortcomings related to those DNSH criteria.				
NMIG 12 for para. 17  (Targets related to biodiversity and ecosystems)	(AR 24 amended) When disclosing <b>targets</b> related to material impacts, the following is an example of tabular presentation, when the mitigation hierarchy is disclosed:				
	Type of target according to mitigation hierarchy	Baseline value and base year	Target value and geographical scope		Connected policy or legislation if relevant
			2030	Up to 2025	
	Avoidance				
	Minimization				
	Rehabilitation and restoration				
	Compensation or offsets				

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E4-5 – Metrics related to biodiversity and ecosystems change**

NMIG 13 for para. 20 (Metrics related to biodiversity and ecosystems change)	To identify <b>biodiversity-sensitive areas</b> in or near the undertaking's site, the undertaking can use data generated by sources mentioned under the definition of biodiversity-sensitive area in Annex II, namely for Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas. Undertakings can use relevant data for their reporting accessed through the Integrated Biodiversity Assessment Tool (IBAT) platform, including from the World Database of Key Biodiversity Areas (WDKBA), World Database on Protected Areas (WDPA), IUCN Red List of Threatened Species and the Species Threat Abatement and Restoration Metric (STAR).
NMIG 14 for para. 20 (Metrics related to biodiversity and ecosystems change)	Environmental Impact Assessments provide supportable evidence to determine whether the activities at the site have or might have negative impacts on biodiversity sensitive sites. Where no such assessment is available, the undertaking might use external guidelines and databases (e.g. the LEAP approach, ENCORE or IBAT) to determine the right method and level of detail of its assessment.
NMIG 15 for para. 20 (Metrics related to biodiversity and ecosystems change)	(AR 10 amended) The undertaking might present information on its sites connected to material <b>impacts</b> , <b>risks</b> and <b>opportunities</b> using the following template:

	<table><tr><td></td><td>Site Name / Location</td><td>Material IROs connected to site</td><td>Biodiversity-sensitive area(s) affected (name and type)</td><td>Activities negatively affecting Biodiversity-sensitive area(s)</td></tr><tr><td>Site 1</td><td></td><td></td><td></td><td></td></tr><tr><td>Site N</td><td></td><td></td><td></td><td></td></tr></table>		Site Name / Location	Material IROs connected to site	Biodiversity-sensitive area(s) affected (name and type)	Activities negatively affecting Biodiversity-sensitive area(s)	Site 1					Site N				
	Site Name / Location	Material IROs connected to site	Biodiversity-sensitive area(s) affected (name and type)	Activities negatively affecting Biodiversity-sensitive area(s)												
Site 1																
Site N																
NMIG 16 for para. 20  (Metrics related to biodiversity and ecosystems change)	(AR 10 amended) The undertaking might consider the table below to facilitate its materiality assessment of material sites: <table><tr><td>Where are the raw materials produced or sourced from?</td><td>Absolute weight of raw material (and percentage of the raw material weight)</td></tr><tr><td>In areas with species listed on the IUCN Red List of Threatened Species, the Birds and Habitats Directive or on national list of threatened species</td><td></td></tr><tr><td>In officially recognised protected areas</td><td></td></tr><tr><td>In other Key Biodiversity Areas</td><td></td></tr><tr><td>In Ecologically or Biologically Significant Marine Areas</td><td></td></tr></table>				Where are the raw materials produced or sourced from?	Absolute weight of raw material (and percentage of the raw material weight)	In areas with species listed on the IUCN Red List of Threatened Species, the Birds and Habitats Directive or on national list of threatened species		In officially recognised protected areas		In other Key Biodiversity Areas		In Ecologically or Biologically Significant Marine Areas			
Where are the raw materials produced or sourced from?	Absolute weight of raw material (and percentage of the raw material weight)															
In areas with species listed on the IUCN Red List of Threatened Species, the Birds and Habitats Directive or on national list of threatened species																
In officially recognised protected areas																
In other Key Biodiversity Areas																
In Ecologically or Biologically Significant Marine Areas																
NMIG 17 for para. 21  (Metrics related to biodiversity and ecosystems change)	When identifying relevant metrics for disclosure the undertaking might consider:  (a) relevant global standards and frameworks, such as the Taskforce on Nature-related Financial Disclosures (TNFD), the Science-based Targets Network (SBTN), the Nature Positive Initiative (NPI) and GRI; and  (b) the essential quality criteria for metrics defined by TNFD (science-based, sensitive to reflect change on annual basis, relevance, proportionate, decision-useful, verifiable, aligned to policy goals), in order to inform the interpretation of qualitative characteristics of information outlined in ESRS 1.															
NMIG 18 for para. 21  (Metrics related to biodiversity and ecosystems change)	In relation to the drivers of biodiversity and ecosystems change (impact drivers), the undertaking might consider the following as examples of contextual elements:  (a) on-land-use change, freshwater-use change and/or sea-use change:  i. (38(a) amended) <i>changes in ecosystem extent</i> . Land occupancy and change in area coverage (conversion over time, e.g. one or five years) of a particular ecosystem or habitat cover (e.g. forest cover), especially in biodiversity-sensitive areas; and  ii. (38(b) amended) <i>ecosystem management</i> . changes over time (e.g. one or five years) in the terrestrial or marine ecosystem management approach (e.g. through the intensification of agricultural management, or the application of better management practices or forestry harvesting, or changes in fishery practice);															

	<p>(b) (39 amended) on the (accidental or voluntary) introduction of invasive alien species:</p> <ul style="list-style-type: none"> <li>i. (39, AR 32 amended) pathways of introduction;</li> <li>ii. (AR 32 amended) number of invasive alien species; and</li> <li>iii. (AR 32 amended) the extent of surface covered by invasive alien species.</li> </ul>
<p><b>NMIG 19 for para. 21</b></p> <p><b>(Metrics related to biodiversity and ecosystems change)</b></p>	<p>(40 amended) In relation to material impacts on the state of species, relevant metrics, particularly those that address the state of species relative to a predetermined reference, might consider the following as examples of contextual elements:</p> <ul style="list-style-type: none"> <li>(a) (40(d) amended) extinction risk: changes over time on the threat status of species;</li> <li>(b) (40(b)(c) amended) population size, or relative abundance, and change in (relative) number of individuals of a particular species.</li> </ul>
<p><b>NMIG 20 for para. 21</b></p> <p><b>(Metrics related to biodiversity and ecosystems change)</b></p>	<p>(41 amended) In relation to material impacts on ecosystems, relevant metrics might cover aspects on the ecosystem extent and condition relative to a predetermined reference state. More specifically, the undertaking might consider the following as examples of contextual elements:</p> <ul style="list-style-type: none"> <li>(a) (41(a) amended) changes in ecosystem extent, (see also NMIG 18 above), including through conversion of natural to non-natural ecosystem types; and</li> <li>(b) ecosystem condition, including landscape condition and site condition, such as: <ul style="list-style-type: none"> <li>i. (41(b)(ii) amended) change in the composition of ecosystems condition, such as defined by species richness and abundance measuring the development of (native) species composition within an ecosystem, or an aggregation of species' conservation status if relevant;</li> <li>ii. (41(b)(iii) amended) <i>landscape condition</i>. Structural connectivity: change in structural components of condition such as habitat connectivity; and</li> <li>iii. <i>landscape condition</i>. Functional connectivity: change in the ability of the ecosystem to undertake a specific process or function (e.g. net primary productivity).</li> </ul> </li> </ul>
<p><b>NMIG 21 for para. 21</b></p> <p><b>(Metrics related to biodiversity and ecosystems change)</b></p>	<p>(AR 34 amended) EMAS indicators on land-use (Annex IV, C. 2. (a)(v) of Regulation (EC) No 1221/2009) might also provide material information in connection with material impacts, risks and opportunities.</p>

## [Draft] Amended ESRS E5 Resource use and circular economy

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E5-1 - *Policies related to resource use and circular economy*

<p><b>NMIG 1 for para. 10</b></p> <p><b>(Policies related to resource use and circular economy)</b></p>	<p>When disclosing on the related <b>policies</b> if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) <b>resource inflows</b>: extraction (<b>sustainable sourcing</b> and transitioning away from use of <b>virgin resources</b>; use of <b>renewable resources</b>), <b>dematerialization</b>, reduction of materials intensity (especially <b>critical</b> and <b>strategic raw materials</b>), increasing the <b>circular material use rate</b> (increases in use of <b>secondary</b> and recycled <b>resources</b>);</li> <li>(b) <b>resource outflows</b> (products &amp; services): the implementation of key <b>eco-design</b> principles such as <b>Reuse, Repair, Refurbish, Remanufacture</b> and <b>Repurpose</b>;</li> <li>(c) resource outflows (<b>waste</b>): <b>waste hierarchy</b> tracking, reduction, <b>recycling</b> and reclamation of <b>waste</b>; other <b>recovery</b> operations and disposal.</li> </ul>
<p><b>NMIG 2 for para. 11</b></p> <p><b>(Policies related to resource use and circular economy)</b></p>	<p>When reporting paragraph 11, these are possible <b>eco-design principles</b> that the undertaking might consider to when referring to <b>key products</b>:</p> <p>improving product <b>durability</b>, reusability, upgradability and <b>reparability</b>;</p> <ul style="list-style-type: none"> <li>(a) enhancing energy and <b>resource efficiency</b>;</li> <li>(b) increasing recycled content;</li> <li>(c) making products easier to remanufacture and <b>recycle</b>;</li> <li>(d) reducing the presence of <b>substances</b> that inhibit <b>circularity</b>; and</li> <li>(e) reducing carbon and environmental footprints; and improving the availability of information on <b>product</b> sustainability.</li> </ul>
<p><b>NMIG 3 for para. 11</b></p> <p><b>(Policies related to resource use and circular economy)</b></p>	<p>When reporting paragraph 11, these are the possible eco-design principles that the undertaking might consider to when referring to <b>key services</b>:</p> <ul style="list-style-type: none"> <li>(a) maintenance and <b>repair</b> services: These services focus on extending the life of <b>products</b> by providing maintenance, repair, and refurbishment. Examples include electronics repair shops, vehicle maintenance services, and appliance repair;</li> <li>(b) reuse and redistribution services: These services facilitate the reuse of products by redistributing them to new <b>users</b>. Examples include second-hand stores, online marketplaces for used goods, and rental services;</li> <li>(c) product-as-a-service (PaaS): This model involves offering products as services rather than selling them outright. Customers pay for the use of the product rather than owning it. Examples include car-sharing services, subscription-based fashion, and equipment leasing;</li> <li>(d) recycling and resource recovery services: These services focus on recovering materials from end-of-life products and reintroducing them into the production cycle. Examples include <b>recycling</b> centres, <b>waste management services</b>, and material recovery facilities; and</li> </ul>

