

DISCUSSION PAPER  
SUPPLEMENTAL DOCUMENT

# CONNECTIVITY OF FINANCIAL AND SUSTAINABILITY REPORTING

DECEMBER 2025



 **EFRAG**

Europe's voice in corporate reporting

## DISCLAIMER

This Supplemental Document is part of the [EFRAG Discussion Paper \*Connectivity of financial and sustainability reporting\*](#) (hereafter referred to as the 'DP'). It should not be taken as ESRS application guidance. This document is exclusively focused on conveying the connectivity of reported information, and is not an assessment of the credibility, appropriateness and/or quality of sustainability-related actions taken by any of the entities whose excerpts are included in the illustrations.

Each illustration exclusively reflects pertinent impacts, risks and opportunities (IROs) identified, specific anchor points and type/s and mechanisms of connectivity. The entire annual report would need to be looked at to obtain a more complete picture of a company.

No single annual report had all the types and mechanisms of connectivity identified in Chapter 2 of the DP, and there are good examples of connectivity in other companies' annual reports that are not included in this document.

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## INTRODUCTION

This Supplemental Document should be read in conjunction with the [Discussion Paper \*Connectivity of Financial and Sustainability Reporting\*](#). Chapter 3 provides a synthesis of the illustrations, while Chapter 4 contains aggregate observations made on these illustrations and the results from other reviews of corporate reporting practices.



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## Terminology applied across the document

SR = sustainability statement under ESRS/sustainability-related financial disclosures under ISSB Standards/sustainability disclosures under other frameworks (collectively described as sustainability statement/disclosures)

FS = financial statements

IROs = IROs is applied as an abbreviation for any impacts, risks, opportunities faced by the company

Anchor points = data and/or qualitative or quantitative information that allows the connection of sustainability disclosures and financial statements information

*A detailed glossary of terms is included in Appendix 2 of the DP.*

## Structure of the illustrations

The illustrations are presented under the following structure:

- **About the company:** sector, business segments, time horizon, key IROs, individual responsible for sustainability governance
- **Connectivity profile, and basis of reported information:** anchor points, type and mechanism of connectivity being illustrated, and reporting requirements/framework and the level of assurance for the SR and FS information within the illustration
- **Connectivity excerpts (with accompanying comments):** These convey the connectivity of sustainability information across different reports (i.e. the financial statements, the sustainability statement/disclosures, management report, risk report and the governance report).



## Types of connectivity



Coherence



Consistency



Direct connectivity



Indirect connectivity



Intertemporal connectivity



Other connectivity (current financial effects)

) (anticipated financial effects)

# ILLUSTRATIONS FROM NON-FINANCIAL INSTITUTIONS



# Illustration 1: Coherence – water pollution reporting

## Illustration 1 – About the company

### Sector/industry

Paper and wood

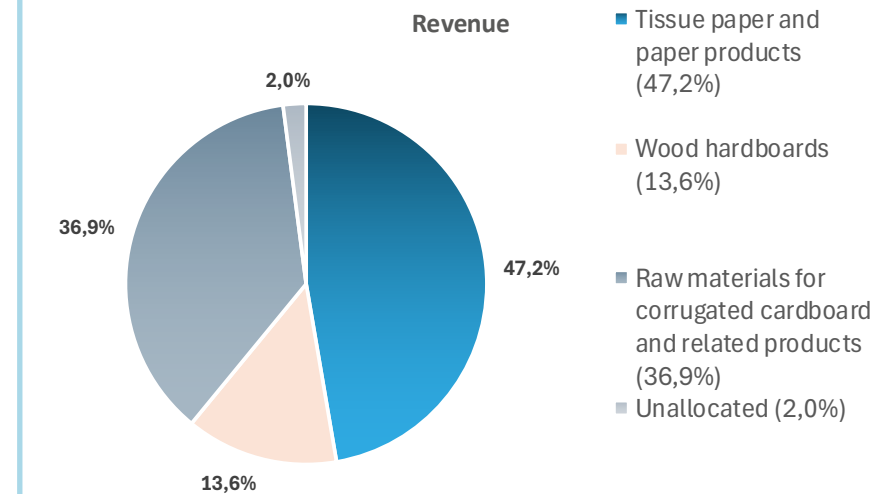
### Company's definition of time horizon



### Key IROs

Impacts and risks: water pollution

### Key segments



### Individual responsible for sustainability governance

CFO manages IROs



## Illustration 1 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of water pollution incident and remediation (SR)
- Disclosure of contingent liability (FS)

### Type and mechanism of connectivity

Coherence (more complete picture of water pollution incident from related information disclosed across reports)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared voluntarily under ESRS

ESRS E2 *Pollution* requires the disclosure of material emissions of pollutants to air, water and soil from its own operations

Connectivity requirements are explained in Chapter 2 of the DP (coherence)

### Level of assurance of SR

No external assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* requires the disclosure of information about a contingent liability, including, for each class of contingent liability– a brief description of the nature of the contingent liability and where practicable, financial effect estimate, indication of uncertainties and possibility of reimbursement

## Illustration 1 – Excerpt – Sustainability statement and financial statements connectivity (coherence)

### Sustainability statement

#### Grigeo Klaipėda AB environmental incident in 2020

The environmental incident occurred in 2020, when it was announced that Grigeo Klaipėda AB released partially biologically treated wastewater into the Curonian Lagoon through the treated wastewater collector of municipal company Klaipėdos vanduo AB.

Grigeo Klaipėda AB assumed legal responsibility for this incident, carried out internal inspections and commissioned international expert investigations to establish, through scientific research, the fact and extent of possible environmental damage. It also started implementing environmental remedial measures on its own initiative to remove the pollutants discharged with its wastewater from the natural environment.

Pollutants released into the natural environment with the wastewater of Grigeo Klaipėda AB that was only partially biologically treated were nitrogen and phosphorus (i.e., water-soluble nutrients of organic origin that are necessary for every living organism) and BOD<sub>7</sub> (biochemical oxygen demand per 7 days). Pollutants contained in the biologically untreated wastewater of Grigeo Klaipėda AB are attributable to non-hazardous pollutants that have not had a significant negative impact on (significant damage to) the water state, biota, and ecosystem of the Curonian Lagoon.

Grigeo Klaipėda AB seeks to cooperate with state authorities in implementing wastewater management solutions and environmental remedial measures that would remove the allegedly released pollutants from the natural environment, implement environmental remedial measures (improvement of the state of water of the Curonian Lagoon), restore lost public confidence, and ensure business resilience in the long run. It is very important to the management of Grigeo Klaipėda AB that this incident not only becomes a painful lesson for the company, but also prevents the recurrence of such cases in the future in all economic activities of the country.

### Financial statements

#### Conclusion

The Subsidiary is not denying its legal liability and is prepared to compensate for objectively calculated damage. The Subsidiary's management, following the scientific research performed by the independent TIG Environmental experts, estimates that the potential costs of offsetting ecological impact from the releases of biologically untreated wastewater are limited. On the upper limit of the range the assessment of the EPD, the claim filed amounts to EUR 48,257,676.57 which is uncertain in the following areas:

- The claim amount is based on the mathematical formula specified in the Methodology with the key components of the formula – quantities and biochemical composition of sewage – being uncertain. The management thus far does not possess objective information to reliably estimate quantity of the pollutants (BOD<sub>7</sub>, nitrogen, phosphorus or any other elements) in the biologically partially untreated wastewater released.
- The management considers that the claim is not in line with the methods entrenched in the above-mentioned local legal acts and the Directives.

International Accounting Standard 37 requires measuring the provision in the amount of the best estimate of the expenditure required to settle the present obligation. As there is a wide range of estimates depending on the source of information and significant uncertainties relating to them, as described above, it is difficult to estimate probability of any outcome as well as to assess the amount of expenditure required to settle this obligation. Having no objective information on the quantities and biochemical composition of the sewage discharged to the collector of municipal company Klaipėdos Vanduo AB, the management could not reliably estimate the amount of provision and the provision was not recognised in the financial statements, but instead is disclosed as a contingent liability. At the date of this report, the trial that started in 2022 did not change the management's estimations over the general situation and the outcome of the case. The management remains to hold an opinion that any compensation for the potential damage should be scientifically based and estimated following the legal acts and in accordance with the legal framework of the Republic of Lithuania and the European Union.

**✚ Coherence (by giving a more complete picture of the incident):** The sustainability statement explains a past water pollution incident and the company's follow-up actions. This contextualises the contingent liability disclosure (as the civil claim amount is deemed uncertain) in the financial statements. Elsewhere in the sustainability statement, it is also disclosed that the company subsequently removed reed biomass from the affected lake, and modernised the wastewater treatment facilities of its subsidiary.

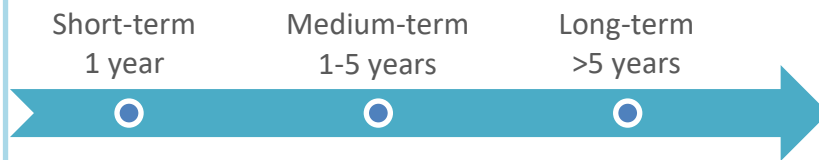
## Illustration 2: Coherence – energy optimisation reporting

### Illustration 2 – About the company

#### Sector/industry

Dairy

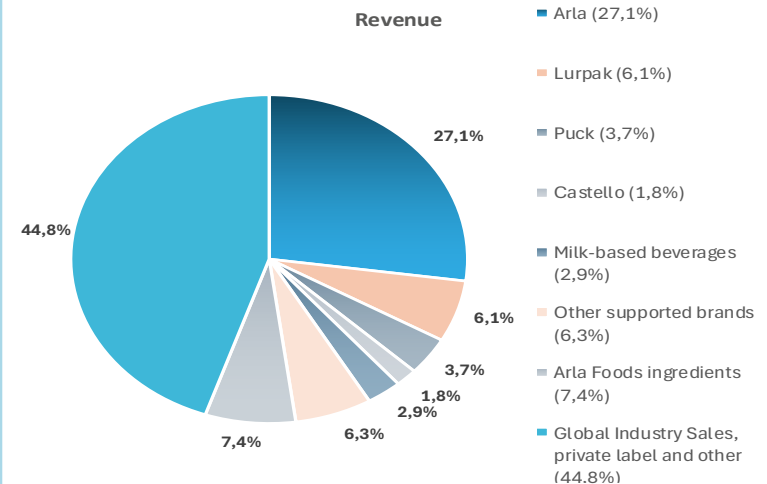
#### Company's definition of time horizon



#### Key IROs

- Risks: brand value decline due to climate-related impact, pressure for emissions reduction in the sector
- Opportunity: leveraging climate data to access financing

#### Key segments



#### Individuals responsible for sustainability governance

- Chief Agriculture, Sustainability and Communication Officer: sustainability strategy, biodiversity, animal welfare, Scope 3 on-farm emissions
- Chief Supply Chain Officer: Scope 1 and 2 emissions, Scope 3 non-farm emissions, health and safety of operations
- Chief Human Resources Officer: working conditions, diversity, equal treatment
- Chief Marketing Officer: responsible marketing, resource use, circular economy
- Chief Financial Officer: risks and opportunities, sustainability reporting

## Illustration 2 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of energy optimisation strategy (SR)
- Disclosure of power purchase agreements (FS)

### Type and mechanism of connectivity

Coherence (more complete picture of energy management from related information disclosed across reports)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation, except for some specific sustainability KPIs (e.g. Scope 3 emissions)

### Applicable SR requirements or framework

Sustainability statement prepared partially adopting ESRS

ESRS E1 *Climate change* requires the disclosure of an entity's energy consumption and mix

Connectivity requirements are explained in Chapter 2 of the DP (coherence)

### Level of assurance of SR

Reasonable assurance of key sustainability metrics: energy and climate-related metrics, food safety, animal welfare, accidents and certain employee-related metrics

Limited assurance of the remaining disclosures in the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraph 2.3A of IFRS 9 *Financial Instruments* defines contracts referencing nature-dependent electricity

Paragraph 30A of IFRS 7 *Financial Instruments: Disclosures* requires the disclosure of information that enables users to understand the effects these contracts have on the amount, timing and uncertainty of its future cash flows and on its financial performance

## Illustration 2 – Excerpt – Sustainability statement and financial statements connectivity (coherence)

### Sustainability statement

**More renewable electricity**  
Renewable electricity is a vital component in achieving our emission reduction targets. In 2024, 75% of our electricity consumption in Europe originated from renewable sources. From the end of 2025 and beyond, we will exclusively rely on electricity generated from renewable sources in Europe. For more detailed information, please refer to [pages 49-50](#).

To secure more renewable electricity, we are actively supporting the development of new solar and wind farms as a buyer of that electricity. In addition to ten already signed power purchase agreements in Denmark, Sweden, the UK and Germany, we successfully signed five more in the UK, Denmark and Germany in 2024, demonstrating our commitment to reducing our carbon footprint and transitioning to a more sustainable energy future.

**Energy efficiency**  
To reduce our dependency on fossil-based energy sources, we are taking different actions, such as UV water treatment. At Rødkærstro Dairy in Denmark, a UV-treatment solution has replaced the previous natural gas heating method to decontaminate the

Out of the renewable electricity, heat, steam and cooling, 0.5% is self-generated and 99.5% is accounted for through contractual instruments. Of these 46% is from bundled renewable energy instruments such as power purchase agreements and 54% from unbundled instruments.

