

**[Draft] Voluntary ESRS
for non-listed Small- and Medium-Sized Enterprises
– Exposure Draft
(VSME ESRS ED)**

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Objective of this Standard and to which undertakings it applies

1. The objective of this Standard is to support micro-, small- and medium-sized undertakings in:
 - a) contributing to a more sustainable and inclusive economy;
 - b) improving their management of the sustainability issues they face, i.e. environmental and social challenges, such as pollution, workforce health and safety. This will support their competitive growth and enhance their resilience in the short- medium- and long-term;
 - c) providing information that will help satisfy data demand from lenders/credit providers and investors, therefore helping undertakings in their access to finance;
 - d) providing information that will help satisfy the data demand needs of large undertakings requesting sustainability information from their suppliers.
2. This Standard is voluntary and applies to undertakings whose securities are not admitted to trading on a regulated market in the European Union (not listed). [Article 3 of Directive 2013/34/EU], defines and distinguishes three categories of small and medium-sized undertakings based on their balance sheet total, their net turnover and their average number of employees during the financial year. An undertaking is micro if it does not exceed two of the following thresholds: €350,000 in balance sheet total, €700,000 in net turnover and 10 employees. An undertaking is small if it does not exceed two of the following thresholds: €4 million in balance sheet total, €8 million in net turnover, or an average of 50 employees. An undertaking is medium if it does not exceed two of the following thresholds: €20 million in balance sheet total, €40 million in net turnover and 250 employees.
3. These undertakings are outside the scope of the Corporate Social Reporting Directive (CSRD), but are encouraged to use this Standard to prepare and share with whoever it may concern sustainability information. This [draft] Standard covers the same sustainability issues as the European Sustainability Reporting Standards (ESRS) for large undertakings, but is based upon the key concept of proportionality and therefore takes into account undertakings' fundamental characteristics. Micro-Enterprises are welcome to use only certain parts of this Standard, as highlighted in par. 5 (a).
4. Unlike the ESRS for large undertakings, with which consistency has been carefully considered while defining proportionate requirements, this [draft] Standard has no legal authority. It offers undertakings that are outside the scope of the CSRD (see paragraph 2), a voluntary tool for sustainability reporting.

Modules that constitute this Standard

5. This Standard includes three modules that the undertaking can use as the basis for preparation of its sustainability report:
 - a) **Basic Module:** Disclosures B 1 and B 2 and Basic Metrics (B 3 – B 11). This module is the target approach for micro-undertakings and a minimum requirement for other undertakings. Materiality analysis is not required, but disclosures B3-B11 are to be provided when they are applicable to the undertaking's specific circumstances.
 - b) **Narrative-Policies, Actions and Targets (PAT) Module:** This module defines narrative disclosures (N1 – N5) in relation to Policies, Actions and Targets (PAT), to be reported in addition to disclosures B1-B11, if the undertaking has them in place. This module is suggested to undertakings that have formalised and implemented PAT. Materiality analysis is required in order to disclose which of the sustainability matters in Appendix B are relevant for the undertaking's business and organization (see Principles of Materiality below).
 - c) **Business Partners (BP) Module:** This module sets datapoints to be reported in addition to disclosures B1-B11, that are likely to be included in data requests from lenders, investors and corporate clients of the undertaking. Materiality analysis is required, in order to disclose

which of the sustainability matters in Appendix B are relevant for the undertaking's business and organization (see Principles of Materiality below). If the undertaking prepares also the Narrative (PAT) module, the material matters are disclosed only once.

Paragraph 24 below illustrates the available options for the preparation of a sustainability report using this Standard, adopting one or more of these modules. Once chosen, a module shall be complied with in its entirety, i.e. including the information in each disclosure that is applicable to the undertaking's specific circumstances and, for BP 5 - Disclosure BP 5 –Physical Risks from climate change in the Business Partners module, when they are considered relevant for the undertaking's business and organization..

6. Applying the Basic Module is a prerequisite for applying the Narrative-PAT and/or the Business Partners modules.
7. Appendix A *Defined Terms* includes the definitions of the terms used in this Standard.

Principles for the preparation of the sustainability report (Basic Module, Narrative-PAT, Business Partners)

8. This section includes principles that shall be applied when the undertaking prepares its sustainability report using any of the three modules described above.

Complying with this Standard

9. This Standard provides requirements to allow the undertaking to provide relevant information on:
 - a) how its business has had and are likely to have a negative impact on people or on the environment;
 - b) which and how environmental and social issues have affected or are likely to affect its financial position, performance and cash flows.
10. The sustainability report shall provide information which is relevant, faithful, comparable, understandable and verifiable.
11. Depending on the type of activities carried out by the undertaking, the inclusion of additional information (metrics and/or narrative disclosures) not covered in this Standard is appropriate, in order to disclose about issues that are common in the undertaking's sector, as this supports the preparation of relevant, faithful, comparable, understandable and verifiable information.

Preparation on a consolidated basis

12. If the undertaking is a parent company of a group, it is recommended that it prepares its sustainability report on a consolidated basis, including the information of its subsidiaries.

Timing and location of the sustainability report

13. The sustainability report shall be prepared on an annual basis. It shall be available for communication at the same time as the financial statements, if they are prepared.
14. The undertaking may present its sustainability report in a separate section of the management report, if the latter is required by applicable law and regulations or if the management report is prepared voluntarily. Otherwise, the undertaking may present its sustainability report in a different document.
15. To avoid publishing the same information twice, the undertaking may include in its sustainability report a reference to disclosures published in other documents that are accessible at the same time as the sustainability report.