	(e) <b>sustainable design</b> and consulting services: These services focus on creating modular and customisable products that are easy to repair, upgrade, and recycle, while also providing lifecycle assessments (LCA) and expert sustainability consulting to help businesses integrate circular economy principles into their operations and product designs.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E5-2 - Actions and resources related to resource use and circular economy**

<p><b>NMIG 4 for para. 12</b></p> <p><b>(Actions and resources related to resource use and circular economy)</b></p>	<p>When disclosing on the related <b>actions</b> if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the integration of <b>circular economy</b> operations and activities including, for instance smart <b>waste</b> collection systems;</li> <li>(b) organisational resources allocated to circularity-related R&amp;D and patents filings;</li> <li>(c) how the undertaking engages with value chain actors (such as <b>suppliers, consumers</b>, and other business partners) and other <b>stakeholders</b>, including competitors, local communities, and public authorities, to raise awareness about sustainable consumption practices and to enhance the <b>circularity of products and materials</b>;</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E5-3 - Targets related to resource use and circular economy**

<p><b>NMIG 5 for para. 13</b></p> <p><b>(Targets related to resource use and circular economy)</b></p>	<p>When disclosing on the related <b>targets</b> if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) an increase in <b>products</b> that follow <b>circular design principles</b> (including for instance design for <b>durability</b>, dismantling, <b>reparability, recyclability</b> etc.);</li> <li>(b) an increase in secondary material use-rate;</li> <li>(c) the minimization of <b>primary raw material</b> and in particular of critical and <b>strategic raw material</b>;</li> <li>(d) sustainable sourcing and use (in line with the cascading principle) of <b>renewable resources</b>. In this case the undertaking might explain its organisational definition of ‘sustainable sourcing’ and the use of external certification schemes;</li> <li>(e) <b>waste management targets</b> (according to <b>waste hierarchy</b>), including preparation for proper treatment; and</li> <li>(f) other topics related to <b>resource use</b> or <b>circular economy</b>.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E5-4 - Resource inflows**

<p><b>NMIG 6 for para. 15(d)</b>  (Resource inflows)</p>	<p>A possible example of contextual element to cover when reporting paragraph 15(d), if and when adopted, is information on the materials that are secondary sourced from by-products / <b>waste stream</b> (e.g. offcuts of a material that has not previously been in a product).</p>
<p><b>NMIG 7 for para. 15(e)</b>  (Resource inflows)</p>	<p>When reporting paragraph 15(e), information on sustainably sourced biological materials, the <b>undertaking</b> might consider as an example of contextual elements, its organisational definition of '<b>sustainable sourcing</b>' and the use of external certification schemes.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON E5-5 - Resource outflows**

<p><b>NMIG 8 for para. 17</b>  (Product and services)</p>	<p>When reporting paragraph 17(a)(b), the undertaking might consider as an example of contextual elements, a comparison of products durability and reparability metrics to industry averages (if those are available).</p>
<p><b>NMIG 9 for para. 18(a)</b>  (Waste)</p>	<p>When disclosing on <b>waste streams</b> relevant to its sectors or activities, the undertaking might consider the list of waste descriptions from the European Waste Catalogue. Examples of waste streams include tailings for undertaking in the mining sector, electronic waste for the undertaking in the <b>consumer</b> electronics sector, or food waste for the undertaking in the agriculture or in the hospitality sector.</p>
<p><b>NMIG 10 for para. 18(b)</b>  (Waste)</p>	<p>When providing information under ESRS 2 MDR-M respecting its <b>Resource outflows (Waste) metrics</b>, if presenting a high percentage of waste (&gt;50% of weight) directed to disposal, disclosing the reasons for it is an example of possible contextual information to consider.</p>
<p><b>NMIG 11 for para. 18(c)(iii)</b>  (Waste)</p>	<p>When an undertaking reports according to paragraph 18(c)iii 'other types of <b>recovery</b>', the undertaking might reference types of recovery according to Annex 2, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives.</p>
<p><b>NMIG 12 for para. 18(d)(i)</b>  (Waste)</p>	<p>When an undertaking reports according to paragraph 18(d)(i) 'thermal-based disposal', the following are non-exclusive options to be reported: <b>Incineration</b>, incineration with energy recovery, co-incineration.</p>
<p><b>NMIG 13 for para. 18(d)(iii)</b>  (Waste)</p>	<p>When an undertaking reports according to paragraph 18(d)(iii) 'other disposal operations', it might reference the type of operation according to Annex 1, Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives.</p>

## [Draft] Amended ESRS S1 *Own workforce*

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-1 – *Policies related to own workforce*

<p><b>NMIG 1 for para. 11</b></p> <p><b>(Policies against discrimination)</b></p>	<p>(Paragraph 24 and AR 15 amended) When disclosing on paragraph 11, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider when describing its policies and procedures for preventing and mitigating <b>discrimination</b>, including <b>harassment</b>, <b>promoting equal opportunities</b> and other ways to advance diversity and inclusion (e.g. through staff <b>training</b> on non-discrimination policies and practices with a particular focus on middle and upper management to raise awareness).</p> <p>Discrimination can arise in a variety of work-related activities. These include access to employment, particular occupations, <b>training</b> and vocational guidance, and social security. It can occur with respect to the terms and conditions of employment, such as recruitment, remuneration, hours of work and rest, paid holidays, maternity protection, security of tenure, job assignments, performance assessment and advancement, training <b>opportunities</b>, promotion prospects, occupational safety and health, and termination of employment.</p>
<p><b>NMIG 2 for para. 11</b></p> <p><b>(Policies for mitigating risks, impacts related to transition to climate neutrality)</b></p>	<p>(AR 10 amended) When disclosing on paragraph 11, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider when describing its policies and commitments: (i) preventing or mitigating the <b>risks</b> and negative <b>impacts</b> on people in its <b>own workforce</b> that derive from <b>actions</b> to reduce carbon emissions and transitioning to greener and climate-neutral of the following are examples of communication channels that the operations, as well as (ii) providing <b>opportunities</b> for the workforce such as job creation and upskilling, including explicit commitments to a 'just transition'.</p>
<p><b>NMIG 3 for para. 11</b></p> <p><b>(Policies related to own workforce)</b></p>	<p>(AR 14 amended) Accessibility of information is an important aspect of how the undertaking communicates its policies towards its <b>own workforce</b>. This could include translating websites or documents, using pictures or graphics in addition to text. When disclosing on paragraph 11, if and when adopted, reflecting their specific content, the undertaking could consider talking about the following examples of communication channels: flyers, newsletters, dedicated websites, social media, face-to-face interactions or <b>workers' representatives</b>.</p>

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-2 – *Engagement with own workforce and workers' representatives, existence of channels for own workers to raise concerns or needs and approaches to remedy.*

<p><b>NMIG 4 for para. 15</b></p> <p><b>(Engagement)</b></p>	<p>(AR 19 amended) When disclosing on paragraph 15, if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) whether and how the perspectives of the undertaking's <b>own workforce</b> inform its decisions or activities aimed at managing the actual and <b>potential impacts</b> on its <b>own workforce</b>;</li> <li>(b) the frequency of the engagement, whether engagement occurs on a regular basis or at certain points in a project or business</li> </ul>
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	<p>process (e.g. when a new harvest season begins or a new production line is opened), as well as whether it occurs in response to legal requirements and/or in response to stakeholder requests, and whether the result of the engagement is integrated into the undertaking's decision-making;</p> <p>(c) whether the undertaking requires relevant staff to have certain skills, or whether it provides <b>training</b> or capacity building to relevant staff to undertake engagement;</p> <p>(d) how feedback is recorded and integrated into decision-making, and how people in the workforce are informed about the way in which their feedback has influenced decisions;</p> <p>(e) whether engagement activities take place at the organisational level or at a lower level, such as at the <b>site</b> or project level, and in the latter case, how information from engagement activities is centralised; and</p> <p>(f) how the undertaking engages with its own workforce and <b>workers' representatives</b> on the <b>impacts</b> on its <b>own workforce</b> that may arise from reducing carbon emissions and transitioning to greener and climate-neutral operations, in particular restructuring, employment loss or creation, <b>training</b> and up/reskilling, gender and social equity, and health and safety.</p>
<p><b>NMIG 5 for para. 15</b></p> <p><b>(Agreements with trade unions)</b></p>	<p>(AR 22 amended) If the undertaking discloses on paragraph 15, if and when engagement takes place, reflecting their specific content, and if it has agreements with national, European or international trade unions or works councils related to the rights its <b>own workforce</b>, disclosing this fact to illustrate how the agreement enables the undertaking to gain insight into their perspectives is an example of possible elements that the undertaking could consider.</p>
<p><b>NMIG 6 for para. 16</b></p> <p><b>(Whistleblower mechanism)</b></p>	<p>If the undertaking has a whistleblower mechanism and if it reports on it in accordance with paragraph 16, if and when engagement takes place, reflecting their specific content, the following are possible elements that the undertaking could consider: (i) whether that mechanism is open and made available specifically to the undertaking's own workforce, or (ii) whether it can only be used to report breaches of internal rules, including ethics codes or codes of conduct or, alternatively, to raise more general concerns or needs and considered a channel to raise concerns.</p>
<p><b>NMIG 7 for para. (16)</b></p> <p><b>(Grievance mechanism)</b></p>	<p>(AR 27 amended) When disclosing on paragraph 16, if and when engagement takes place, reflecting their specific content, the undertaking could consider referring to the provisions on <b>grievance mechanisms</b> and <b>remediation</b> of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.</p>
<p><b>NMIG 8 for para. 16</b></p> <p><b>(Grievance mechanism)</b></p>	<p>(AR 31 and AR 32 amended) When describing the effectiveness of channels for the undertaking's <b>own workforce</b> and <b>workers' representatives</b> to raise concerns on paragraph 16, if and when engagement takes place, reflecting their specific content, the following are possible examples of questions that the undertaking could consider, which are based on the effectiveness criteria for non-judicial <b>grievance mechanisms</b> in the UN</p>