### Financial statements

**Table 4.1.4.a Contracted power purchase agreements**

Country	Annual MWh of energy contracted	Price terms	Average duration	Operating	Objective	Classification
<b>2024</b>						
Denmark	323,400	Fixed	10 years	2023 - 2027	Own use	Executory contracts
Sweden	90,000	Fixed	10 years	2025	Own use	Executory contracts
Germany	91,703	Fixed	12 years	2024 - 2025	Own use	Executory contracts
UK	43,727	Fixed	16 years	2024 - 2026	Own use	Executory contracts
<b>Total</b>	<b>548,830</b>					

Type of energy

Solar	289,524
Wind	259,306
<b>Total</b>	<b>548,830</b>

**Table 5.5 Contractual commitments\***  
(EUR million)

	0-1 year	1-5 years	5+ years	Total
<b>2024</b>				
IT contracts	52	64	-	116
Short-term and low value leases	46	-	-	46
Power purchase agreements	34	157	217	408
Property, plant and equipment investment commitments	219	80	-	299
<b>Total</b>	<b>351</b>	<b>301</b>	<b>217</b>	<b>869</b>

✖ **Coherence (by giving a more complete picture of energy management):** The narrative in the sustainability statement on energy optimisation strategy (location of PPAs and proportion of energy consumption originating from renewable sources) contextualises the quantitative disclosure in the financial statements on energy contracted and the PPA contractual commitments.

## Illustration 3: Connectivity – Current financial effects – own workforce

### Illustration 3 – About the company

#### Sector/industry

Paper, packaging and wood

#### Company's definition of time horizon

Short-term  
1 year

Medium-term  
2-10 years

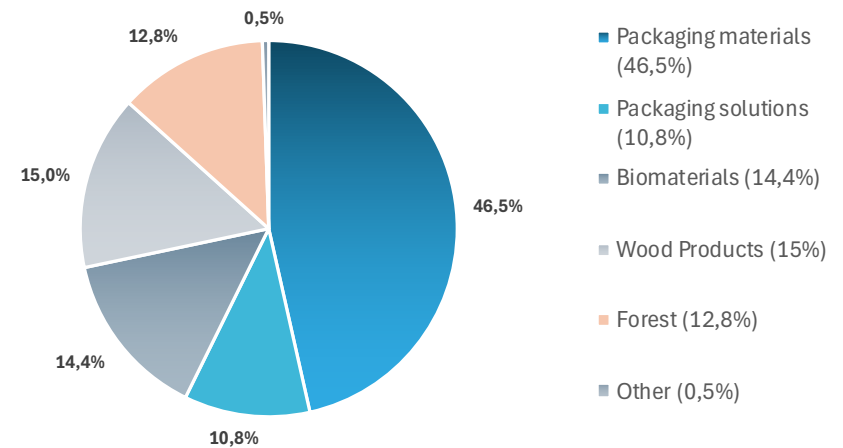
Long-term  
>10 years

#### Key IROs

Risks: serious or fatal injuries to employees, contractors, or third parties

#### Key segments

External sales



## Illustration 3 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of no human capital exposures in the financial statements (SR)
- No FS anchor point because the connection is explained in the SR disclosure

### Type and mechanism of connectivity

Disclosure of own workforce current financial effects in the sustainability statement

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation, excluding joint operations for which the entity does not have operational control

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS S1 *Own workforce* requires the disclosure of own workforce-related fines and penalties for own workforce-related incidents

Connectivity requirements are explained in Chapter 2 of the DP (connectivity via the disclosure of current financial effects)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

## Illustration 3 – Excerpt – Sustainability statement and financial statements connectivity (current financial effects disclosure)


### Sustainability statement

#### Incidents, complaints and severe human rights impacts

##### ✓ Accounting principles

Stora Enso's potential non-compliance cases encompass all issues documented through its grievance and other reporting channels. The reporting on proven cases covers the items closed during the year, and therefore the recording of such incident may have occurred during the current or previous financial year. The metrics related to incidents and complaints cover work-related incidents of discrimination and other complaints related to the Group's own workforce. In 2024, there were no significant human rights issues or incidents, nor fines or penalties related to reported incidents. Therefore, reconciliation to Financial Statements is not presented. The figures exclude incidents investigated by the joint operations due to the lack of full authority over contractual arrangements between the workers and the Group.

Metrics related to incidents and complaints	2024
Number of incidents of discrimination	25
Number of complaints filed through channels for people in own workforce to raise concerns	15

 **Current financial effects (disclosure):** The disclosure in the sustainability statement explains that there are no fines or penalties related to own workforce incidents and therefore no exposure in the financial statements.



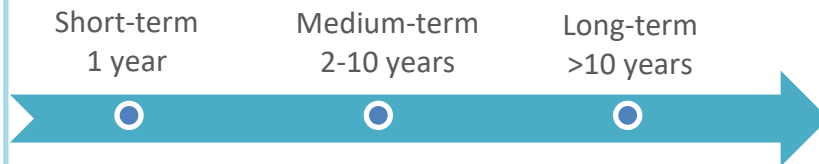
## Illustration 4: Coherence and current financial effects disclosure via cross-reference – GHG mitigation reporting

Illustration 4 – About the company (same as illustration #3 except for Key IROs)

### Sector/industry

Paper, packaging and wood

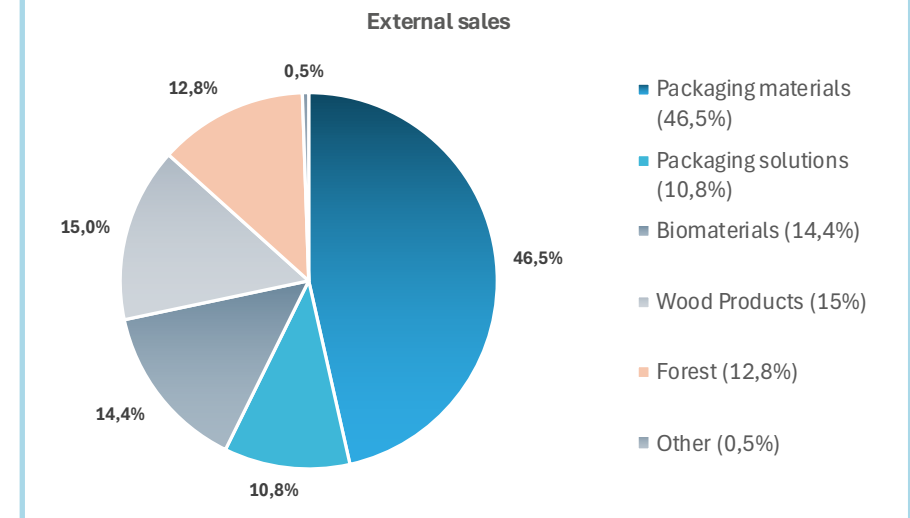
### Company's definition of time horizon



### Key IROs

- Impact: GHG emissions from production sites and value chain
- Long-term climate risks: rising temperatures threatening forests, operations, wood assets

### Key segments



## Illustration 4 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of GHG emissions and mitigation (SR)
- Disclosure of EU ETS (FS)

### Type and mechanism of connectivity

Coherence (more complete picture of GHG mitigation from information disclosed across reports)

Current financial effects disclosure via cross reference of GHG mitigation information

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS E1 requires the disclosure of the entity's climate change targets

ESRS E1 requires the disclosure of gross Scopes 1, 2 and 3 GHG emissions and percentage of Scope 1 emissions from regulated emission trading schemes

ESRS E1 requires the disclosure of GHG removals and carbon credits

Connectivity requirements are explained in Chapter 2 of the DP (coherence and current financial effects disclosure via cross-reference)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

No specific requirements for carbon credits under IFRS Accounting Standards. Thus, the accounting for carbon credits by reporting entities depends on the nature and use of these credits

## Illustration 4 – Excerpt – Sustainability statement and financial statements connectivity (coherence and current financial effects via cross-reference)

### Sustainability statement

Total GHG emissions disaggregated	Retrospective			Change, %	Milestones and target years			Annual % Target / base year
	Base year 2019	2023	2024		2025	2030	(2050)	
<b>Scope 1 GHG Emissions</b>								
Gross Scope 1 GHG emissions (CO <sub>2</sub> -eq, million tonnes)	227		117	n/a		113		-4.5%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	72%		60%	n/a				

In 2024, 60% of Stora Enso's Scope 1 emissions were from regulated emission trading schemes. For more information on emissions covered by trading schemes, see Financial Statements, note 4.5 Emission rights and other non-current assets. In 2024, the biogenic emissions related to Scope 1 amounted to 9.14 (million tCO<sub>2</sub>eq). When including joint operations, the biogenic emissions related to Scope 1 were 11.86 (million tCO<sub>2</sub>eq).

#### ✚ Coherence (more complete picture from information across reports):

The disclosure in the sustainability statement provides additional information on the entity's emissions covered by regulated emissions trading schemes (i.e. 60%) and this contextualises the disclosure in the financial statements on the use and accounting of emissions rights.

🔗 Current financial effects disclosure via cross reference: The sustainability statement cross-references the related emission rights note in the financial statements.

### Financial statements

#### 4.5 Emission rights and other non-current assets

##### ✓ Accounting principles

The Group participates in the European Emissions Trading Scheme, with the aim of reducing greenhouse gas emissions. The Group has been allocated allowances to emit a fixed tonnage of carbon dioxide (CO<sub>2</sub>) over a fixed period of time, which are recognised as intangible assets, government grants and as liabilities for the obligation to deliver allowances equal to those emissions that have been made during the compliance period.

Intangible assets related to emission allowances are measured at level 1 fair value at the date of initial recognition. The liabilities to deliver allowances are recognised based on actual emissions and are settled using allowances on hand and measured at the carrying amount of those allowances. At the reporting date, if the market value for the emission allowances is less than the carrying amount, any surplus allowances that are not required to cover emissions made are impaired to the market value.

The Group expenses emissions made at the grant date fair value, under materials and services, together with purchased emission rights at their purchase price. Such costs will be offset under other operating income by the income from the original rights used at their grant date fair value. The consolidated income statement will, thus, be neutral in respect to all the rights consumed that were within the original grant of rights. Sales of excess emission allowances are recognised as income on the delivery date. Any net effect represents the costs of purchasing additional rights to cover excess emissions, or the sale of unused rights in case that the realised emissions are below the allowances received free of charge or the impairment of allowances that are not required for own use.

#### Emission rights

EUR million	2024	2023
<b>Value at 1 January</b>	<b>108</b>	<b>123</b>
Emission allowances allocated	110	146
Sales	-65	-64
Settlement with the government	-80	-98
Disposals and classification as held for sale	—	0
<b>Value at 31 December</b>	<b>73</b>	<b>108</b>

The liability to deliver allowances is presented in the consolidated statement of financial position in line other operative liabilities. As of 31 December 2024, the liability to deliver allowances amounted to EUR 56 (79) million as presented in note 4.8 Operative liabilities. The excess emission rights held at the year end were valued at EUR 17 (28) million.

## Illustration 5: Coherence – share-based payments reporting

### Illustration 5 – About the company

#### Sector/industry

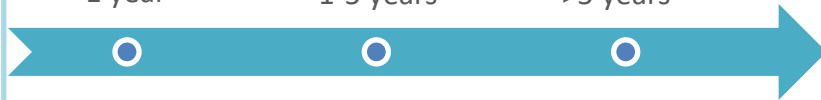
IT services and consulting

#### Company's definition of time horizon

Short-term  
1 year

Medium-term  
1-5 years

Long-term  
>5 years

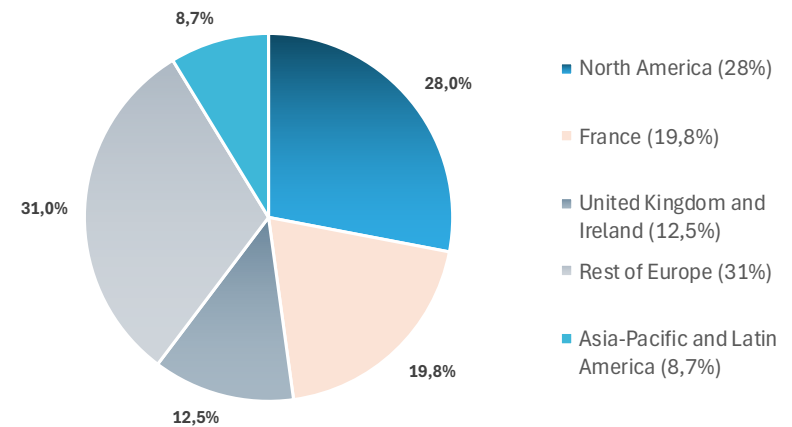


#### Key IROs

- Impact: GHG emissions from the entity's operational and upstream activities
- Risks: unequal treatment of employees, non-inclusive behaviour, lack of diversity, workplace harassment

#### Key segments

Revenues



## Illustration 5 – Connectivity profile and basis of reporting

### Anchor points

#### Excerpt 1:

- Disclosure of human capital performance target (SR)

#### Excerpt 2:

- Disclosure of environmental target (SR)

Excerpts 1 and 2: Disclosure of share-based payments (FS)

### Type and mechanism of connectivity

Excerpts 1 and 2 – Coherence (more complete picture of share-based payment determination from related information disclosed across reports)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS S1 requires the disclosure of the percentage of women in top management

ESRS 2 *General Disclosures* that requires the disclosure of integration of sustainability-related performance in incentive schemes

ESRS 2 requires the disclosure of targets the entity has set related to its material IROs

Connectivity requirements are explained in Chapter 2 of the DP (coherence)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraphs 44 and 45(a) of IFRS 2 *Share-based payment* require the disclosure of information that enables investors to understand the nature and extent of share-based payment arrangements that existed during the period, and the general conditions of such arrangements

## Illustration 5 – Excerpt 1 – Governance report and financial statements connectivity (coherence)

### Governance report

#### Capgemini share-based incentive policy procedures

The Group stopped granting stock options in 2009 and since then grants performance shares in accordance with the following principles:

- subject to performance and presence conditions: performance shares granted to Executive Corporate Officers **are subject to performance and presence conditions and are under the same conditions of performance as applicable to other Group beneficiaries;**
- the **performance conditions** include internal (comprising since 2018 CSR conditions) and external performance conditions in accordance with the AMF recommendation, and are calculated over a 3-year period to ensure sustainable performance and to align Executive Corporate Officer, shareholders and stakeholders' interests in the long run;

The **non-financial quantifiable objectives** concerned the deployment of the CSR strategy focusing on externally audited data on diversity and on the growth of our portfolio of sustainable offerings. The diversity objective was measured based on the % of women in Executive leadership positions, with a 2 points annual improvement objective from 2020 to 2025. This ambitious objective was attained and even slightly exceeded with a 2.8 points improvement over last year ending 1% higher than the set objective of 28% for 2024. With regards to the growth of sustainability offerings, the objective was a 25% growth of the sales vs. the previous year which has been reached. On this basis, **the Board confirmed that the overall attainment rate for the quantifiable non-financial objectives had been exceeded and has been set at 112.5%.**

### Financial statements

#### Summary of performance conditions applicable to beneficiaries of the 2024 plan

Performance conditions	Weighting applied	Percentage of the grant determined by each performance condition <sup>(1)</sup>
<b>CSR condition comprising two objectives:</b>		
<b>Diversity:</b> Proportion of women as executive leaders at the end of 2026	10%	<ul style="list-style-type: none"> <li>— 0% if the % of women in the Executive Leaders population is &lt; 29.5%</li> <li>— 50% if equal to 29.5%</li> <li>— 100% if equal to 31%</li> <li>— 110% if at least equal to 32.5%</li> </ul>
<b>Carbon footprint reduction/employee</b> in 2026 compared with 2019 (excluding commuting to and from work)	10%	<ul style="list-style-type: none"> <li>— 0% if the reduction in GHG emissions/employee in 2026 compared with the reference period &lt; 70%</li> <li>— 50% if equal to 70%</li> <li>— 100% if equal to 75%</li> <li>— 110% if at least equal to 77.5%</li> </ul>

**Coherence (more complete picture from information across reports):** The narrative in the governance report lays out the CSR performance conditions (gender diversity targets) used to grant shares to the executive leadership. This contextualises the disclosure in the financial statements, which outlines the attainment of the gender diversity objective.

## Illustration 5 – Excerpt 2 – Sustainability statement and financial statements connectivity (coherence)

### Sustainability statement

As a company that employs above 340,000 people, many of whom live and work in cities, the decisions we make on mobility and waste management can have a global reach. We are committed to reducing the emissions and air pollutants associated with business travel and employee commuting, with targets to reduce GHG emissions by 55% per employee by 2030 and 90% by 2040. We also implement initiatives to reduce waste generation and maximize recycling rates by incorporating zero waste and circularity practices.

### Financial statements

**Summary of performance conditions applicable to beneficiaries of the 2024 plan**

Performance conditions	Weighting applied	Percentage of the grant determined by each performance condition <sup>(1)</sup>
<b>CSR condition comprising two objectives:</b>		
<b>Diversity:</b> Proportion of women as executive leaders at the end of 2026	10%	<ul style="list-style-type: none"> <li>— 0% if the % of women in the Executive Leaders population is &lt; 29.5%</li> <li>— 50% if equal to 29.5%</li> <li>— 100% if equal to 31%</li> <li>— 110% if at least equal to 32.5%</li> </ul>
<b>Carbon footprint reduction/employee</b> in 2026 compared with 2019 (excluding commuting to and from work)	10%	<ul style="list-style-type: none"> <li>— 0% if the reduction in GHG emissions/employee in 2026 compared with the reference period &lt; 70%</li> <li>— 50% if equal to 70%</li> <li>— 100% if equal to 75%</li> <li>— 110% if at least equal to 77.5%</li> </ul>

**❖ Coherence (more complete picture from information across reports):** The narrative in the sustainability statement lays out the non-financial quantifiable objectives related to reducing carbon footprint per employee. This contextualises the disclosure in the financial statements, which outlines the attainment of the objective to reduce GHG emissions per employee.

## Illustration 6: Coherence and current financial effects disclosure via cross-reference – asset impairment, cessation reporting

### Illustration 6 – About the company

#### Sector/industry

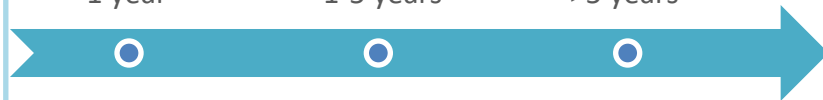
Oil & gas

#### Company's definition of time horizon

Short-term  
1 year

Medium-term  
1-5 years

Long-term  
>5 years

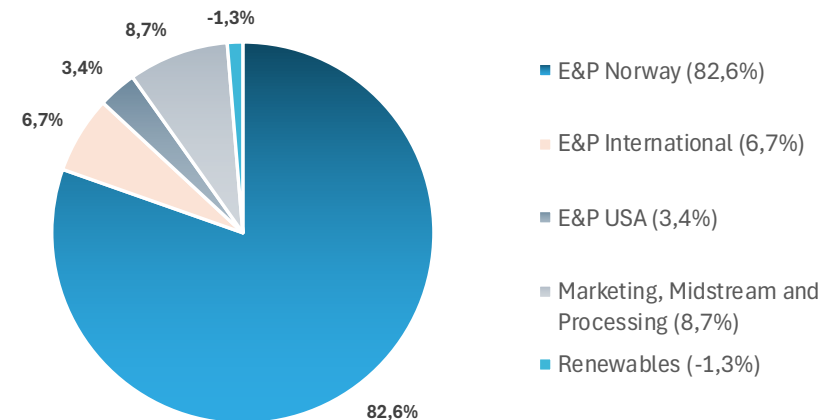


#### Key IROs

- Negative impact: GHG emissions
- Positive impact: advancement of renewable energy, carbon capture and storage technologies, sustainable energy production
- Risks: higher carbon prices, losing climate-related social license to operate

#### Key segments

Operating income





## Illustration 6 – Connectivity profile and basis of reporting

### Anchor points

#### Excerpt 1:

- Disclosure of potential impairment of non-financial assets (scenario analysis) (SR)
- Disclosure of asset impairment (FS)

#### Excerpt 2:

- Disclosure of transition targets (SR)
- Disclosure of asset impairment and asset retirement obligations (FS)

### Types and mechanisms of connectivity

Excerpt 1 – Coherence (explaining differences in assumptions across reports and additional information on impairment test)

Excerpt 1 – Current financial effects disclosure via cross reference on impairment

Excerpt 2 – Coherence (consistent and contextualising narrative across reports explains no asset impairment, cessation exposure)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

#### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS 1 *General requirements* requires the use of reasonable assumptions and estimates, including scenario or sensitivity analysis

Connectivity requirements are explained in Chapter 2 of the DP (coherence and current financial effects disclosure via cross-reference)

#### Level of assurance of SR

Limited assurance of the sustainability statement

#### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraph 132 of IAS 36 *Impairment of Assets* on the disclosure of assumptions used to determine the recoverable amount of assets/cash generating units

IASB Illustrative examples on Disclosures about Uncertainties in the Financial Statements (Example IV-1)

## Illustration 6 – Excerpt 1 – Management report and financial statements connectivity (coherence and current financial effects via cross-reference)

### Management report

#### Sensitivity table

The table below presents some relevant prices and variables from two scenarios in IEA's WEO 2024 compared to management's price assumptions, and an estimated potential impairment effect given these scenarios. The IEA prices are adjusted for inflation and presented in 2024 real terms. Refer to [section 3.2](#) E1 Climate change in the Annual Report 2024 for more details about the scenarios.

An increase in systematic climate risk may result in a higher discount rate applied for impairment testing purposes. Please refer to [note 14](#) Impairments for further information on discount rate sensitivity.

The IEA scenarios primarily stress oil and gas prices, not reflecting the potential impact on trading and refinery margins in MMP, or Equinor's renewable assets and low carbon projects. For most MMP assets,

	Management's price assumptions <sup>1)</sup>	Net Zero Emissions (NZE) by 2050 Scenario <sup>4)</sup>	Announced Pledges Scenario (APS) <sup>5)</sup>
Brent blend, 2030	80 USD/bbl	42 USD/bbl	73 USD/bbl
Brent blend, 2040	75 USD/bbl	30 USD/bbl	64 USD/bbl
Brent blend, 2050	70 USD/bbl	25 USD/bbl	59 USD/bbl
TTF, 2030	8.3 USD/MMBtu	4.5 USD/MMBtu	6.2 USD/MMBtu
TTF, 2040	9.5 USD/MMBtu	4.2 USD/MMBtu	5.4 USD/MMBtu
TTF, 2050	9.5 USD/MMBtu	4.1 USD/MMBtu	5.4 USD/MMBtu
EU ETS <sup>2), 3)</sup> , 2030	116 USD/tCO <sub>2</sub>	144 USD/tCO <sub>2</sub>	139 USD/tCO <sub>2</sub>
EU ETS <sup>2), 3)</sup> , 2040	156 USD/tCO <sub>2</sub>	211 USD/tCO <sub>2</sub>	180 USD/tCO <sub>2</sub>
EU ETS <sup>2), 3)</sup> , 2050	190 USD/tCO <sub>2</sub>	258 USD/tCO <sub>2</sub>	206 USD/tCO <sub>2</sub>
Illustrative potential impairment (USD)		~4 billion	<0.5 billion

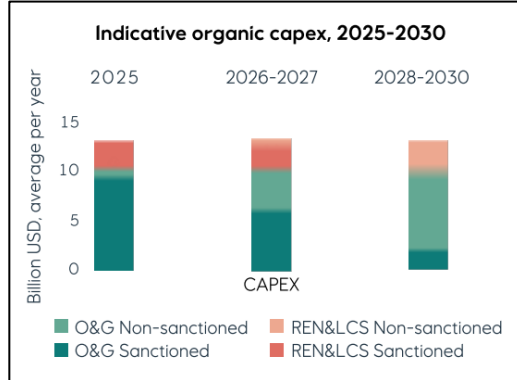
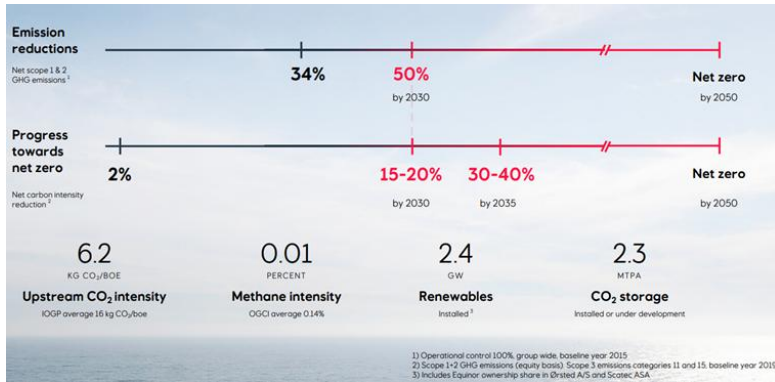
- 1) Management's future commodity price assumptions applied when estimating value in use, see [note 14](#) Impairments.
- 2) Scenarios: Price of CO<sub>2</sub> quotas in advanced economies with net zero pledges, not including any other CO<sub>2</sub> taxes.
- 3) EU ETS price assumptions have been translated from EUR to USD using Equinor's assumptions for currency rates, EUR/USD = 115
- 4) A scenario where the world moves on a potential path towards limiting global warming to 1.5 °C relative to pre-industrial levels.
- 5) A scenario where all national energy and climate targets made by governments are met on time and in full. Using this scenario, the world is expected to reach a 1.7°C increase in the year 2100.

**✖ Coherence (explaining differences across reports and additional information on inputs applied in impairment test):** Disclosure in the management report explains how different commodity price and ETS price assumptions under different scenarios result in differences between the potential impairment in the management report and the asset impairment in the financial statements. The management report also informs on the quantitative price assumptions used in the value in use calculation for the impairment test, which are not disclosed in the financial statements.

**🔗 Current financial effects disclosure via cross reference:** In the management report, there is a cross-reference of the financial statements' note on impairment, where it is also disclosed that impairment assumptions represent management's best estimates.

## Illustration 6 – Excerpt 2 – Management report and financial statements connectivity (coherence)

### Management report



### Financial statements

aims to achieve a 15-20% reduction in net carbon intensity by 2030 and a 30-40% reduction by 2035, including scope 3 emissions. The combination of increased renewables and decarbonised energy, the scale up of low carbon solutions such as CCS and optimisation of the oil and gas portfolio provides confidence that Equinor can meet its medium-term ambitions. As such, Equinor's ambitions in the Energy transition plan have currently not resulted in the identification of additional assets being triggered for impairment or earlier cessation.

#### Timing of Asset Retirement Obligations (ARO)

As mentioned above, there are currently no assets triggered for earlier cessation as a result of Equinor's ambitions in the Energy transition plan. However, if the business cases of Equinor's producing oil and gas assets should change materially, this could affect the timing of cessation of the assets. A shorter production

✖ **Coherence (consistent and contextualising narrative across reports explains no exposure):** The disclosure in the management report of the company's emission reduction/ progress towards net zero, and the limited organic capex allocated to renewables and low-carbon solutions (REN&LCS) is consistent with and contextualises the narrative in the notes to the financial statements explaining why there is no additional asset impairment or ARO triggered.