	<p>Guiding Principles on Business and Human Rights, in particular Principle 31. These questions apply to individual channels or systems of channels.</p> <ul style="list-style-type: none"> <li>(a) Do the channels have legitimacy by providing appropriate accountability for their fair conduct and building <b>stakeholder</b> trust?</li> <li>(b) Are the channels known and accessible to the concerned stakeholder group?</li> <li>(c) Do the channels have clear and known procedures, with indicative timeframes?</li> <li>(d) Do the channels ensure reasonable access for <b>stakeholders</b> to sources of information, advice and expertise?</li> <li>(e) Do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?</li> <li>(f) Do outcomes achieved through the channels accord with internationally recognised human rights?</li> <li>(g) Does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future <b>impacts</b>?</li> <li>(h) Does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?</li> </ul> <p>When disclosing on paragraph 16, if and when engagement takes place, reflecting their specific content, the undertaking could consider including relevant and reliable data about the effectiveness of these channels from the perspective of the people concerned. Sources of such information include, for instance, surveys of people in the undertaking's <b>own workforce</b> that have used such channels and their levels of satisfaction with the process and outcomes.</p> <p>The disclosures under paragraph 16 could demonstrate how the undertaking determines whether people in its <b>own workforce</b> are aware of, and trust, these channels and whether they are fit for purpose, and explain how follow-up is carried out regarding the concerns or needs raised.</p>
<p>NMIG 9 for para. 16 (Third-party mechanisms)</p>	<p>If the undertaking uses third-party mechanisms mentioned in AR 3, if and when engagement takes place, reflecting their specific content, the following are examples of questions that the undertaking could consider addressing when disclosing on paragraph 16:</p> <ul style="list-style-type: none"> <li>(a) If members of the undertaking's <b>own workforce</b> are either formally employed by a third party or work in the workplace of a third party, whether they or their <b>worker representatives</b> are able to access channels provided by that third party in relation to a material <b>impact</b>; and</li> </ul>

	(b) whether the undertaking relies solely on information from a third party about the existence or management of such channels.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-3 – Actions and resources related to Own workforce**

<p><b>NMIG 10 for para. 19(a)</b></p> <p><b>(Key actions)</b></p>	<p>Material negative <b>impacts</b> on the undertaking's <b>own workforce</b> may be connected to entities or operations outside its financial control. If it discloses how it uses its <b>leverage</b> vis-à-vis business partners to manage those impacts when disclosing on paragraph 19(a), if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider how it uses:</p> <ul style="list-style-type: none"> <li>(a) commercial leverage (for example, enforcing contractual requirements with <b>business relationships</b> or implementing incentives);</li> <li>(b) other forms of leverage within the business relationship (such as providing <b>training</b> or capacity-building on workers' rights to entities with which the undertaking has a business relationship); or</li> <li>(c) collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an <b>adequate wage</b>).</li> </ul>
<p><b>NMIG 11 for para. 19(a)</b></p> <p><b>(Collaborative initiatives)</b></p>	<p>(AR 36 amended) If the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its <b>actions</b> to address material negative <b>impacts</b> in accordance with paragraph 19a), explaining how the initiative, and its involvement in it, addresses the material impact concerned is a possible element to cover.</p>
<p><b>NMIG 12 for para. 19(a)</b></p> <p><b>(Key actions)</b></p>	<p>Illustrations of situations where tension may arise between the <b>impacts</b> of <b>actions</b> performed by the undertaking can be in hiring and promotion of <b>employees</b>, the use of labour providers and contract labour or the storing and use of personal data.</p>
<p><b>NMIG 13 for para. 19(b)</b></p> <p><b>(Effectiveness of actions)</b></p>	<p>In disclosing how it tracks the effectiveness of its <b>actions</b> to manage material <b>impacts</b> during the reporting period, the undertaking could disclose lessons learned from the previous and current reporting periods.</p>
<p><b>NMIG 14 for para. 19(b)</b></p> <p><b>(Effectiveness of actions)</b></p>	<p>(AR 38 and AR 39 amended) Reporting on the effectiveness of <b>actions</b> in accordance with paragraph 19(b) enables understanding of the links between the undertaking's actions and effective management of impact. Tracking the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, <b>grievance mechanisms</b>, external performance ratings, and benchmarking.</p>
<p><b>NMIG 15 for para. 19</b></p> <p><b>(Positive impacts related to own workforce)</b></p>	<p>(38 (c) amended) <b>Actions</b> include initiatives by the undertaking with the primary purpose of delivering positive <b>impacts</b> for its <b>own workforce</b> and human capital value for the undertaking.</p>

<p><b>NMIG 16 for para. 19(b)</b></p> <p><b>(Positive impacts related to own workforce)</b></p>	<p>(AR 42 amended) When disclosing intended or achieved positive outcomes of its <b>actions</b> for its <b>own workforce</b> on paragraph 19(b) if and when adopted, reflecting their specific content, the undertaking could consider distinguishing between evidence of certain activities having occurred (e.g. that x number of people have received financial literacy <b>training</b>) and evidence of actual outcomes for the people concerned (e.g. that x people report that they are able to better manage their <b>pay</b> and their household budgets).</p>
<p><b>NMIG 17 for para. 19</b></p> <p><b>(Positive impacts related to own workforce)</b></p>	<p>(AR 40 amended) When disclosing information about initiatives or processes for delivering positive <b>impacts</b> for the undertaking's <b>own workforce</b> and about progress in the implementation of those initiatives or processes, if and when adopted, reflecting their specific content, the following are examples of elements that it could consider disclosing:</p> <ul style="list-style-type: none"> <li>(a) information about whether and how people in its <b>own workforce</b> and <b>workers' representatives</b> play a role in decisions regarding the design and implementation of these initiatives or processes; and</li> <li>(b) information about the intended or achieved positive outcomes for the undertaking's <b>own workforce</b> of these initiatives or processes.</li> </ul>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-4 – Targets related to Own workforce**

<p><b>NMIG 18 for para. 20</b></p> <p><b>(Targets related to own workforce)</b></p>	<p>(AR 49 amended) When disclosing information about <b>targets</b> on paragraph 20, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the intended outcomes to be achieved in the lives of a certain number of people in its <b>own workforce</b>;</li> <li>(b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; and/or</li> <li>(c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks, or industry codes).</li> </ul>
<p><b>NMIG 19 for para. 20</b></p> <p><b>(Targets related to own workforce)</b></p>	<p><b>Targets</b> related to <b>risks</b> and <b>opportunities</b> may be the same as or distinct from targets related to <b>impacts</b>. For example, a target to reach <b>adequate wages</b> for <b>non-employees</b> could both reduce impacts on those people and reduce associated risks in terms of the quality and reliability of their output.</p>
<p><b>NMIG 20 for para. 20</b></p> <p><b>(Targets related to own workforce)</b></p>	<p>(AR 51 amended) When disclosing on paragraph 20, if and when adopted, reflecting their specific content the undertaking could consider distinguishing between short-, medium- and long-term <b>targets</b> covering the same <b>policy</b> commitment. For example, a long-term target could be to achieve an 80% reduction in health and safety <b>incidents</b> affecting its delivery drivers by 203X and a near-term target to reduce the <b>overtime</b> hours of delivery drivers by x% while maintaining their income by 202X.</p>

<b>NMIG 21 for para. 21</b>  <b>(Workforce engagement related to targets)</b>	When disclosing on paragraph 21, if and when adopted, reflecting their specific content, disclosing any lessons or improvements as a result of the undertaking's engagement with its <b>own workforce</b> or <b>workers' representatives</b> is an example of a possible element to consider.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-5 – *Characteristics of the undertaking's employees***

<b>NMIG 22 for para. 23</b>  <b>(Methodological information related to employee numbers)</b>	(50 d) amended) The following are examples of possible contextual elements related to paragraph 23: assumptions on how the data was compiled, including whether the numbers are reported in head count or full-time equivalent ('FTE') (including an explanation of how FTE is defined).
<b>NMIG 23 for para. 23(a)</b>  <b>(Methodological information related to employee numbers)</b>	(AR 57 amended) The following is an example of possible contextual elements to consider: the number of <b>employees</b> at the end of the reporting period only considers information for that point in time. Providing the average number of employees across the reporting period takes into account fluctuations during the reporting period.
<b>NMIG 24 for para. 23, AR 11, AR 12</b>  <b>(Breakdown of employee numbers)</b>	<p>(AR 54 amended) The following are examples of possible contextual elements to consider.</p> <p>A breakdown of <b>employee</b> numbers per country provides insights into the distribution of activities across countries. The employee breakdown per country is also connected to other key information such as the consultation and participation rights for workers and <b>workers' representatives</b>, both in the Union labour law acquis (e.g. Directive 2009/38/EC of the European Parliament and of the Council "European Works Councils Directive" and Directive 2002/14/EC of the European Parliament and of the Council "Information and Consultation Directive") and in national law (for example, rights to establish a works council or to have board level <b>employee</b> representation).</p> <p>A breakdown of employee numbers by gender and type of employment relationship provides additional insights on gender representation across the undertaking. Additionally, providing a breakdown of employees per region gives insights into regional variations. The term 'region' could refer to a country or other geographic areas, e.g., an area that-shares certain political, economic or cultural commonalities.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-6 – *Characteristics of non-employees in the undertaking's own workforce***

<b>NMIG 25 for para. 25</b>  <b>(Context information related to non-employees)</b>	(56 amended) In relation to paragraph 25, the undertaking might consider the following as examples of contextual information: the most common types of <b>non-employees</b> (e.g. whether they are self-employed), their relationship with the undertaking or the type of work they perform.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-7 – *Collective bargaining coverage and social dialogue***

<b>NMIG 26 for para. 27</b>	(AR 68 amended) The undertaking might consider the following on Paragraph 27. It must not be confused with the percentage of <b>employees</b>
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<b>(Method collective bargaining coverage)</b>	represented by a works council or belonging to trade unions. For example, the percentage of employees covered by a <b>collective bargaining</b> agreement could be higher than the percentage of unionised employees if the agreement applies to both union and non-union members. The percentage of employees covered by a collective bargaining agreement could also be lower than the percentage of unionised employees if there is no agreement or if it does not cover all unionised employees.
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#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-8 – *Diversity metrics*

<b>NMIG 27 for para. 29</b>  <b>(Age breakdown of employees)</b>	(66 b) amended) In relation to the distribution of <b>employees</b> by age group, the undertaking might consider the following as examples of contextual elements to disclose: under 30 years old; 30-50 years old; over 50 years old.
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#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-9 – *Adequate wages*

<b>NMIG 28 for para. 32</b>  <b>(Adequate wage benchmark)</b>	<p>EU Directive (EU) 2022/2041 on <b>adequate</b> minimum <b>wages</b> in the European Union ('EU') aims to improve the adequacy of minimum wages for workers in the European Union. It states that minimum wages are considered adequate if they are fair in relation to the <b>wage</b> distribution in the relevant Member State and if they provide a decent standard of living for a full-time <b>employee</b>.</p> <p>The Conclusions of the ILO's February 2024 'Meeting of experts on wage policies, including living wages' articulates the concept of a living wage, and refers to a decent standard of living. Within the EU, minimum wages set in accordance with Directive (EU) 2022/2041 can be considered adequate. Outside the EU, minimum wages or estimates of living wages are considered adequate if they comply with the ILO principles on wage-setting or the ILO principles of estimating a living wage, respectively.</p> <p>The ILO provides guidance on the principles that the estimation of living wages should follow. It also provides principles for wage setting, which is the process through which living wages are to be achieved.</p> <p>The undertaking might consider using more than one of the adequate minimum wage references listed above, depending on availability in the locations where it has employees.</p>
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#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-12 – *Training and skills development metrics*

<b>NMIG 29 for paras. 38 (a)(b)</b>  <b>(Gender breakdown of training hours and development data)</b>	(83 a) and b) amended) The undertaking might consider breaking down the information by gender as contextual elements related to paragraphs 38(a)(b).
<b>NMIG 30 for paras. 38 (a)(b)</b>	The undertaking might consider excluding inactive <b>employees</b> from the denominators in the calculations. In this case, it might state this fact and



(Calculation training hours and development data)	how many employees were counted as inactive. It might consider disclosing the definition used for inactive employees in its calculations
NMIG 31 for para. 38(b)  (Method training hours)	<p>To be counted as <b>training</b> under paragraph 38(b), there must be a connection between the training activity and the maintenance, or improvement, of an <b>employee's</b> professional skills. The ultimate goal is professional growth, maintaining employability, technical skills development training or management and leadership development training. It could include health and safety training if offered to employees in industries in which a solid knowledge of health and safety <b>risks</b> and the prevention of accidents is crucial because of the nature of the industries' physical operations, as in mining or any kind of operation on the high seas. Similarly, compliance training could be acknowledged as training if the nature of the industry makes it necessary that employees be familiar with legal requirements for the tasks they perform. This is typically the case in highly regulated industries, such as the financial sector.</p> <p>It does not matter whether a training activity has been delivered by an external party or internally developed, provided that, in the case of internal training, the undertaking has a system for managing and tracking these activities. Activities that do not improve the skills, productivity or employability of an employee in the same (or another) firm or sector cannot be counted as training under paragraph 38(b). Some examples of exclusions could be fire safety drills, generic health and safety training or orientation training ('onboarding') for new employees. To be counted as training, an activity needs to be offered by the undertaking. On-the-job training, the byproduct of someone doing their work and improving through experience and reflection, does not qualify as training.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-13 – Health and Safety metrics**

NMIG 32 for para. 40(a)  (Health and safety management system)	(AR 81 amended) The following is an example of possible elements to consider when disclosing on its health and safety management system: whether the system has been internally audited or certified externally the undertaking, with a description of the standards for the audit or certifications as contextual elements-when disclosing on paragraph 40(a).
NMIG 33 for para. 40(d)	(AR 94 amended) The undertaking might consider the following as an example of contextual elements related to paragraph 40 (d): cases of work-related ill health that were detected during the reporting period among people who were previously in the undertaking's own workforce.

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-14 – Work-life balance metrics**

NMIG 34 for para. 42  (Family leave taken)	(93 b) amended) The undertaking might consider the following contextual elements related to paragraph 42 by disclosing the percentage of entitled <b>employees</b> that took <b>family-related leave</b> , and a breakdown by gender.
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-15 – Remuneration metrics**

<b>NMIG 35 for para. 44</b>  <b>(Methodological information related to remuneration metrics)</b>	(AR 102 amended) The undertaking might consider disclosing the contextual elements related to the quantitative data as the <b>annual total remuneration</b> ratio may not be sufficient on its own to understand <b>pay</b> disparity and its drivers. For example, pay ratios can be influenced by the size of the undertaking (e.g. revenue, number of <b>employees</b> ), its sector, its employment strategy (e.g. reliance on outsourced workers or part-time employees, a high degree of automation), or currency volatility.
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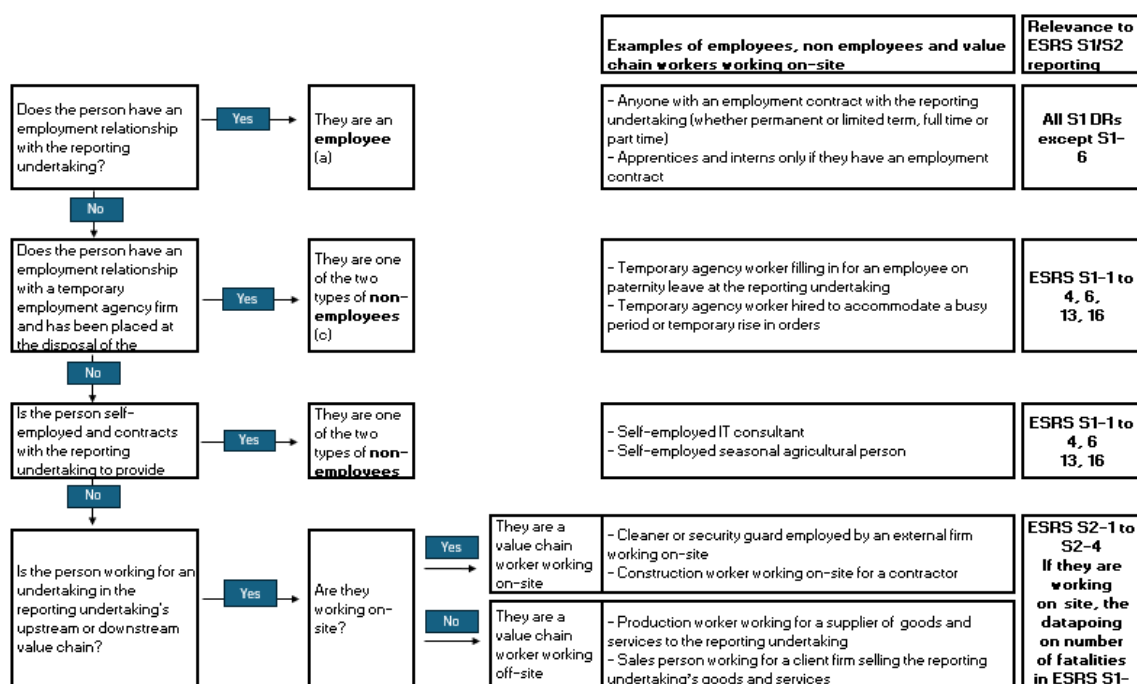
#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S1-16 – *Incidents of discrimination and other human rights incidents*

<b>NMIG 36 for para. 46</b>  <b>(Complaints)</b>	(103 b) amended) The following is an example of a contextual element related to paragraph 46 to consider: number of complaints filed through channels for people in the undertaking's <b>own workforce</b> to raise concerns, including <b><i>grievance mechanisms</i></b> .
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#### Appendix A– Examples of employees, self-employed people and people provided by the undertakings engaged in employment activities

The definitions of a) **employees**, b) **people provided by undertakings engaged in employment activities (NACE code N78)** and c) **self-employed people (also referred to as "contractors")** may vary according to national legislation.