## Illustration 7: Consistency in decarbonisation reporting

### Illustration 7 – About the company

#### Sector/industry

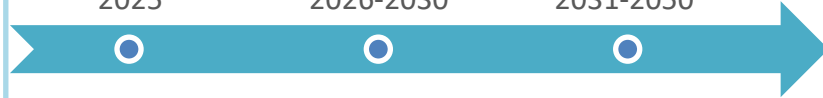
Steel and mining

#### Company's definition of time horizon

Short-term  
2025

Medium-term  
2026-2030

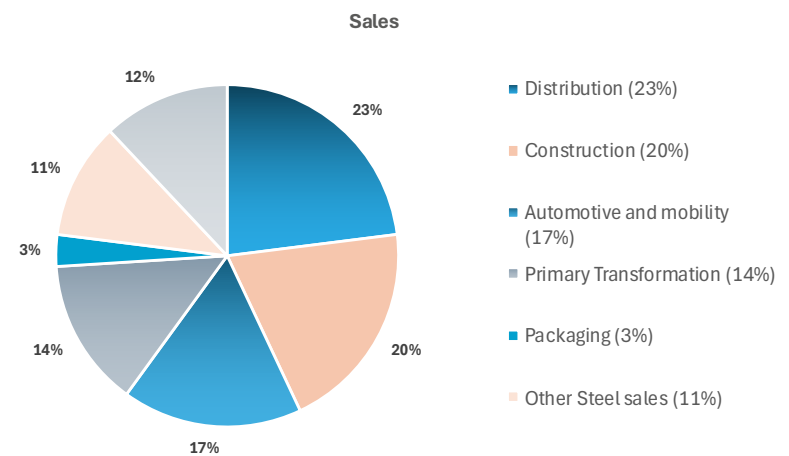
Long-term  
2031-2050



#### Key IROs

Risk: higher Capex and Opex from regulation limiting GHG emissions

#### Key segments



## Illustration 7 – Connectivity profile and basis of reporting

### Anchor points

Excerpts 1 and 2:

- Disclosure of strategy and actions, including investments (SR)
- Disclosure of property, plant and equipment (FS)

### Type and mechanism of connectivity

Excerpt 1 – Consistency in narrative on decarbonisation

Excerpt 2 – Consistency in amounts and narrative on decarbonisation investments

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation, except for some KPIs (e.g. Upstream Scope 3 GHG emissions)

### Applicable SR requirements or framework

Management report prepared under the EU Non-Financial Reporting Directive (NFRD)

Guiding principles of international frameworks such as ISSB Standards, GRI, Sustainability Accounting Standards Board (SASB), the United Nations Global Compact (UNGC)

Connectivity requirements are explained in Chapter 2 of the DP (consistency)

### Level of assurance of SR

Limited assurance of the separate sustainability report

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraph 76 of IAS 16 *Property, Plant and Equipment* requires the disclosure of changes in estimates with respect to property, plant and equipment

## Illustration 7 – Excerpt 1 – Management report and financial statements connectivity (consistency)

### Management report

**ArcelorMittal's strategic growth, maintenance and decarbonization projects are subject to financing, execution and completion risks.**

The Company has announced a number of strategic growth and decarbonization projects, which are capital intensive, and also regularly invests in significant maintenance capital expenditures. See "Properties and capital expenditures—Property, plant and equipment—Investments in joint ventures" and "Properties and capital expenditures—Capital expenditures".

The Company has three announced EAF projects that are already progressing in Gijón (Spain) (see "Introduction—Sustainable developments highlights"), Sestao (Spain) and at its joint venture AMNS Calvert (USA), the latter which is now commissioning. Overall, ArcelorMittal has invested \$1 billion decarbonization capital expenditures since 2018, mainly in EAF investments, DRI/EAF engineering studies and CCUS pilots.

ArcelorMittal's previously announced decarbonization investments in Europe are progressing at a slower pace than initially envisioned. The previously announced intention to

### Financial statements

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset. In the context of the 2021 annual review of useful lives and considering the expected date of retirement of certain assets in particular BF and BOF, sinter plants and coke plants following the implementation of the Company's decarbonization strategy involving the construction of DRI - EAF facilities, the Company decreased estimates of residual useful lives of such items of property, plant and equipment for its flat carbon operations in the EU and in Canada. The Company's announcements regarding decarbonization plans in Europe in November 2024 are not expected to significantly impact depreciation going forward.



**Consistency in narrative:** The disclosure in the management report indicates that decarbonisation projects are progressing at a slower pace than envisioned. This is consistent with the disclosure in the financial statements, which indicates that there is no expected impact on depreciation from decarbonisation plans.

## Illustration 7 – Excerpt 2 – Management report and financial statements connectivity (consistency)

### Management report

In addition, in 2024, the Company approved 17 multi-year projects with identified environmental benefits and involving capital expenditures of \$219 million and 32 multi-year projects with identified energy benefits and involving capital expenditure of \$326 million. The latter also includes 11 multi-year projects specifically targeted to decarbonization involving capital expenditures of \$146 million. Capital expenditures related to decarbonization initiatives amounted to **\$0.3 billion** for the year ended December 31, 2024 and are expected to remain stable between \$0.3 to \$0.4 billion in 2025, with main spend focusing on continuation of engineering studies on DRI-EAF facilities in

### Financial statements

#### *Capital expenditures relating to decarbonization*

In 2024, capital expenditures relating to decarbonization projects amounted to **0.3 billion** and related mainly to the Europe reportable segment. In 2023, they amounted to 0.2 billion mainly with respect to the ArcelorMittal Dofasco (Canada) DRI/EAF project.



**Consistency in amounts and narrative:** The narrative and amount for Capex related to decarbonisation initiatives is consistent in the management report and the property, plant and equipment note to the financial statements.

## Illustration 8: Reconciliation – Taxonomy Capex

### Illustration 8 – About the company (same as illustration #6)

#### Sector/industry

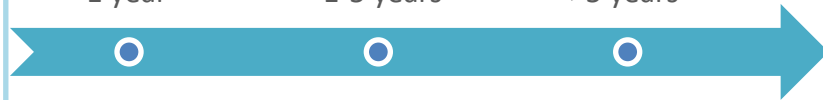
Oil & gas

#### Company's definition of time horizon

Short-term  
1 year

Medium-term  
1-5 years

Long-term  
>5 years

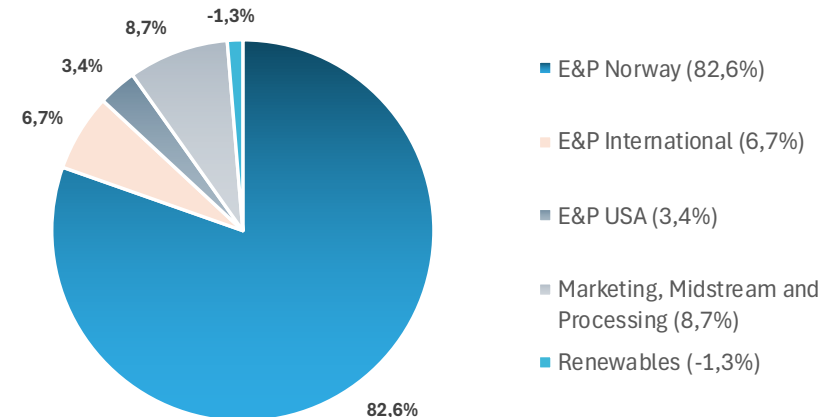


#### Key IROs

- Negative impact: GHG emissions
- Positive impact: advancement of renewable energy, carbon capture and storage technologies, sustainable energy production
- Risks: higher carbon prices, losing climate-related social license to operate

#### Key segments

Operating income





## Illustration 8 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of EU Taxonomy investments (SR)
- Disclosure of non-financial assets (FS)

### Type and mechanism of connectivity

Reconciliation (indirect connectivity) of EU Taxonomy capital expenditure (Capex)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS 2 requires the disclosure of current financial effects

Article 8 of the EU Taxonomy Regulation requires the disclosure of Capex associated with environmentally sustainable activities

Connectivity requirements are explained in Chapter 2 of the DP (indirect connectivity)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraph 73 of IAS 16 *Property, Plant, and Equipment* requires the disclosure of additions to property, plant and equipment

Paragraph 118 of IAS 38 *Intangible Assets* requires the disclosure of additions to intangible assets

## Illustration 8 – Excerpt – Additional annual report information section and financial statements connectivity (indirect connectivity)

### Additional annual report information

<u>(in USD million)</u>	<u>Note</u>	<u>2024</u>	<u>2023</u>
Additions to PP&E, intangibles and equity accounted investments	<a href="#">5</a>	<b>16,695</b>	14,500
Less:			
Additions to Equity accounted investments	<a href="#">13</a>	<b>(573)</b>	(926)
Goodwill additions through business acquisition	<a href="#">13</a>	<b>(71)</b>	(348)
Goodwill additions	<a href="#">13</a>	<b>(29)</b>	(9)
<u>Capex denominator as defined by the EU Taxonomy</u>		<b>16,022</b>	13,217

 **Indirect connectivity:** The additional annual report information section discloses a reconciliation of the EU Taxonomy Capex to the asset additions in the financial statements. It shows that the EU Taxonomy Capex excludes equity accounted investments and goodwill.

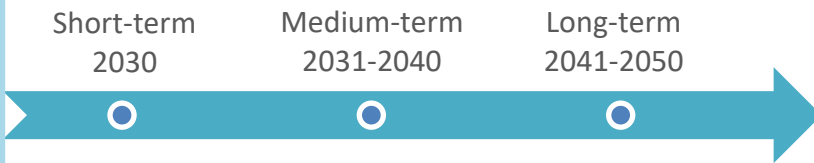
## Illustration 9: Consistency – revenue for GHG intensity metric

### Illustration 9 – About the company

#### Sector/industry

Hospitality

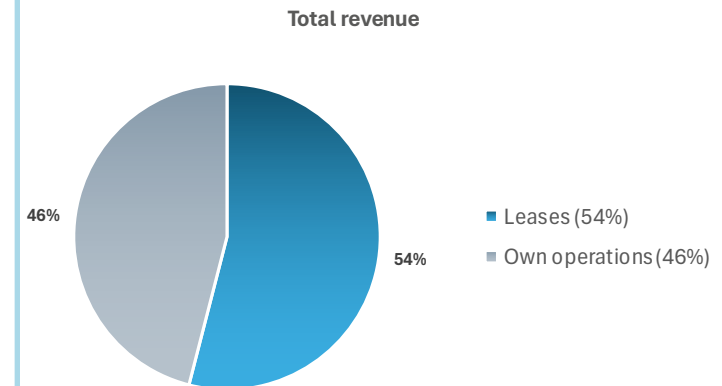
#### Company's definition of time horizon



#### Key IROs

- Negative impacts: reliance on energy-intensive suppliers, GHG emissions
- Risks: costs from emission taxes and energy-efficiency investments
- Opportunity: enhanced property attractiveness from sustainable building certification, cost savings from energy-efficiency investments

#### Key segments



#### Individual responsible for sustainability governance

Director of Sustainable Business has overall responsibility for sustainability reporting

## Illustration 9 – Connectivity profile and basis of reporting

### Anchor points

- Disclosure of GHG intensity metrics (SR)
- Revenue reported in the income statement (FS)

### Type and mechanism of connectivity

Consistency of revenue amounts applied in GHG intensity metric

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation, but some supplementary outcomes are also reported in the sustainability statement (i.e. for disclosure requirements for energy under ESRS E1, water under ESRS E2 and waste under ESRS E5)

### Applicable SR requirements or framework

Sustainability statement is prepared under ESRS

ESRS E1 under Set 1 of ESRS requires the disclosure of GHG intensity based on net revenue

Connectivity requirements are explained in Chapter 2 of the DP (consistency)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraphs 9-16 of IFRS 15 *Revenue from Contracts with Customers* on the recognition of revenue

## Illustration 9 – Excerpt – Sustainability statement to financial statements connectivity (consistency)

Sustainability statement				Financial statements		
<b>Consolidated outcome (aligned with financial report)</b>				MSEK	Note	2024
<b>Total GHG emissions</b>				Revenue Leases		
Total GHG emissions (location-based) (tCO <sub>2</sub> eq)	100,154	107,173	-7%	Rental income	C1, C2, E1	3,728
Total GHG emissions (market-based) (tCO <sub>2</sub> eq)	97,760	105,382	-7%	Other property revenue	C1, C2, E1	137
	2024	2023	Δ%	Revenue Own Operations	C1	3,271
<b>GHG intensity based on net revenue</b>				Total revenues		7,136
Total GHG emissions (location-based) per net revenue (tCO <sub>2</sub> eq/MSEK)	14	16	-12%			
Total GHG emissions (market-based) per net revenue (tCO <sub>2</sub> eq/MSEK)	14	15	-7%			



**Consistency in amounts:** The inferred net revenue denominator for calculating the GHG intensity metric is the same as revenue in the income statement.