As per ESRS S1 paragraph 7, people who, for the purposes of ESRS reporting, are called non-employees in the undertaking's workforce are those that relate to b) and c) above.



## [DRAFT] Amended ESRS S2 Workers in the value chain

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S2-1 – *Policies related to value chain workers*

<p><b>NMIG 1 for para. 10</b></p> <p><b>(Policies related to value chain workers)</b></p>	<p>(AR 16 amended) Accessibility of information is an important aspect of how the undertaking communicates its <b>policies</b> towards its <b>value chain workers</b>. This could include translating websites or documents, using pictures or graphics in addition to text. When disclosing on paragraph 10, if and when adopted, reflecting their specific content, the undertaking could consider talking about the following examples of communication channels: flyers, newsletters, dedicated websites, social media, face-to-face interactions, or how the undertaking communicates its policies to the individuals or groups of individuals.</p>
<p><b>NMIG 2 for para. 12</b></p> <p><b>(Supplier code of conduct)</b></p>	<p>(AR 15 amended) When disclosing on paragraph 12, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider when describing its <b>supplier</b> code of conduct: whether it includes provisions addressing the safety of workers, precarious work (e.g. the use of workers on short-term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of <b>forced labour</b> or <b>child labour</b>, and whether those provisions are in line with applicable International Labour Organisation ('ILO') standards.</p>

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S2-2 – *Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy*

<p><b>NMIG 3 for para. 14</b></p> <p><b>(Engagement)</b></p>	<p>When disclosing on paragraph 14, if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (22 amended) whether and how the perspectives of <b>value chain workers</b> inform its decisions or activities aimed at managing the <b>actual</b> and <b>potential impacts</b> on its <b>value chain workers</b>;</li> <li>(b) for the frequency of the engagement, whether engagement occurs on a regular basis or at certain points in a project or business process, (e.g., when a new harvest season begins or a new production line is opened), as well as whether it occurs in response to legal requirements and/or in response to <b>stakeholder</b> requests, and whether the result of the engagement is integrated into its decision-making processes;</li> <li>(c) (AR 18 amended) whether it requires relevant staff to have certain skills, or whether it provides <b>training</b> or capacity building to relevant staff to undertake the engagement.</li> </ul>
<p><b>NMIG 5 for para. 15</b></p> <p><b>(Grievance mechanism)</b></p>	<p>(AR 21 amended) When disclosing on paragraph 15 if and when engagement takes place, reflecting their specific content, the undertaking could consider referring to the provisions on <b>grievance mechanisms</b> and <b>remediation</b> of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.</p>

<p><b>NMIG 4 for para 15</b></p> <p><b>(Whistleblower mechanism)</b></p>	<p>If the undertaking has a whistleblower mechanism and if it reports on it in accordance with paragraph 15, if and when engagement takes place, reflecting their specific content, the undertaking could consider disclosing whether that mechanism can only be used to report breaches of internal rules, including ethics codes or codes of conduct, or whether its value chain workers can also use it to raise more general concerns or needs.</p>
<p><b>NMIG 6 for para. 15</b></p> <p><b>(Grievance mechanism)</b></p>	<p>(AR 27 amended) When describing the effectiveness of channels for the undertaking's <b>value chain workers</b> to raise concerns on paragraph 15, if and when engagement takes place, reflecting their specific content, the undertaking could consider addressing the following questions that are based on the effectiveness criteria for non-judicial <b>grievance mechanisms</b> in the UN Guiding Principles on Business and Human Rights, in particular principle 31. These questions apply to individual channels or systems of channels.</p> <ul style="list-style-type: none"> <li>(a) Do the channels have legitimacy by providing appropriate accountability for their fair conduct and building <b>stakeholder</b> trust?</li> <li>(b) Are the channels known and accessible to the concerned stakeholder group?</li> <li>(c) Do the channels have clear and known procedures, with indicative timeframes?</li> <li>(d) Do the channels ensure reasonable access for <b>stakeholders</b> to sources of information, advice and expertise?</li> <li>(e) Do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?</li> <li>(f) Do outcomes achieved through the channels accord with internationally recognised human rights?</li> <li>(g) Does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future <b>impacts</b>?</li> <li>(h) (AR 27 amended) Does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?</li> </ul> <p>When disclosing on paragraph 15, if and when engagement takes place, reflecting their specific content, the undertaking could consider including relevant and reliable data about the effectiveness of these channels from the perspective of the people concerned. Sources of such information include, for instance, surveys of people in its <b>value chain</b> workforce that have used such channels and their levels of satisfaction with the process and outcomes.</p> <p>These disclosures under paragraph 15 could demonstrate how it determines whether workers in its own upstream and downstream value chain are aware of, and trust, these channels and whether they are fit for purpose, and explain how follow-up is carried out regarding the concerns or needs raised.</p>
<p><b>NMIG 7 for para. 15</b></p>	<p>(AR 25 amended) In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking could consider describing</p>

(Whistleblowing mechanism)	<p>whether it treats grievances confidentially and with respect for the rights to privacy and data protection; and whether workers can use the mechanisms anonymously (e.g. through representation by a third party).</p> <p>If the undertaking has a whistleblower mechanism and if it reports on it in accordance with paragraph 15, if and when adopted, reflecting their specific content, the undertaking could consider disclosing whether that mechanism can only be used to report breaches of internal rules, including ethics codes or codes of conduct, or whether its value chain workers can also use it to raise more general concerns or needs.</p>
<p>NMIG 8 for para 15</p> <p>Third-party mechanisms</p>	<p>If the undertaking uses third-party mechanisms mentioned in AR 3, if and when engagement takes place, reflecting their specific content, the following are examples of questions that the undertaking could consider addressing when disclosing on paragraph 15:</p> <p>(a) If members of the undertaking's <b>value chain workers</b> are either formally employed by a third party or work in the workplace of a third party whether they or their <b>worker representatives</b> are able to access channels provided by that third party in relation to a material <b>impact</b>.</p>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S2-3 – Actions and resources related to value chain workers**

<p>NMIG 9 for para. 18(a)</p> <p>(Key actions)</p>	<p>(AR 30 amended) Material negative <b>impacts</b> that affect <b>value chain workers</b> may also relate to other entities or operations outside its financial control. If it discloses how it uses <b>leverage</b> vis-à-vis business partners to manage those impacts when disclosing on paragraph 18(a), if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider how it uses:</p> <p>(a) commercial leverage (e.g. enforcing contractual requirements with <b>business relationships</b> or implementing incentives),</p> <p>(b) other forms of leverage within the relationship (such as providing <b>training</b> or capacity-building on workers' rights to entities with which it has a business relationship), or</p> <p>(c) collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an <b>adequate wage</b>).</p>
<p>NMIG 10 for para. 18(a)</p> <p>(Collaborative initiatives)</p>	<p>If the undertaking discloses its participation in an industry or multi-<b>stakeholder</b> initiative as part of its <b>actions</b> to address material negative <b>impacts</b> in accordance with paragraph 18(a), it might explain how the initiative, and its involvement in it, addresses the material impact concerned.</p>
<p>NMIG 11 for para. 18(b)</p> <p>(Effectiveness of actions)</p>	<p>(AR 33 amended) In disclosing how it tracks the effectiveness of its <b>actions</b> to manage material <b>impacts</b> during the reporting period, the undertaking could disclose lessons learned from the previous and current reporting periods.</p>
<p>NMIG 12 for para. 18(b)</p> <p>(Effectiveness of actions)</p>	<p>(AR 34 and AR 35 amended) Reporting on the effectiveness of <b>actions</b> in accordance with paragraph 18(b) enables understanding of the links between the undertaking's actions and effective management of <b>impact</b>. Tracking the effectiveness of actions can include internal or external auditing or verification,</p>

	court proceedings and/or related court decisions, impact assessments, measurement systems, <b>stakeholder</b> feedback, <b>grievance mechanisms</b> , external performance ratings, and benchmarking.
<p><b>NMIG 13 for para. 18(b)</b></p> <p>(Positive impacts related to workers in the value chain)</p>	<p>When disclosing intended or achieved positive outcomes of its <b>actions</b> for its <b>workers in the value chain</b> on paragraph 18(b), if and when adopted, reflecting their specific content, the undertaking could consider distinguishing between evidence of certain activities having occurred (e.g. that x number of people have received financial literacy <b>training</b>) and evidence of actual outcomes for the people concerned (e.g. that x people report that they are able to better manage their <b>pay</b> and their household budgets).</p>
<p><b>NMIG 14 for para. 18</b></p> <p>(Positive impacts related to value chain workers)</p>	<p>(AR 38 amended) When disclosing information about initiatives or processes for delivering positive <b>impacts</b> on affected workers in the undertaking's upstream and downstream <b>value chain</b> and about progress in the implementation of those initiatives or processes, if and when adopted, reflecting their specific content, the following are examples of elements that it could consider disclosing:</p> <ul style="list-style-type: none"> <li>(a) information about whether and how <b>value chain workers</b> and their <b>legitimate representatives</b> play a role in decisions regarding the design and implementation of these initiatives or processes; and</li> <li>(b) information about the intended or achieved positive outcomes for its <b>value chain workers</b> of these initiatives or processes.</li> </ul>