Inferred revenue: (Intensity metric)x(Market-based GHG emissions) = Revenue

$$(97,760) \times (0,14) = 7,136$$

# Illustration 10: Consistency – identified segments and coherence – explanation of differences in GHG measurement

## Illustration 10 – About the company

### Sector/industry

Energy & petrochemical

### Company's definition of time horizon

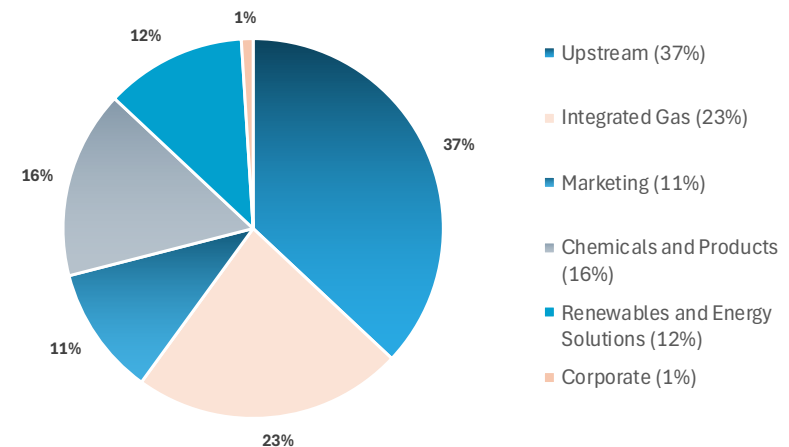


### Key IROs

- Short- to medium-term physical risks: hurricanes, heat and water scarcity
- Positive impact: advancement of renewable energy, carbon capture and storage technologies, sustainable energy production
- Opportunity: research and development of net-zero emissions solutions

### Key segments

#### Cash capital expenditure



## Illustration 10 – Connectivity profile and basis of reporting

### Anchor points

#### Excerpt 1:

Disclosure of business segment disaggregation (SR and FS)

#### Excerpt 2:

- Disclosure of different reporting boundaries/consolidation approaches (SR)
- No FS disclosure is referred to because similarities or differences from the financial statements' consolidation can be inferred from the SR disclosure

### Types and mechanisms of connectivity

Excerpt 1 – Consistency in narrative (identified segments)

Excerpt 2 – Coherence (via explaining significant measurement differences due to different consolidation approaches)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

#### Applicable SR requirements or framework

Sustainability statement prepared voluntarily under ESRS

ESRS 2 requires a disclosure of whether the sustainability statement has been prepared on a consolidated basis

Connectivity requirements are explained in Chapter 2 of the DP (consistency and coherence)

#### Level of assurance of SR

Limited assurance of the sustainability statement

#### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

IFRS 8 *Operating segments*: Entities must disclose information that helps users assess the financial effects of the entity's business activities and the economic environments in which it operates

## Illustration 10 – Excerpt 1 – Strategic report and financial statements connectivity (consistency)

### Strategic report

**Energy transition: Total operating expenses\* by segment**

\$ billion

Classification [1]	Segment	2024		2023		2022	
<b>Non-energy products [A]</b>	Marketing	3.9	7.4	4.1	8.1	3.9	7.5
	Chemicals and Products	3.5		4.0		3.6	
<b>Low-carbon energy solutions [B]</b>	Marketing	0.7	1.9	0.9	2.2	0.5	1.5
	Renewables and Energy Solutions	1.2		1.3		1.0	
<b>LNG, gas and power marketing and trading [C]</b>	Integrated Gas	3.7	5.4	4.0	6.5	4.4	6.9
	Renewables and Energy Solutions	1.7		2.5		2.5	
<b>Oil, oil products and other [D]</b>	Integrated Gas	0.8		0.8		0.8	
	Upstream	9.8		9.8		10.3	
	Marketing	6.0	22.2	6.2	23.2	5.8	23.6
	Chemicals and Products	4.9		5.6		6.0	
	Renewables and Energy Solutions	0.0		0.0		0.0	
	Corporate	0.7		0.8		0.7	
<b>Total</b>		36.9	36.9	40.0	40.0	39.5	39.5

[1] See the footnotes under the table "Energy transition: Total operating expenses" on page 88 for more details.  
\* Non-GAAP measure (see page 445).

### Financial statements

**Goodwill, other intangible assets, property, plant and equipment, and joint ventures and associates**  
The carrying value of goodwill, other intangible assets, property plant and equipment, and joint ventures and associates by segment as at December 31 was as follows:

**2024**

\$ billion

	Goodwill	Other intangible assets	Property, plant and equipment	Joint ventures and associates	Total
Integrated Gas	4.9	2.6	60.0	6.4	73.9
Upstream	5.3	0.1	63.4	8.0	76.8
Chemicals and Products	0.3	1.0	32.6	4.0	37.9
Marketing	4.3	4.6	21.4	3.9	34.2
Renewables and Energy Solutions	1.2	1.2	5.7	1.0	9.1
Corporate	–	–	2.1	0.1	2.2
<b>Total</b>	16.0	9.5	185.2	23.4	234.1



**Consistency of assumptions and narrative:** There is consistency in the identified segments respectively disclosed in the strategic report and the financial statements.



## Illustration 10 – Excerpt 2 – Sustainability statement connectivity-related disclosure (coherence)

### Sustainability statement

#### Understanding differences in reporting boundaries [A]

Boundary	Accounting treatment	Operated venture	Non-operated venture
Operational control	Subsidiaries	100%	0%
	Joint operations	100%	0%
	JVs and associates	100%	0%
Financial control	Subsidiaries	100%	100%
	Joint operations	Shell share	Shell share
	JVs and associates	0%	0%
ESRS	Subsidiaries	100%	100%
	Joint operations	100%	Shell share
	JVs and associates	100%	0%

[A] Shell reports Scope 3 emissions using an equity boundary. Under this approach, we report the Shell share of emissions from energy products sold, including those sourced from third parties.

✖ **Coherence (via explaining significant measurement differences due to different consolidation approaches):** For non-operated subsidiaries and joint operations, GHG emissions measured under the operational control consolidation approach differ from those measured under the financial control and ESRS approaches.

Disclosure in the sustainability statement explains that, for operated joint operations and JVs and associates, GHG emissions measured under the operational control and ESRS approaches, differ from those measured under the financial control approach. Though not explicitly stated, in reading this disclosure, it is assumed that the financial control approach is similar to the consolidation approach applied for the financial statements.

# Illustration 11: Intertemporal connectivity – anticipated financial effects of climate-related risks and opportunities

## Illustration 11 – About the company

### Sector/industry

Packaging & paper

### Company's definition of time horizon

Short-term  
<3 years

Medium-term  
3-7 years

Long-term  
>7 years

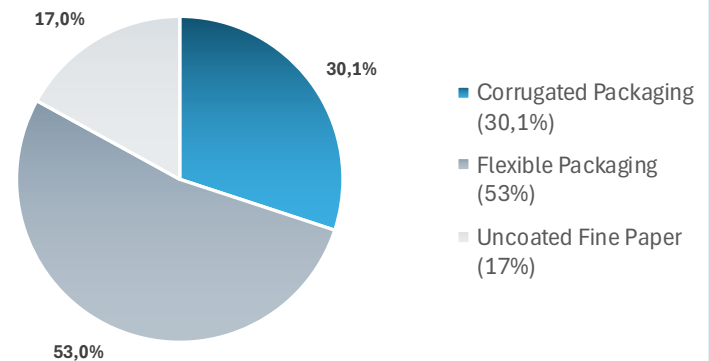


### Key IROs

- Risks: higher wood procurement and energy supply costs
- Opportunity: increasing demand for sustainable products

### Key segments

Revenue



### Individual responsible for sustainability governance

Group Head of Sustainable Development manages climate change-related risks.

## Illustration 11 – Connectivity profile and basis of reporting

### Anchor points

#### Excerpt 1:

- Disclosure of estimated financial impacts in the TCFD disclosures (SR)
- The information is not about current period FS. However, it may be linked to future-period FS

#### Excerpt 2:

Disclosure of sustainability-related IROs (SR)

### Types and mechanisms of connectivity

Excerpt 1 – Intertemporal (across reporting periods) connectivity – disclosure of anticipated financial effects

Excerpt 2 – Consistency in assumptions within strategic report

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

The company published a separate Sustainable Development Report which explains double materiality analysis under ESRS

TCFD recommendations on climate-related risks and opportunities and scenario analysis

Connectivity requirements are explained in Chapter 2 of the DP (intertemporal connectivity via the disclosure of anticipated financial effects and consistency)

### Level of assurance of SR

Reasonable assurance: Scope 1 and 2 GHG emissions

Limited assurance: Other selected sustainability KPIs (e.g. Scope 3 emissions)

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

# Illustration 11 – Excerpt 1 – TCFD disclosures connectivity (intertemporal connectivity – anticipated financial effects)

## TCFD disclosures (strategic report)

### Climate change-related risks and opportunities

Climate change-related risks	Annual estimated financial impact (€m)	Timeframe			Scenario sensitivity		
		Short	Medium	Long	1.5°C	2°C	BAU
<b>Physical risks</b>							
1. Higher wood procurement costs	75-140	[Timeline bar from Short to Long]			●●	●●●	●●●●
2. Risk of flooding	15-85		[Timeline bar from Medium to Long]		●	●●	●●●●
3. South African plantation yield loss	15-20	[Timeline bar from Short to Long]			●	●●	●●
<b>Transition risks</b>							
4. Energy supply costs	60-110	[Timeline bar from Short to Long]			●●●●●	●●●●	●●
5. GHG emissions regulatory changes (net impact)	40-80	[Timeline bar from Short to Medium]			●●●●●	●●●●	●●
6. Asset impairment risk <sup>1</sup>	10-30		[Timeline bar from Medium to Long]		●●●●	●●	●
<b>Total climate change-related risks</b>	215-465						
<b>Climate change-related opportunities</b>							
1. Changing customer behaviour	120-240	[Timeline bar from Short to Long]			●●●●●	●●●●	●●
2. Reduced operating costs through energy efficiency	15-25	[Timeline bar from Short to Medium]			●●●●●	●●●●	●●
<b>Total climate change-related opportunities</b>	135-265						

1 The asset impairment risk is a one-off write-down and not annually recurring.



### Intertemporal

**connectivity:** The disclosure of estimated financial impacts shows the low likelihood of a one-off asset impairment risk in medium-term (risk item #6), which aligns with the disclosure in the financial statements of no asset impairment due to climate risks.

These estimated financial impacts may be reflected in the future-period financial statements.

## Illustration 11 – Excerpt 2 – Principal risks and TCFD disclosures connectivity (consistency)

### Principal risks disclosures (strategic report)

Our principal risks		Delegated risk owner	Link to strategy
Strategic	1 Industry productive capacity		● ● ● ●
	2 Product substitution		● ● ● ●
	3 Fluctuations and variability in selling prices or gross margins	Executive Committee	● ● ● ●
	4 Country risk		● ● ● ●
	5 Climate change risks	Group Head of Sustainable Development	● ● ● ●
Financial	6 Capital structure	Group CFO	● ● ● ●
	7 Currency risk	Group Treasurer	● ● ● ●
	8 Tax risk	Group Head of Tax	● ● ● ●
	9 Cost and availability of raw materials	Chief Procurement Officer	● ● ● ●
Operational	10 Energy security and related input costs	Group Head of Operations	● ● ● ●
	11 Technical integrity of our operating assets		● ● ● ●
	12 Environmental impact	Group Head of Sustainable Development	● ● ● ●
	13 Employment and contractor health and safety	Group Head of Safety & Health	● ● ● ●
	14 Attraction and retention of key skills and talent	Chief People Officer	● ● ● ●
	15 Cyber security risk	Chief Information Officer	● ● ● ●
Compliance	16 Reputational risk	Executive Committee	● ● ● ●

### 5 Climate change risks

#### Description

- Climate change risks will likely impact our business in the future.
- Greenhouse gas (GHG) emissions are regulated in many countries and regions where we operate, with increasing regulation and climate change-related transition risks potentially impacting our costs. The energy we require to manufacture our products results in Scope 1 and Scope 2 GHG emissions. Our value chain emissions contribute to our Scope 3 emissions.
- Climate change is creating both physical and transition risks which impact forests, and which pose a threat to our access to sustainable fibre, the main raw material for our paper products.

### TCFD disclosures (strategic report)

operational management. Climate change risks have been identified as one of our strategic principal risks and are reflected in our accounting policies and financial reporting.



**Consistency:** The disclosure in the principal risks section of the strategic report shows that climate change risks are amongst the identified principal risks (and are among the five strategic risks), as conveyed in the TCFD recommendations. It is an example of connectivity within a report (in this case the strategic report).

# Illustration 12: Intertemporal connectivity – anticipated financial effects of climate-related risks and opportunities

## Illustration 12 – About the company

### Sector/industry

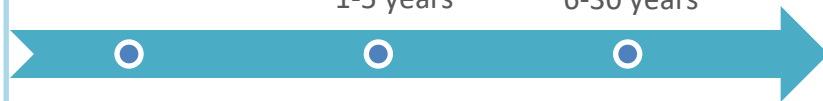
Mining & energy

### Company's definition of time horizon

Short-term  
<1 year

Medium-term  
1-5 years

Long-term  
6-30 years

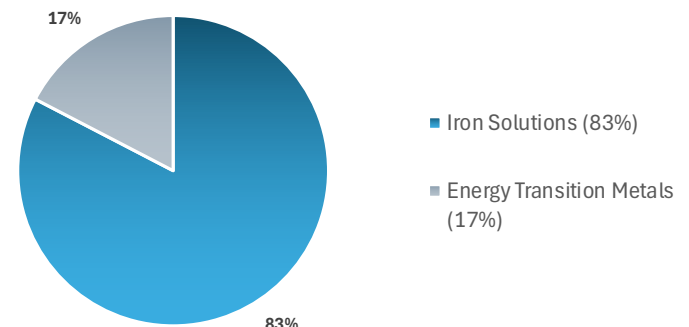


### Key IROs

- Transition risks: increased costs and reduced market share
- Physical risks: extreme weather conditions
- Opportunity: increased demand for energy-efficient metals and products

### Key segments

Net operating revenue



## Illustration 12 – Connectivity profile and basis of reporting

### Anchor points

Excerpts 1, 2 and 3:

- Disclosure of anticipated financial effects (SR)
- The information is not about current period FS. However, it may be linked to the future-period FS

### Types and mechanisms of connectivity

**Intertemporal (across reporting periods) connectivity – disclosure of anticipated financial effects**

### Basis of reporting

Sustainability-related financial information report and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability-related financial information report prepared under IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*

IFRS S1 and IFRS S2 require the disclosure of anticipated effects of climate-related risks and opportunities on the entity's business model and value chain

Connectivity requirements are explained in Chapter 2 of the DP (intertemporal connectivity via the disclosure of anticipated financial effects)

### Level of assurance of SR

Limited assurance of the sustainability-related financial information report

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

## Illustration 12 – Excerpts 1 and 2 – Sustainability-related financial information report connectivity (anticipated financial effects- intertemporal connectivity)

### Sustainability-related financial information report

#### Excerpt 1

The Company estimates that it may incur costs arising from carbon pricing mechanisms from US\$1 billion to US\$3.5 billion, measured at present value. These costs may impact the Company's income statement and cash flows substantially from 2030 onwards, therefore, over the long-term horizon as defined in [section 4](#). The amount and timing of disbursements will depend on the achievement of Vale's emissions targets and the significant uncertainties described in [section 9](#). For more details on the Company's targets, please refer to [section 10](#).

In the steel industry, the Company invests in its own technologies and partnerships for the transition from blast furnaces and has developed iron ore briquettes. These investments are estimated at up to US\$1 billion (present value) and are substantially linked to the construction and development of Mega Hubs. Disbursements will occur in the short (4%), medium (74%) and long term (22%), and will be recognized on the balance sheet as property, plant and equipment or investments in associates and joint ventures. In addition, Vale estimates research and development expenses of up to US\$250 (present value), which disbursements will occur in the short (44%) and medium (56%) term.

#### Excerpt 2

Potential impacts include increased expenses due to equipment damage and loss, rendering production unfeasible, operational interruptions, loss of productivity and increased maintenance costs due to unscheduled downtime. Based on the current stage of analysis related to physical risks and the level of uncertainty involved in measuring potential effects, the Company concluded that any quantitative estimate would not be relevant information.

Property, plant and equipment related to the Iron Ore Solutions and Energy Transition Metals segments have a higher degree of exposure to physical risks arising from climate change. The carrying amount of these assets as of December 31, 2024 were US\$24,367 and US\$13,309, respectively. Due to the nature of Vale's operations, in which investments in capacity replacement are constantly needed, the carrying amount of the assets is deemed a reasonable proxy to their replacement costs.

The extreme weather events may result in operational shutdowns, impacting the Company's production volume and, consequently, decreasing the operating revenue and the associated variable costs. For reference, a 5% reduction in the volumes sold of Iron Ore Solutions and Energy Transition Metals products would have an impact of US\$1,234 or 8.3% in relation to Vale's adjusted EBITDA for the year ended December 31, 2024, which totaled US\$14,840 (Note 5a to the Financial Statements).



**Intertemporal connectivity:** The disclosure of anticipated financial effects is related to transition and physical climate risks. These effects may crystallise in future period financial statements.

- **Excerpt 1** provides a quantitative estimate of costs arising from carbon pricing mechanisms and future investments linked to transition risks in the short, medium and long-term. It indicates which line items of the financial statements may be affected.
- **Excerpt 2** presents a qualitative assessment of possible physical risks from extreme weather events. Quantitative data is not included for physical risks, as entity indicates that estimates are not meaningful due to high uncertainty. Nonetheless, the company includes sensitivity analysis to show the potential impact on adjusted EBITDA of reduced iron ore sales.



## Illustration 12 – Excerpt 3 – Sustainability-related financial information report connectivity (anticipated financial effects- intertemporal connectivity)

### Sustainability-related financial information report

Excerpt 3

**Carbon pricing:** In April 2025 (subsequent event), the IMO's Marine Environment Protection Committee approved a set of regulatory measures establishing a maritime fuel standard and GHG emissions pricing mechanism for international shipping, which will be effective as of 2027.

Based on the recent approval of these measures, the Company will reassess the scenarios and financial impacts anticipated in the medium and long term during its strategic planning review, and it expects

that the GHG emissions pricing mechanism will result in an increase in freight costs. For reference, Vale's shipping costs totaled, US\$4,749 in 2024 (see Note 6a to the Financial Statements).

#### **Mitigation of GHG emissions related to international shipping:**

As part of the Ecoshipping program, the Company intends to invest in solutions aimed at decarbonizing the fleet of vessels serving the Company. These investments will be recognized as research and development expenses in the income statement and will represent payments in Vale's statement of cash flows. The projections consider an impact of approximately US\$19 at present value, with 39% in the short term and 61% in the medium term.



**Intertemporal connectivity:** Excerpt 3 shows that an increase of freight costs is expected due to the GHG emissions pricing mechanism.

It also outlines the company planned investments to decarbonise the fleet of vessels and mitigate GHG emissions and the expected benefits in the short and medium term.

## Illustration 13: Consistency of sustainability-linked loans' reporting

### Illustration 13 – About the company

#### Sector/industry

Real estate property

#### Company's definition of time horizon

Short-term  
2030

Medium-term  
2031-2040

Long-term  
2041-2050

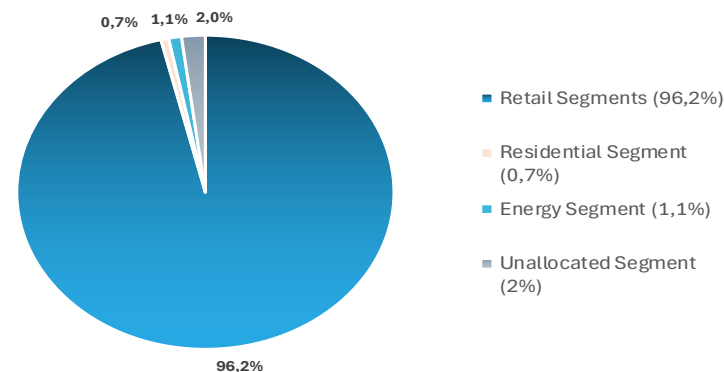


#### Key IROs

- Negative impact from shopping centres/corporate offices and value chain
- Positive impact: actions to reduce Scope 3 emissions
- Transition risks: increased costs and investment requirements
- Opportunity: reduced energy costs from lower emissions technology

#### Key segments

Profit before net finance costs and other items



#### Individual responsible for sustainability governance

The Group Head of Sustainability plays an active role in risk reviews and ESG oversight.

## Illustration 13 – Connectivity profile and basis of reporting

### Anchor points

Disclosure of amounts and use of proceeds from loans with sustainability-linked features and green bonds (SR and FS)

### Type and mechanism of connectivity

Consistency of narrative and amounts of sustainability-linked loans and green bonds

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS E1 requires disclosures related to an entity's transition plan for climate change mitigation

Connectivity requirements are explained in Chapter 2 of the DP (consistency)

### Level of assurance of SR

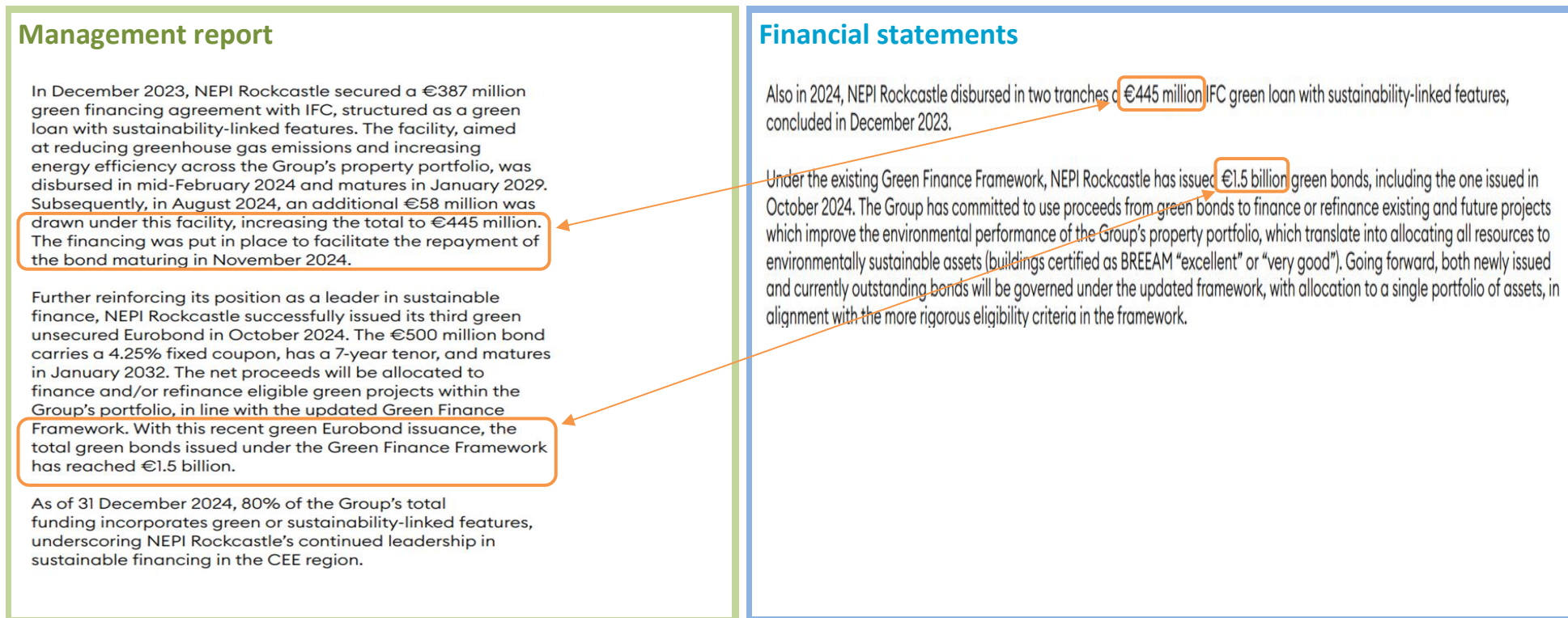
Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

Paragraphs 7-10 of IFRS 7 *Financial Instruments: Disclosures* require disclosure of key terms. The green loans and green bonds include sustainability-linked features, assessed as closely related under IFRS 9

## Illustration 13 – Excerpt – Management report to financial statements connectivity (consistency)



**Consistency in narrative and amounts:** The disclosures in the management report and financial statements explain that the sustainability-linked loan facilities and the proceeds from green bonds are aimed at reducing the entity's GHG emissions and improving its energy efficiency.

# ILLUSTRATIONS FROM FINANCIAL INSTITUTIONS



## Illustration 14: Consistency in assets reporting and coherence of information related to ECL

### Illustration 14 – About the company

#### Sector/industry

Banking

#### Company's definition of time horizon

Short-term  
<1 year

Medium-term  
1<5 years

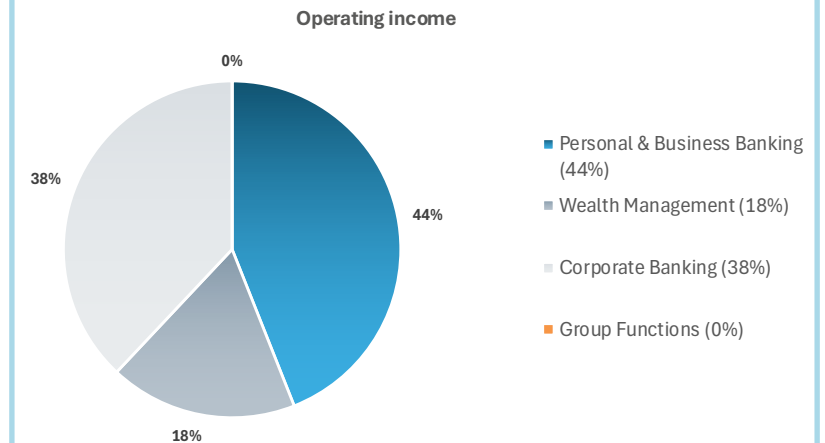
Long-term  
5<30 years



#### Key IROs

- Climate risk material in the long-term for credit risk
- Exposure of corporate loans to other environmental and social risks

#### Key segments



## Illustration 14 – Connectivity profile and basis of reporting

### Anchor points

Excerpts 1 and 2:

- Disclosure of assets at risk (SR)
- Carrying amount of assets (FS)

### Type and mechanism of connectivity:

Excerpt 1 – Consistency of loan amounts

Excerpt 2 – Coherence (by giving a more complete picture of climate-risk sensitivity in the carrying value of loans)

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement is prepared under ESRS

ESRS E1 requires the disclosure of the monetary amount of assets at material physical risk

Connectivity requirements are explained in Chapter 2 of the DP (consistency and coherence)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

IFRS 9 *Financial Instruments* requires that impairment losses on financial assets accounted for at amortised cost and debt instruments accounted for at fair value through OCI, as well as some other instruments, be evaluated by using the Expected Credit Loss (ECL) model

### Enhanced Disclosure Task Force (EDTF) recommendations for the risk report:

Related to credit risk, the EDTF had recommendations for quantitative credit risk disclosures both for on and off-balance sheet items

## Illustration 14 – Excerpt 1 – Sustainability statement and financial statements connectivity (consistency)

Sustainability statement		Financial statements	
	<b>31 December 2024</b>		
	<b>Gross carrying amount<sup>3</sup></b>		
	<b>(EUR million)</b>		
<b>Sub-sector (NACE)</b>			
Air transport (H)	9		
Extraction of crude petroleum and natural gas (B)	303		
Food and beverage service activities (I)	300		
Fossil electricity production (D)	2		
Indoor growing of crops (A)	1,471		
Inland freight water transport (H)	503		
Manufacture of animal protein food products (C)	386		
Manufacture of basic metals (C)	208		
Manufacture of prepared feeds for farm animals	216		
Other agriculture, forestry and fishing (A)	582		
Other electricity, gas, steam and air conditioning supply (D)	674		
Other transportation and storage (H)	538		
Raising of cattle (A)	3,049		
Raising of poultry and swine/pigs (A)	594		
Sea and coastal freight water transport (H)	5,612		
Support activities for petroleum and natural gas extraction (B)	1,094		
Transport via pipelines (H)	47		
Other sub-sectors <sup>1</sup>	68,240		
<b>Corporate loans<sup>2</sup></b>	<b>83,827</b>		
		<b>Accounting policy for loans and advances customers</b>	
		The accounting policy for loans and advances customers is included in <a href="#">Note 20 - Loans and advances banks</a> . Please refer to <a href="#">Note 1 - Accounting policies</a> in the Consolidated Annual Financial Statements and to the <a href="#">Credit risk management</a> section of the Risk, funding & capital chapter (Accounting policy for measuring allowances for credit losses).	
		Corporate loans (excluding fair value adjustment)	76,679
		Fair value adjustment from hedge accounting on corporate loans	102
		Financial lease receivables	3,822
		Factoring	3,326
		<b>Corporate loans at amortised cost, gross</b>	<b>83,929</b>



**Consistency in amounts:** The sustainability statement and the financial statements amounts for corporate loans are similar. The slight difference is due to the fair value adjustment from hedge accounting excluded from the sustainability statement amount.