**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S2-4 – Targets related to value chain workers**

<p><b>NMIG 15 for para. 20</b></p> <p>(Targets related to value chain workers)</p>	<p><b>Targets</b> related to <b>risks</b> and <b>opportunities</b> may be the same as or distinct from targets related to <b>impacts</b>. For example, a target to reach living <b>wages</b> for <b>supply chain</b> workers could both reduce impacts on those workers and reduce associated risks in terms of the quality and reliability of supply.</p>
<p><b>NMIG 16 for para. 20</b></p> <p>(Targets related to value chain workers)</p>	<p>(AR 45 amended) When disclosing information about <b>targets</b> on paragraph 20, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the intended outcomes to be achieved in the lives of <b>value chain workers</b>;</li> <li>(b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; and/or</li> <li>(c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks, or industry codes).</li> </ul>
<p><b>NMIG 17 for para. 20</b></p> <p>(Targets related to value chain workers)</p>	<p>(AR 47 amended) When disclosing on paragraph 20, if and when adopted, reflecting their specific content the undertaking could consider distinguishing between short-, medium- and long-term <b>targets</b> covering the same <b>policy</b> commitment. For example, a long-term target could be to achieve an 80% reduction in health and safety <b>incidents</b> affecting the workers of a given <b>supplier</b> by 203X and a near-term target to reduce the <b>overtime</b> hours of delivery drivers by x%, while maintaining their income by 202Xd.</p>

## [DRAFT] Amended ESRS S3 *Affected communities*

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S3-1 – *Policies related to affected communities*

<p><b>NMIG 1 for para. 8</b></p> <p><b>(Policies related to affected communities)</b></p>	<p>(AR 11 amended) Accessibility of information is an important aspect of how the undertaking communicates its <b>policies</b> towards <b>affected communities</b>. This could include translating websites or documents, using pictures or graphics in addition to text. When disclosing on paragraph 8, if and when adopted, reflecting their specific content, the undertaking could consider talking about the following examples of communication channels: flyers, newsletters, dedicated websites, social media or face-to-face interactions.</p>
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### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S3-2 – *Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches for remedy*

<p><b>NMIG 2 for para. 11</b></p> <p><b>(Engagement)</b></p>	<p>(AR 15 amended) When disclosing on paragraph 11, if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) whether and how the perspectives of the <b>affected communities</b> inform its decisions or activities aimed at managing the <b>actual</b> and <b>potential impacts</b> on its <b>affected communities</b>;</li> <li>(b) for the frequency of the engagement, whether engagement occurs on a regular basis or at certain points in a project or business process, as well as whether it occurs in response to legal requirements and/or in response to <b>stakeholder</b> requests and whether the result of the engagement is integrated into its decision-making processes;</li> <li>(c) whether the undertaking requires relevant staff to have certain skills, or whether it provides <b>training</b> or capacity building to relevant staff to undertake the engagement. In the case of material <b>impacts, risks</b> and <b>opportunities</b> related to <b>indigenous peoples</b>, this includes training on indigenous people's rights, including on <b>free, prior and informed consent</b> ('FPIC').</li> </ul>
<p><b>NMIG 3 for para. 13</b></p> <p><b>(Grievance mechanism)</b></p>	<p>(AR 17 amended) When disclosing on paragraph 13, , if and when engagement takes place, reflecting their specific content, the undertaking could consider referring to the provisions on <b>grievance mechanisms</b> and <b>remediation</b> of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.</p>

<p><b>NMIG 4 for para. 13</b> <b>(Grievance mechanism)</b></p>	<p>(AR 24 amended) When describing the effectiveness of channels for <b>affected communities</b> to raise concerns on paragraph 13, if and when engagement takes place, reflecting their specific content, the undertaking could consider addressing the following questions that are based on the effectiveness criteria for non-judicial <b>grievance mechanisms</b> in the UN Guiding Principles on Business and Human Rights, in particular principle 31. These questions apply to individual channels or systems of channels.</p> <ul style="list-style-type: none"> <li>(a) Do the channels have legitimacy by providing appropriate accountability for their fair conduct and building <b>stakeholder</b> trust?</li> <li>(b) Are the channels known and accessible to the concerned stakeholder group?</li> <li>(c) Do the channels have clear and known procedures, with indicative timeframes?</li> <li>(d) Do the channels ensure reasonable access for <b>stakeholders</b> to sources of information, advice and expertise?</li> <li>(e) Do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?</li> <li>(f) Do outcomes achieved through the channels accord with internationally recognised human rights?</li> <li>(g) Does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future <b>impacts</b>?</li> <li>(h) Does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?</li> </ul> <p>When disclosing on paragraph 13, if and when engagement takes place, reflecting their specific content, the undertaking could consider including relevant and reliable data about the effectiveness of these channels from the perspective of the people concerned. Sources of such information include, for instance, surveys of people in the undertaking's <b>affected communities</b> that have used such channels and their levels of satisfaction with the process and outcomes.</p> <p>The disclosures under paragraph 13 could demonstrate how it determines whether <b>affected communities</b> are aware of, and trust, these channels and whether they are fit for purpose, and explain how follow-up is carried out regarding the concerns or needs raised.</p>
<p><b>NMIG 5 for para 13</b> <b>Third-party mechanisms</b></p>	<p>If the undertaking uses third-party mechanisms mentioned in AR 4, if and when engagement takes place, reflecting their specific content, the following are examples of questions that the undertaking could consider addressing when disclosing on paragraph 13:</p> <ul style="list-style-type: none"> <li>(a) If members of the undertaking's <b>affected communities</b> are either formally employed by a third party or work in the workplace of a third party whether they or their <b>worker representatives</b> are able to access channels provided by that third party in relation to a material <b>impact</b>.</li> </ul>
<p><b>NMIG 6 for para. 14</b> <b>(Processes for providing remedy for indigenous peoples)</b></p>	<p>(AR 22 amended) When disclosing on paragraph 14, if and when engagement takes place, reflecting their specific content, the undertaking could consider describing its processes for providing and enabling <b>remedy</b> for <b>indigenous peoples</b>. The undertaking might describe whether and how it considers their customs, traditions, rules and legal systems.</p>



**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S3-3 – *Actions and resources related to affected communities***

<p><b>NMIG 7 for para. 16(a)</b> <b>(Key actions)</b></p>	<p>(AR 27 amended) Material negative <b>impacts</b> on <b>affected communities</b> may be connected to other entities or operations outside its financial control. If it discloses how it uses its <b>leverage</b> vis-à-vis business partners to manage those impacts when disclosing on paragraph 16(a), if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider how it uses:</p> <ul style="list-style-type: none"> <li>(a) commercial leverage (e.g. enforcing contractual requirements with <b>business relationships</b> or implementing incentives);</li> <li>(b) other forms of leverage within the relationship (such as providing <b>training</b> or capacity-building on the rights of <b>indigenous peoples</b> to entities with which the undertaking has a <b>business relationship</b>); or</li> <li>(c) collaborative leverage with peers or other actors (such as initiatives aimed at minimising security-related impacts on communities or participating in company-community partnerships).</li> </ul>
<p><b>NMIG 8 for para.16(a)</b> <b>(Collaborative initiatives)</b></p>	<p>(AR 29 amended) If the undertaking discloses its participation in an industry or multi-<b>stakeholder</b> initiative as part of its <b>actions</b> to address material negative <b>impacts</b> in accordance with paragraph 16(a) it might explain how the initiative, and its involvement in it, addresses the material impact concerned.</p>
<p><b>NMIG 9 for para. 16(b)</b> <b>(Effectiveness of actions)</b></p>	<p>In disclosing how it tracks the effectiveness of its <b>actions</b> to manage material <b>impacts</b> during the reporting period, the undertaking could disclose lessons learned from the previous and current reporting periods.</p>
<p><b>NMIG 10 for para. 16(b)</b> <b>(Effectiveness of actions)</b></p>	<p>(AR 32 and AR 33 amended) Reporting on the effectiveness of <b>actions</b> in accordance with paragraph 16(b) enables understanding of the links between the undertaking's actions and effective management of <b>impact</b>. Tracking the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, <b>stakeholder</b> feedback, <b>grievance mechanisms</b>, external performance ratings, and benchmarking.</p>

<p><b>NMIG 11 for para. 16</b></p> <p><b>(Material impacts related to affected communities connected with environmental topics)</b></p>	<p>(AR 28 amended) <b>Impacts</b> on communities may stem from environmental topics which are disclosed by the undertaking under ESRS E1 to E5. Examples include:</p> <ul style="list-style-type: none"> <li>(a) ESRS E1 <i>Climate Change</i>: The implementation of <b>climate change mitigation</b> plans may require the undertaking to invest in renewable energy projects that may affect the lands, territories and natural resources of <b>indigenous peoples</b>. If it does not consult with the affected indigenous peoples, it could negatively impact the <b>affected communities'</b> right to a <b>free, prior and informed consent</b>;</li> <li>(a) ESRS E2 <i>Pollution</i>: The undertaking may negatively impact <b>affected communities</b> by failing to protect them from <b>pollution</b> from a particular production facility that causes them health-related issues;</li> <li>(b) ESRS E3 <i>Water and marine sources</i>: The undertaking may negatively impact the access to clean drinking water of communities when withdrawing water in water stressed areas;</li> <li>(c) ESRS E4 <i>Biodiversity and ecosystems</i>: The undertaking may negatively affect the livelihood of local farmers through operations that contaminate <b>soil</b>. Additional examples include the sealing of land through building new infrastructure, which can eradicate plant species that are critical for, for example, local <b>biodiversity</b> or to filter water for communities; or the introduction of <b>invasive species</b> (whether plants or animals) that can impact <b>ecosystems</b> and cause subsequent harm;</li> <li>(d) ESRS E5 <i>Resource use and circular economy</i>: The undertaking may negatively impact the lives of communities by affecting their health through the mismanagement of <b>hazardous waste</b>.</li> </ul> <p>If the undertaking explains the connection between environmental impacts and <b>affected communities</b> in its disclosures in accordance with E1-E5, it might refer to those.</p>
<p><b>NMIG 12 for para. 16(b)</b></p> <p><b>(Positive impacts related to affected communities)</b></p>	<p>(AR 36 amended) When disclosing intended or achieved positive outcomes of its <b>actions</b> for <b>affected communities</b> on paragraph 16(b), if and when adopted, reflecting their specific content, the undertaking could consider distinguishing between evidence of certain activities having occurred (e.g. that x number of women community members have been provided with training on how to become local suppliers to the undertaking) and evidence of actual outcomes for the people concerned (e.g. that x women community members have set up small businesses and have had their contracts with the undertaking renewed year-on-year).</p>