## Illustration 14 – Excerpt 2 – Sustainability statement and financial statements connectivity (coherence)

Sustainability statement				31 December 2024	
Sub-sector (NACE)	Sensitivity to physical risk	Sensitivity to transition risk	Of which negative impact	Gross carrying amount <sup>2</sup> (EUR million)	
Air transport (H)	MH	MH	MH	9	
Extraction of crude petroleum and natural gas (B)	M	MH	MH	303	
Food and beverage service activities (I)	MH	L	L	300	
Fossil electricity production (D)	M	MH	H	2	
Indoor growing of crops (A)	MH	M	M	1,471	
Inland freight water transport (H)	MH	MH	MH	503	
Manufacture of animal protein food products (C)	MH	ML	L	386	
Manufacture of basic metals (C)	M	MH	MH	208	
Manufacture of prepared feeds for farm animals	MH	ML	L	216	
Other agriculture, forestry and fishing (A)	M	MH	H	582	
Other electricity, gas, steam and air conditioning supply (D)	ML	MH	H	674	
Other transportation and storage (H)	M	MH	M	538	
Raising of cattle (A)	MH	MH	H	3,049	
Raising of poultry and swine/pigs (A)	MH	MH	MH	594	
Sea and coastal freight water transport (H)	M	MH	H	5,612	
Support activities for petroleum and natural gas extraction (B)	M	MH	H	1,094	
Transport via pipelines (H)	MH	MH	M	47	
Other sub-sectors <sup>1</sup>				68,240	
<b>Corporate loans<sup>2</sup></b>				<b>83,827</b>	

Physical risk by industry						31 December 2024	
(in millions)	Exposure located in areas sensitive to impact from chronic climate change effects <sup>3</sup>	Exposure located in areas sensitive to impact from acute climate change effects <sup>3</sup>	Exposure located in areas sensitive to impact both from chronic and acute climate change effects <sup>3</sup>	Exposure located in areas not sensitive to climate change events	Total gross carrying amount <sup>4</sup>		
Agriculture, forestry and fishing	3,333	363	450	2,512	6,659		
Mining and quarrying	4	350	66	1,156	1,576		
Manufacturing	851	748	613	4,353	6,565		
Electricity, gas, steam and air conditioning supply	86	515	328	1,312	2,241		
Water supply; sewerage, waste management and remediation activities	270	3	50	342	664		
Construction	216	356	53	2,327	2,952		
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,110	1,379	299	5,186	7,975		
Transport and storage	632	787	591	6,738	8,749		
Real estate activities	1,035	1,551	198	8,267	11,052		
<b>Corporate loans in sectors highly contributing to climate change</b>	<b>7,539</b>	<b>6,053</b>	<b>2,648</b>	<b>32,194</b>	<b>48,433</b>		
Other sectors <sup>1</sup>	2,195	4,168	1,718	27,313	35,394		
<b>Corporate loans<sup>2</sup></b>	<b>9,734</b>	<b>10,221</b>	<b>4,366</b>	<b>59,507</b>	<b>83,827</b>		

✚ **Coherence (by providing related information so as to convey a more complete picture of risk exposure):** The sustainability statement has disclosures of a) qualitative sensitivity of the corporate loans portfolio to physical and transition risk; and b) the quantitative disaggregation of the loans portfolio from which the aggregate exposure vulnerable to climate risk (29% of portfolio: (9,734+10,221+4,366)/83,827) and exposure vulnerable to climate risk from high-impact sectors (19.4% of portfolio: (7,539+6,053+2,648)/83,827) can be determined. These disclosures contextualise and provide more information about the carrying amount in the financial statements shown in Excerpt 1.

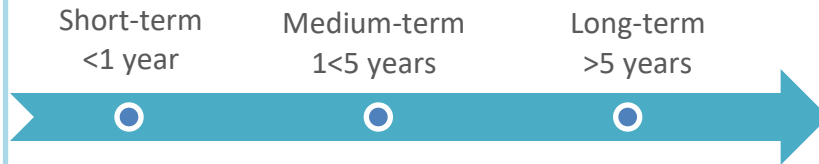
# Illustration 15: Consistency of green investments reporting and coherence related to transition-linked assets

## Illustration 15 – About the company

### Sector/industry

Insurance

### Company's definition of time horizon

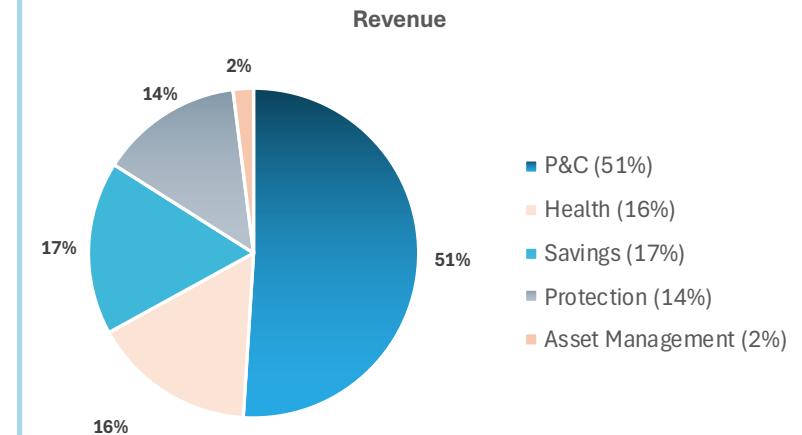


### Key IROs

#### Presentation of IROs from both an investor and an insurer perspective:

- Positive impact: environmental criteria on climate change in investment decisions
- Risk: climate-related unrealised losses in the value of investment assets

### Key segments



## Illustration 15 – Connectivity profile and basis of reporting

### Anchor points

#### Excerpt 1:

Disclosure of green assets (SR and FS)

#### Excerpt 2:

- Disclosure of net-zero targets and percentage of assets under management covered by a GHG measurement methodology (SR)
- Investments (FS)

### Type and mechanism of connectivity

Excerpt 1 – Consistency of amounts of green assets across reports

Excerpt 2 – Coherence by giving a more complete picture of assets under GHG measurement

### Basis of reporting

Sustainability statement includes all entities in the Group's consolidated financial statements and in addition, all controlled entities that are excluded from the financial consolidation scope which are material from the sustainability-related standpoint

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

ESRS 2 requires the disclosure of targets related to an entity's material IROs and how these targets are tracked

Connectivity requirements are explained in Chapter 2 of the DP (consistency and coherence)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

IFRS 9 sets out the classification and measurement of financial instruments based on business model and cash flow characteristics. Financial Assets are classified into amortised cost, FVOCI, or FVTPL based on their cash flow characteristics

## Illustration 15 – Excerpt 1 – Sustainability statement to financial statements connectivity (consistency)

### Sustainability statement

In 2024, AXA made the following progress towards its target: €7.0 billion was invested in transition financing, primarily through sovereign and corporate green bonds, but also with transitional Real Estate equity capex and Private Equity investments.

<i>(in Euro billion)</i>	2024	Target	Timeline
Climate transition financing ("AXA For Progress Index")	7.0	5.0	Annually

In addition to the transition financing objective, AXA monitors its green assets within its portfolio, totaling €37.1 billion as of December 2024, without setting a specific target. This includes AXA's investment in green infrastructure projects aimed at supporting and fostering investments in the development of the renewable energy sector.

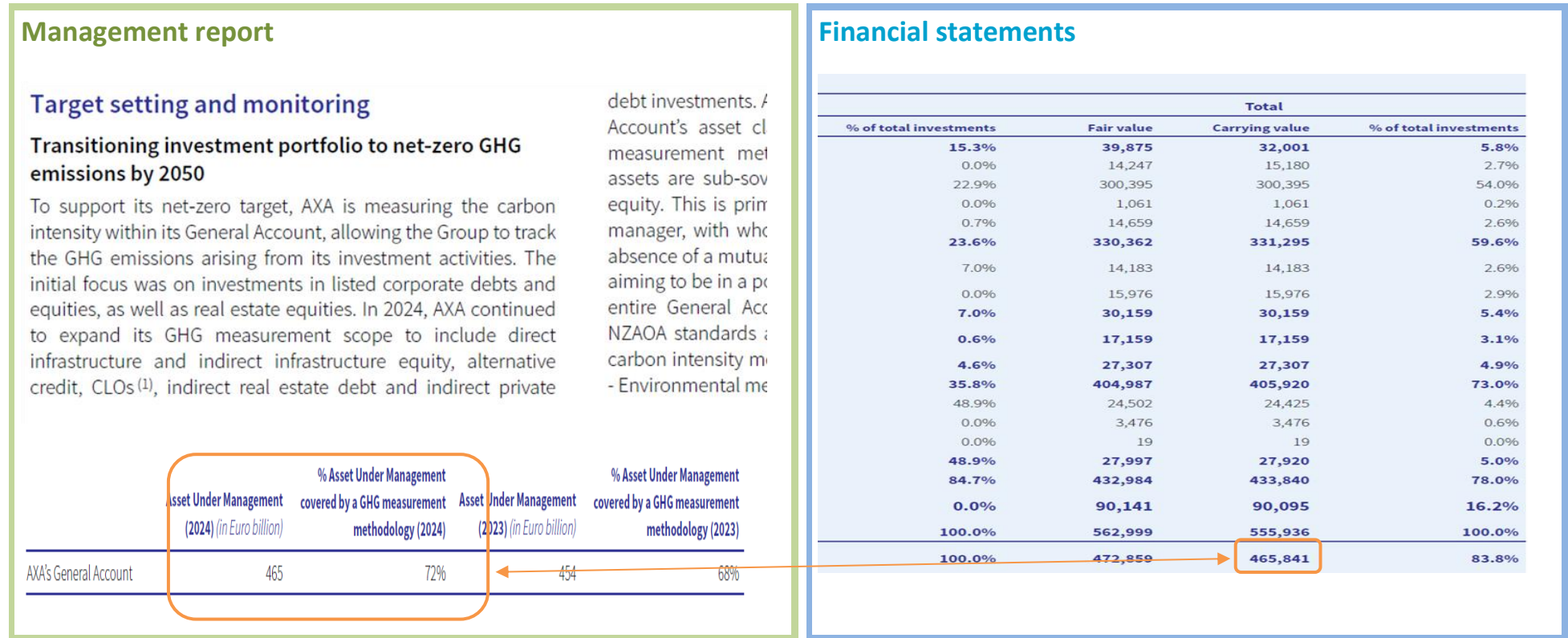
### Financial statements

Furthermore, as an investor supporting the transition, AXA actively monitors green assets (please refer to Section 4.5.2.1) held within its portfolio; these investments represented €37.1 billion as of December 31, 2024 compared to €29.9 billion as of December 31, 2023.



**Consistency of amounts:** The green assets' amount disclosed in the sustainability statement is consistent with that disclosed in the financial statements.

## Illustration 15 – Excerpt 2 – Sustainability statement to financial statements connectivity (coherence)



**⚙️ Coherence (by giving a more complete picture):** The disclosure in the sustainability statement related to transition to net-zero contextualises the carrying amount of investments disclosed in the financial statements, by indicating 72% of assets under management are covered by a GHG measurement methodology. The narrative in the sustainability statement indicates which asset classes are covered in the GHG measurement scope.