<p><b>NMIG 13 for para. 16</b> <b>(Positive impacts related to affected communities)</b></p>	<p>(AR 34 amended) When disclosing information about initiatives or processes for delivering positive <b>impacts</b> for <b>affected communities</b> that are based on their needs, and about progress in the implementation of those initiatives or processes, if and when adopted, reflecting their specific content, the following are examples of elements that it could consider disclosing:</p> <ul style="list-style-type: none"> <li>(a) whether and how <b>affected communities</b> and <b>legitimate representatives</b> or their <b>credible proxies</b> play a role in decisions regarding the design and implementation of these initiatives or processes;</li> <li>(b) the intended or achieved positive outcomes for affected communities of these initiatives or processes; and</li> <li>(c) an explanation of the approximate scope of <b>affected communities</b> covered by the described social investment or development programmes, and, where applicable, the rationale for why selected communities were chosen for a given social initiative or development programme.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S3-4 – *Targets related to affected communities***

<p><b>NMIG 14 for para. 18</b> <b>(Targets related to affected communities)</b></p>	<p>(AR 44 amended) When disclosing information about <b>targets</b> on paragraph 18, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the intended outcomes to be achieved in the lives of <b>affected communities</b>, being as specific as possible;</li> <li>(b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; and/or</li> <li>(c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing <b>policies</b>, global frameworks, or industry codes).</li> </ul>
<p><b>NMIG 15 for para. 18</b> <b>(Targets related to affected communities)</b></p>	<p>(AR 45 amended) <b>Targets</b> related to <b>risks</b> and <b>opportunities</b> may be the same as or distinct from targets related to <b>impacts</b>. For example, a target to fully restore livelihoods of <b>affected communities</b> following resettlement could both reduce impacts on those communities and reduce associated risks such as community protests.</p>
<p><b>NMIG 16 for para.18</b> <b>(Targets related to affected communities)</b></p>	<p>(AR 46 amended) When disclosing on paragraph 18, if and when adopted, reflecting their specific content, the undertaking could consider distinguishing between short-, medium- and long-term <b>targets</b> covering the same <b>policy</b> commitment. For example, it could aim to employ community members at a local mining <b>site</b>, with the long-term goal of staffing 100% locally by 203X, and with the short-term objective of adding x percent of local <b>employees</b> every year up and until 202X.</p>

## [DRAFT] Amended ESRS S4 Consumers and end-users

### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S4-1 – Policies related to consumers and end users

<p>NMIG 1 for para. 9</p> <p>(Policies related to consumers and end users)</p>	<p>(AR 13 amended) Accessibility of information is an important aspect of how the undertaking communicates its <b>policies</b> towards <b>consumers</b> and/or <b>end users</b>. This could include translating websites or documents, using pictures or graphics in addition to text. When disclosing on paragraph 9, if and when adopted, reflecting their specific content, the undertaking could consider talking about the following examples of communication channels: flyers, newsletters, letters, dedicated websites, social media and other public information materials.</p>
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### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S4-2 – Engagement with consumers and/or end users, existence of channels for consumers and/or end users to raise concerns or need and approaches for remedy

<p>NMIG 2 for para. 11</p> <p>(Engagement)</p>	<p>(AR 16 amended) When disclosing on paragraph 11, if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (22 amended) whether and how the perspectives of <b>consumers</b> and/or <b>end-users</b> inform its decisions or activities aimed at managing the <b>actual</b> and <b>potential impacts</b> on its <b>consumers and/or end-users</b>;</li> <li>(b) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis or at certain points in a project or business process, (e.g. when a new product is launched), as well as whether it occurs in response to legal requirements and/or in response to <b>stakeholder</b> requests and whether the result of the engagement is integrated into its decision-making processes;</li> <li>(c) whether it requires relevant staff to have certain skills, or whether it provides <b>training</b> or capacity building to relevant staff to undertake the engagement.</li> </ul>
<p>NMIG 3 for para. 11</p> <p>(Credible proxies)</p>	<p>(AR 14) <b>Credible proxies</b> who have knowledge of the interests, experiences or perspectives of <b>consumers</b> and/or <b>end users</b> could include national consumer protection bodies for some consumers.</p>
<p>NMIG 4 for para. 12</p> <p>(Grievance mechanism)</p>	<p>(AR 18 amended) When disclosing on paragraph 12, if and when engagement takes place, reflecting their specific content, the undertaking could consider referring to the provisions on <b>grievance mechanisms</b> and <b>remediation</b> of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct.</p>
<p>NMIG 5 for para. 12</p> <p>(Grievance mechanism)</p>	<p>(AR 24 amended) When describing the effectiveness of channels for the undertaking's <b>consumers</b> and/or <b>end users</b>, their <b>legitimate representatives</b>, or <b>credible proxies</b>, to raise concerns on paragraph 12, if and when engagement takes place, reflecting their specific content, it could consider addressing the following questions that are based on the effectiveness criteria for non-judicial <b>grievance mechanisms</b> in the UN Guiding Principles on Business and Human Rights, in particular principle 31. These questions apply to individual channels or systems of channels.</p>

	<p>(a) Do the channels have legitimacy by providing appropriate accountability for their fair conduct and building <b>stakeholder</b> trust?</p> <p>(b) Are the channels known and accessible to the concerned stakeholder group?</p> <p>(c) Do the channels have clear and known procedures, with indicative timeframes?</p> <p>(d) Do the channels ensure reasonable access for <b>stakeholders</b> to sources of information, advice and expertise?</p> <p>(e) Do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?</p> <p>(f) Do outcomes achieved through the channels accord with internationally recognised human rights?</p> <p>(g) Does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future <b>impacts</b>?</p> <p>(h) (AR 24 amended) Does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?</p> <p>When disclosing on paragraph 12, if and when engagement takes place, reflecting their specific content, the undertaking could consider including relevant and reliable data about the effectiveness of these channels from the perspective of the people concerned. Sources of such information include, for instance, surveys of people in the undertaking's <b>consumers and/or end-users</b> that have used such channels and their levels of satisfaction with the process and outcomes. These disclosures under paragraph 12 could demonstrate how it determines whether <b>consumers</b> and/or <b>end users</b> are aware of, and trust, these channels and whether they are fit for purpose, and explain how follow-up is carried out regarding the concerns or needs raised.</p>
<p><b>NMIG 6 for para. 12</b></p> <p><b>(Number of complaints)</b></p>	<p>(AR 23 amended) When the undertaking describes the channels to raise concerns and/or <b>grievance mechanisms</b> on paragraph 12, if and when adopted, reflecting their specific content, it could consider disclosing the number of complaints received from <b>consumers</b> and/or <b>end users</b> during the reporting period and how it addressed them.</p>
<p><b>NMIG 7 for para. 12</b></p> <p><b>(Whistleblowing mechanism)</b></p>	<p>(AR 22 amended) In relation to the protection of individuals that use the mechanisms against retaliation, the undertaking could consider describing whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether they allow for <b>consumer</b> and/or <b>end users</b> to use the mechanisms anonymously (e.g. through representation by a third party).</p>
<p><b>NMIG 8 for para 12</b></p> <p><b>Third-party mechanisms</b></p>	<p>If the undertaking uses third-party mechanisms mentioned in AR 3, if and when engagement takes place, reflecting their specific content, the following are examples of questions that the undertaking could consider addressing when disclosing on paragraph 12:</p>

	(a) If members of the undertaking's <b>consumers and/or end-users</b> are either formally employed by a third party or work in the workplace of a third party whether they or their <b>worker representatives</b> are able to access channels provided by that third party in relation to a material <b>impact</b> .
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S4-3 – Actions and resources related to consumers and end users**

<b>NMIG 9 for para. 15(a)</b> <b>(Key actions)</b>	(AR 27 amended) Material negative <b>impacts</b> on the undertaking's <b>consumers</b> and/or <b>end users</b> may be connected to other entities or operations outside its financial control. If it discloses how it uses its <b>leverage</b> vis-à-vis business partners to manage those impacts when disclosing on paragraph 15(a), if and when engagement takes place, reflecting their specific content, the following are examples of elements that the undertaking could consider how it uses:  (a) commercial leverage (e.g. enforcing contractual requirements with <b>business relationships</b> or implementing incentives),  (b) other forms of leverage within the relationship (such as providing <b>training</b> or capacity-building on proper product use or sale practices to business relationships) or;  (c) collaborative leverage with peers or other actors (such as initiatives aimed at responsible marketing or product safety).
<b>NMIG 10 for para. 15(a)</b> <b>(Collaborative initiatives)</b>	(AR 28 amended) If the undertaking discloses its participation in an industry or multi- <b>stakeholder</b> initiative as part of its <b>actions</b> to address material negative <b>impacts</b> in accordance with paragraph 15(a) it might explain how the initiative, and its involvement in it, addresses the material impact concerned.
<b>NMIG 11 for para. 15(b)</b> <b>(Effectiveness of actions)</b>	In disclosing how it tracks the effectiveness of its <b>actions</b> to manage material <b>impacts</b> during the reporting period, the undertaking could disclose lessons learned from the previous and current reporting periods.
<b>NMIG 12 for para. 15(b)</b>  <b>(Effectiveness of actions)</b>	(AR 31 and AR 32 amended) Reporting on the effectiveness of <b>actions</b> in accordance with paragraph 15(b) enables understanding of the links between the undertaking's actions and effective management of <b>impact</b> . Tracking the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, <b>stakeholder</b> feedback, <b>grievance mechanisms</b> , external performance ratings, and benchmarking.
<b>NMIG 13 for para. 15(b)</b>  <b>(Positive impacts related to consumers and end users)</b>	(AR 35 amended) When disclosing intended or achieved positive outcomes of its <b>actions</b> for its <b>consumers</b> and/or <b>end-users</b> on paragraph 15(b), if and when adopted, reflecting their specific content, the undertaking could consider distinguishing between evidence of certain activities having occurred (e.g. that x number of people have received financial literacy <b>training</b> ) and evidence of actual outcomes for the people concerned (e.g. that x people report that they are able to better manage their <b>pay</b> and their household budgets).
<b>NMIG 14 for para. 15</b>	(AR 33 amended) When disclosing information about initiatives or processes for delivering positive <b>impacts</b> for <b>consumers and/or end-users</b>

<p><b>(Positive impacts related to consumers and end users)</b></p>	<p>that are based on their needs and about progress in the implementation of those initiatives or processes, if and when adopted, reflecting on their specific content, the following are examples of elements that it could consider disclosing:</p> <ul style="list-style-type: none"> <li>(a) whether and how <b>consumers and/or end-users</b>, their <b>legitimate representatives</b>, or <b>credible proxies</b>, play a role in decisions regarding the design and implementation of these initiatives or processes; and</li> <li>(b) the intended or achieved positive outcomes for its consumers and/or end users of these initiatives or processes.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON S4-4 – Targets related to consumers and end users**

<p><b>NMIG 15 for para. 17</b></p> <p><b>(Targets related to consumers and end users)</b></p>	<p>(AR 42 amended) disclosing information about <b>targets</b> on paragraph 17, if and when adopted, reflecting on their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) the intended outcomes to be achieved in the lives of a certain number of <b>consumers</b> and/or <b>end users</b>;</li> <li>(b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; and/or</li> <li>(c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing <b>policies</b>, global frameworks, or industry codes).</li> </ul>
<p><b>NMIG 16 for para. 17</b></p> <p><b>(Targets related to consumers and end users)</b></p>	<p>(AR 44 amended) When disclosing on paragraph 17, if and when adopted, reflecting on their specific content, the undertaking could consider distinguishing between short-, medium- and long-term <b>targets</b> covering the same <b>policy</b> commitment. For example, a target could be to make its online services accessible to people with disabilities, with the long-term goal of having adapted 100% of its online services by 203X, and with the short-term objective of adding x number of accessible features every year up and until 202X.</p>

**[Draft] Amended ESRS G1 Business conduct****NON-MANDATORY ILLUSTRATIVE GUIDANCE ON G1-1 – Business conduct policies**

<b>NMIG 1 for para. 7</b>  <b>(Policies anti-corruption and bribery)</b>	<p>When disclosing on the related PAT, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <ul style="list-style-type: none"> <li>(a) (AR 5) the risk assessments and/or mapping, as well as monitoring programmes and/or internal control procedures performed by the undertaking to detect corruption and bribery; and</li> <li>(b) (AR 6) the communication tools and channels (e.g. flyers, newsletters, dedicated websites, social media, face to face interactions, interactions with unions and/or workers representatives) used to communicate these policies to specific groups of people, either because they are expected to adhere to them (for example, the undertaking's employees, contractors and suppliers), or because they have a direct interest in their implementation (for example, value chain workers, investors).</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON G1-2 – Business conduct actions**

<div>NMIG 2 for para. 10(a)</div> <div>(Management of relationship with suppliers)</div>	<p>When disclosing on the related PAT, if and when adopted, reflecting their specific content, the following are examples of elements that the undertaking could consider:</p> <div><div>(a) (former AR 2(c) and (g) its practices related to the screening and evaluation of social and environmental performance of suppliers, such as supplier visits, audits or surveys and how the outcomes of these practices are evaluated;</div><div>(b) (former AR 2(d)) the inclusion of locally based suppliers in its supply chain and/or suppliers with certifications; and</div><div>(c) (former AR 2(e) and AR 3) how its practices deal with vulnerable suppliers, such as suppliers that are exposed to key economic, environmental and/or social risks.</div></div>																														
<div>NMIG 3 for para. 10(c)</div> <div>(Training activities)</div>	<p>(AR 7) When disclosing on the related PAT, if and when adopted, reflecting their specific content, the undertaking could consider as an example of elements to cover, an analysis of its training activities on business conduct, for example by region of training or by category of own workforce, where there are key differences in the programmes based on these factors and the information would be useful to users.</p> <p>The information about the training provided for ‘Anti-corruption and bribery training’ could be presented using the following table:</p> <table><tr><th></th><th><i>Company employees</i></th><th><i>Functions/ roles most at risk</i></th><th><i>Executives</i></th><th><i>AMSB*</i></th></tr><tr><td>Training coverage</td><td></td><td></td><td></td><td></td></tr><tr><td>Number of in-scope (unique) people</td><td>110,000</td><td>5,000</td><td>800</td><td>16</td></tr><tr><td>Number of in-scope (unique) people trained during reporting period</td><td>80,000</td><td>4,500</td><td>600</td><td>8</td></tr><tr><td>% covered</td><td>73%</td><td>90%</td><td>75%</td><td>50%</td></tr><tr><td>Type of training required and duration</td><td></td><td></td><td></td><td></td></tr></table>		<i>Company employees</i>	<i>Functions/ roles most at risk</i>	<i>Executives</i>	<i>AMSB*</i>	Training coverage					Number of in-scope (unique) people	110,000	5,000	800	16	Number of in-scope (unique) people trained during reporting period	80,000	4,500	600	8	% covered	73%	90%	75%	50%	Type of training required and duration				
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Type of training required and duration																															



Classroom training (virtual or physical)		4 hours	2 hours	
E-learning	4 modules of 1 hour	1 hour (update from previous year's training)	1 hour	1 hour
<b>Frequency</b>				
How often training is required	Annual / new entrance	Biannual	Every 3 years	Onboarding or renewal of mandate
<b>Topics covered</b>				
Definition of corruption and bribery	x	X	X	X
Policy – code of conduct	x	X	X	X
Procedures on suspicion/detection		X	X	X
Conflicts of interest		X	X	X
Liabilities				X
Etc.				

\* administrative, management and supervisory bodies

#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON G1-4 – Metrics: Incidents of corruption or bribery

<p><b>NMIG 4 for para. 14</b></p> <p><b>(Confirmed incidents of corruption and bribery)</b></p>	<p>When disclosing on the related metric, the undertaking might consider disclosing the following contextual elements:</p> <ul style="list-style-type: none"> <li>(a) (25(b)) the number of <b>confirmed incidents</b> of corruption or bribery in which own workers were dismissed or disciplined for corruption or bribery-related incidents;</li> <li>(b) (25(c)) the number of <b>confirmed incidents</b> relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery; and</li> <li>(c) (25(d)) details of public legal cases regarding corruption or bribery brought against the undertaking and its own workers during the reporting period and the outcomes of such cases. This includes cases that were initiated in previous years where the outcome was only established in the current reporting period.</li> </ul>
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#### NON-MANDATORY ILLUSTRATIVE GUIDANCE ON G1-5 – Metrics: Political influence and lobbying activities

<p><b>NMIG 5 for para. 17</b></p> <p><b>(Lobbying activities)</b></p>	<p>When disclosing on the related metric, the undertaking might consider disclosing the following contextual elements:</p> <ul style="list-style-type: none"> <li>a) (AR 13) when it is legally obliged to be a member of a chamber of commerce or another organisation that represents its interests; and</li> <li>b) (AR 14) the extent of alignment between its public statements on its material impacts, risks and opportunities and its lobbying activities.</li> </ul>
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**NON-MANDATORY ILLUSTRATIVE GUIDANCE ON G1-6 – Metrics: Payment practices**

<b>NMIG 6 for para. 20(a)</b>  <b>(Standard payment terms)</b>	(AR 17) The following table is an illustration for disclosing information on the standard payment terms.			
	<b>Supplier type</b>	<b>Region</b>	<b>Standard payment terms (days)</b>	<b>% met the standard payment terms</b>
	Non-SMEs	EU	Number of days in accordance with current EU regulation	95%
		Other / America / Asia / Africa / Middle East	Number of days depending on legal requirements or specific contractual agreements	90%
	SMEs	EU	Number of days in accordance with current EU regulation	86%
		Other / America / Asia / Africa / Middle East	Number of days depending on legal requirements or specific contractual agreements	80%
<b>NMIG 7 for para. 20(a)</b>  <b>(Standard payment terms)</b>	(AR 16) When disclosing on the related metric, the undertaking might consider disclosing the following contextual element: a specification for differences/particularities and/or specific exceptions depending on country, region or type of supplier.			