# Illustration 16: Consistency of sustainability-linked assets' reporting

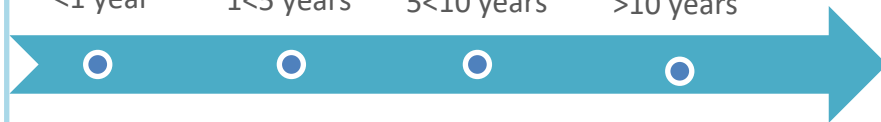
## Illustration 16 – About the company

### Sector/industry

Banking

### Company's definition of time horizon

Short-term	Medium-term	Long-term	Very long-term
<1 year	1<5 years	5<10 years	>10 years

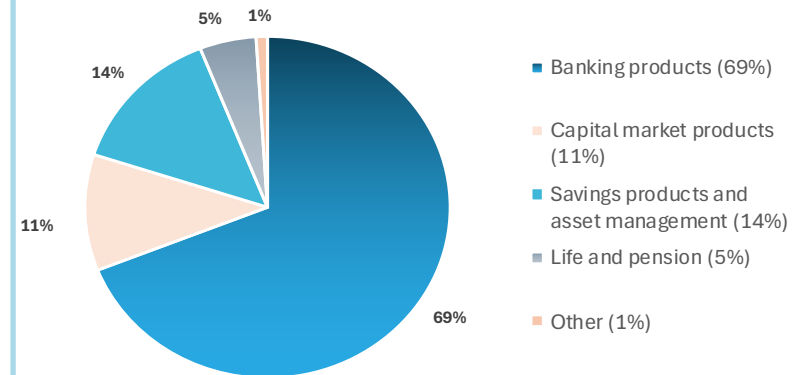


### Key IROs

- Impact: GHG emissions from lending portfolio
- Risk: exposure to counterparties and sectors facing climate-related transition risks
- Opportunity: revenue generation from climate change mitigation and adaptation

### Key segments

Total operating income



### Individual responsible for sustainability governance

The Chief of Staff is accountable for overseeing and facilitating the Group-wide integration of ESG factors into the Risk Management Framework and business processes

## Illustration 16 – Connectivity profile and basis of reporting

### Anchor points

Disclosure of sustainability-linked assets (loans) (SR and FS)

### Type and mechanism of connectivity

Consistency of amounts of sustainability-linked assets (loans) across reports

### Basis of reporting

Sustainability statement and the financial statements have the same scope of consolidation

### Applicable SR requirements or framework

Sustainability statement prepared under ESRS

Connectivity requirements are explained in Chapter 2 of the DP (consistency)

### Level of assurance of SR

Limited assurance of the sustainability statement

### Applicable accounting requirements

Financial statements prepared in accordance with IFRS Accounting Standards

IFRS 9 sets out the classification and measurement of financial instruments based on business model and cash flow characteristics. Financial Assets are classified into amortised cost, FVOCI, or FVTPL

Paragraph 8 of IFRS 7 requires the disclosure of the carrying amounts of financial assets

## Illustration 16 – Excerpt – Board of directors’ report and financial statements connectivity (consistency)

### Board of directors’ report

Sustainable financing	Corporate	Household	Public entities and Financials	2024
<b>Green loans, EURm<sup>1</sup></b>				
Loans in green categories <sup>2</sup>	10,860	21	240	11,121
- of which green buildings	8,845	17	1	8,863
- of which renewable energy	1,184	2	-	1,186
- of which pollution prevention	423	-	191	613
- of which sustainable management	166	-	-	166
- of which energy efficiency	117	0	47	165
- of which clean transportation	126	1	0	127
Green mortgages <sup>3</sup>		1,988		1,988
- of which Sweden	-	1,785	-	1,785
- of which Norway	-	197	-	197
- other	-	5	-	5
<b>Total</b>	<b>10,860</b>	<b>2,009</b>	<b>240</b>	<b>13,109</b>
<b>Sustainability-linked loans, EURm<sup>4</sup></b>				
- of which drawn loans	9,264	-	-	9,264
- of which undrawn commitments	8,589	-	-	8,589
<b>Total</b>	<b>17,853</b>	<b>-</b>	<b>-</b>	<b>17,853</b>

1) Loans sold as green fulfilling the Nordea green funding framework criteria. Excluding loans reclassified as green by Nordea as well as off balance volumes for exposures. 2023 and 2022 figures have been restated from the previous reporting period due to improved data availability.

2) Household loans sold as green from Nordea mortgage entities (i.e. green mortgages) have been excluded from the household part.

3) Includes household loans sold as green from Nordea's mortgage entities.

4) Ancillary products excluded from 2024, 2023 and 2022 figures.

### Financial statements

Some loan contracts at Nordea, measured at amortised cost on the balance sheet, include terms linking contractual cash flows to the customers’ achievement of environmental, social and governance (ESG) goals (sustainability-linked loans). The ESG goals are entity specific and the most common goals for these sustainability linked loans are of an environmental nature, such as the reduction of CO2 equivalents (CO2e). At the end of the year the gross carrying amount of the sustainability-linked loans recognised on the balance sheet amounted to EUR 9,264 (EUR 8,600m). These loans are presented in the balance sheet item “Loans to the public”. The total exposure to sustainability-linked loans, including off-balance sheet commitments, was EUR 17,853m (EUR 19,261m) at the end of the year. 98.1% (63.3%) of the gross carrying amount is linked to KPIs related to climate transition risk, meaning risk associated with the transition to a net zero society. The most common transition risk KPI is the customers’ ability to reduce CO2e. The effect on the annual interest rate if the KPIs for the sustainability-linked loans are met or not met is a decrease or increase of 2.5–10bp (2.5–10bp), which Nordea considers to be a de minimis effect on the contractual cash flows of these loans. The average contractual term of these loans is 3 years (3 years). For more information about the risk associated with these loans, see section 2.1 “ESG-related credit risk” in Note G11 “Risk and liquidity management”.



**Consistency of amounts:** The disclosure in the board of directors’ report shows that the amount of sustainability-linked loans is the same as disclosed in the financial statements. The financial statements explain that these loans are linked to transition-related KPIs that affect the interest rate charged.



# Illustration 17: Coherence and current financial effects disclosure via cross-reference – climate risk impact on ECL reporting

## Illustration 17 – About the company

### Sector/industry

Banking

### Company's definition of time horizon

Short-term  
(2026)

Medium-term  
(2027-2035)

Long-term  
(2036-2050)

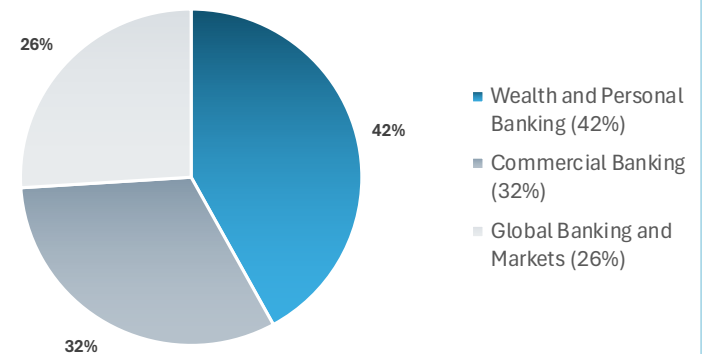


### Key IROs

Risks: reduction in household income and wealth and lower asset performance over the short to long-term

### Key segments

Revenue



## Illustration 17 – Connectivity profile and basis of reporting

### Anchor points

Excerpts 1 and 2:

- Disclosure of ECL (SR)
- Disclosure of ECL and critical judgments and estimates (FS)

### Type and mechanism of connectivity

Excerpt 1 – Coherence via disclosure of qualitatively material information about exposures

Excerpt 1 – Current financial effects disclosure via cross-reference of climate impact of ECL

Excerpt 2 – Coherence (by giving a more complete picture of ECL)

### Basis of reporting

ESG review and the financial statements have the same scope of consolidation

#### Applicable SR requirements or framework

TCFD recommendations on climate-related risks and opportunities

The company publishes a separate ESG Datapack which provides further disaggregated information on climate risk metrics

Connectivity requirements are explained in Chapter 2 of the DP (coherence and current financial effects disclosure via cross-reference)

#### Level of assurance of SR

Limited assurance on ESG metrics in the ESG review report

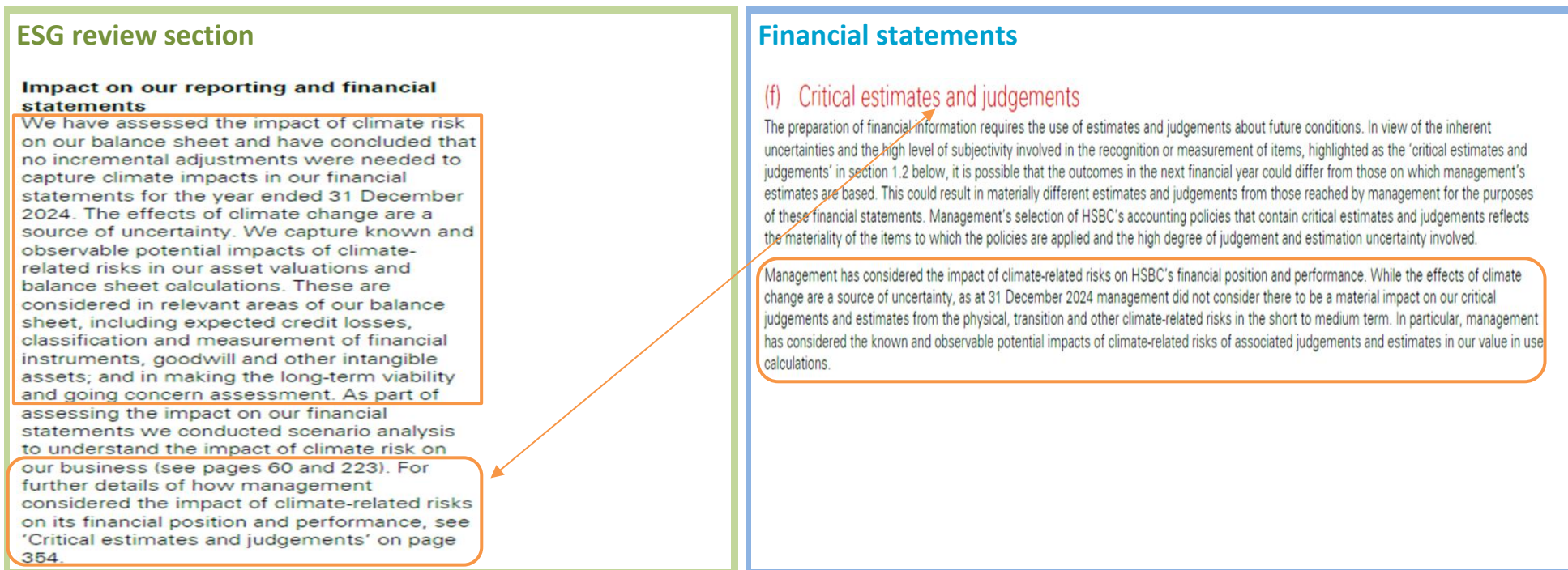
#### Applicable accounting requirements


Financial statements prepared in accordance with IFRS Accounting Standards


IFRS 9 requires that impairment losses on financial assets accounted for at amortised cost and debt instruments accounted for at fair value through OCI, as well as some other instruments, be evaluated by using the ECL model

IASB Illustrative examples on Disclosures about Uncertainties in the Financial Statements (Example IV-1)

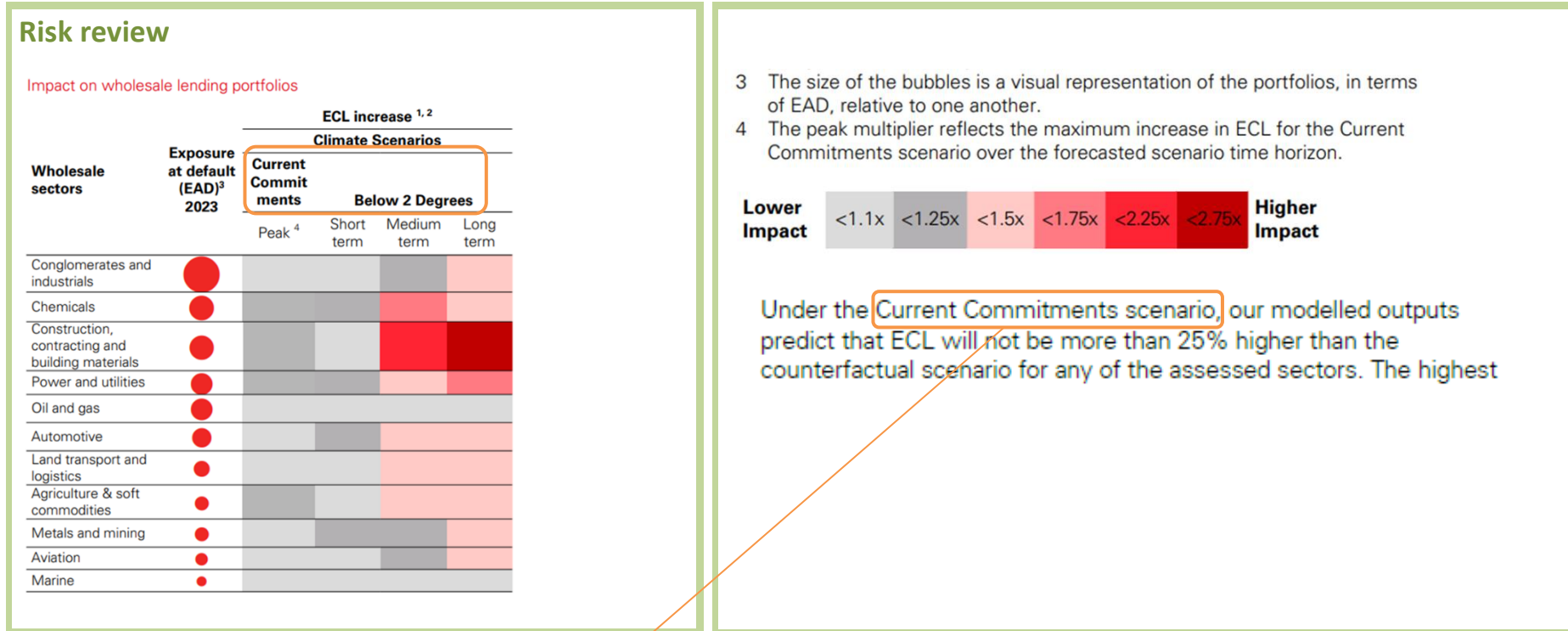
## Illustration 17 – Excerpt 1 – ESG review section and financial statements connectivity (coherence and current financial effects via cross-reference)



 **Coherence via the disclosure of qualitatively material information about exposures:** In the ESG review, it is disclosed that there were no incremental adjustments. This is consistent with the critical estimates and judgements note to the financial statements where it is disclosed that climate-related risks have no material impact on the financial position and financial performance.

 **Current financial effects disclosure via cross reference:** The disclosure in the ESG review section cross-references the note in the financial statements related to critical judgments and estimates.

## Illustration 17 – Excerpt 2 – Risk review and financial statements connectivity (coherence)



⚙️ **Coherence (by giving a more complete picture):** The ‘risk review report’ disclosure of ‘exposure at default (EAD)’ by sector based on ‘current commitments’ versus ‘below two degrees’ scenarios, shows low impact is expected under the current commitments scenario (i.e. no more than 25% increase in ECL). And this further contextualises the disclosure in the financial statements that there is no material impact of climate-related risks.



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