Classified and sensitive information, and information on intellectual property, know-how or results of innovation

16. When the provision of the disclosures in this Standard would require disclosing classified or sensitive information, the undertaking may omit such information, even if it is considered material. The undertaking may omit such classified or sensitive information if:
- a) the information has commercial value because it is secret; and
 - b) its publication will likely negatively affect the financial performance or position of the undertaking.

If the undertaking decides to omit such information, it shall simply state that it is the case under Disclosure B 1 (see par. 24).

Principles for the preparation of the sustainability report (Narrative-PAT, Business Partners)

17. This section includes principles that shall be applied when the undertaking prepares its sustainability report using the Narrative-PAT module and/or the Business Partners module.

Time horizons

18. When preparing its sustainability report, the undertaking shall apply the following time-horizons:
- a) for the short-term time horizon: one year;
 - b) for medium-term horizon: from two to five years; and
 - c) for the long term horizon: more than five years.

Coherence and linkages with disclosures in financial statements

19. If the undertaking also prepares the financial statements, the information provided in its sustainability report following this Standard:
- a) shall be coherent with what is reported in the financial statements for the same period; and
 - b) may be presented in a way that facilitates the understanding of the linkages that exist with the information reported in financial statements, for example using appropriate cross-references.

Basic Module

20. The undertaking shall report on its Environmental, Social and Business Conduct issues using the disclosures B1-B11 below. Comparative information in respect of the previous year shall be included in report, except for metrics being disclosed for the first time. The inclusion of comparative information shall begin from the second year of reporting onwards.
21. The disclosures B1-B11 are to be reported and no materiality analysis is needed. Certain disclosures only apply to specific circumstances. In particular, the following instructions specify that, in these circumstances, the information is to be reported only if considered "applicable" by the undertaking. When one of these disclosures is omitted, it is assumed to be not applicable.
22. The undertaking may complement the Metrics from B 3 to B 11 with additional qualitative and/or quantitative information, when appropriate, in accordance with par. 11 above. The undertaking that wants to provide a more comprehensive information, may also integrate the Metrics required from B 3 to B 11 with disclosures, selecting them from the Narrative-PAT Module and/or from the Business Partners Module.
23. **Instructions to support the preparation of Metrics B3-B11 are available in the *Basic Module Guidance*, on page 18 to 31 of this Standard.**

Disclosure B 1 – Basis for Preparation

24. The undertaking shall disclose:
 - a) which of the following options it has selected in the preparation of its sustainability report using this Standard:
 - i. OPTION A: Basic Module (only);
 - ii. OPTION B: Basic Module and Narrative-PAT Module;
 - iii. OPTION C: Basic Module and Business Partners Module; or
 - iv. OPTION D: Basic Module, Narrative-PAT Module and Business Partner Module.
 - b) whether the sustainability report has been prepared on a consolidated (i.e. the report includes information of the undertaking's and its subsidiaries), or on individual basis (i.e. the report is limited only to the information of the undertaking).
 - c) the list of the subsidiaries including their registered address¹ covered in the consolidated sustainability report.

Disclosure B 2 – Practices for transitioning towards a more sustainable economy

25. The undertaking may briefly describe specific practices for transitioning towards a more sustainable economy, in case it has them in place. This may include the practices in relation to climate change, pollution, water and marine resources, biodiversity and ecosystems, circular economy, own workforce, workers in the value chain, affected communities, consumers and end-users, or business conduct. Practices include what the undertaking does to reduce its negative impacts and to enhance its positive impacts on people and on the environment, in order to contribute to a more sustainable economy. Practices in this context shall not include philanthropic activities (e.g., donations), but for instance initiatives to improve working conditions and equal treatment in the workplace, sustainability training for its workforce, collaboration with universities related to sustainability projects, efforts to reduce the undertaking's water and

¹ Registered address is the official address of the undertaking. The registered address is a legal requirement and it is available on public record.

electricity consumption or to prevent pollution, as well as initiatives to improve product safety. This disclosure does not apply when the undertaking prepares its sustainability report using the Narrative-PAT module.

Basic Metrics - Environment

B 3 – Energy and greenhouse gas emissions

26. The undertaking shall report its impacts on climate, by disclosing its energy usage and greenhouse gas emissions, as requested in the following paragraphs.
27. The undertaking shall disclose its total energy consumption in MWh, with a breakdown between:
 - a) fossil fuels; and
 - b) electricity, as expressed in utility billings (with the breakdown between renewable and non-renewable sources, if available).
28. The undertaking shall disclose its estimated gross greenhouse gas (GHG) emissions in tons of CO₂ equivalents (tCO₂eq), including:
 - a) The scope 1 GHG emissions in tCO₂eq (from owned or controlled sources); and
 - b) The location-based scope 2 emissions in tCO₂eq (generation of purchased energy).

B 4 – Pollution of air, water and soil

29. The undertaking shall disclose, if applicable, the pollutants (with respective amounts) it emits in its own operations to air, water and soil that it is required to report by law to competent authorities (e.g. under the Industrial Emissions Directive and the European Pollutant Release and Transfer Register) or that it already reports according to an Environmental Management System such as EMAS. If this information is already publicly available, the undertaking may alternatively provide a reference to the document where it is reported, for example, through a hyperlink.

B 5 – Biodiversity

30. The undertaking shall disclose, if applicable, metrics related to its impacts on biodiversity and ecosystems and land-use change, as requested in the following paragraphs.
31. The undertaking shall disclose the number and area (in hectares) of sites that it owns, that it has leased or that it manages, that are located in or near biodiversity sensitive areas.
32. The undertaking may disclose metrics related to land-use change such as:
 - a) total use of land;
 - b) total sealed area;
 - c) total nature-oriented area on site; and
 - d) total nature-oriented area off site.

B 6 – Water

33. The undertaking shall disclose its total water withdrawal, i.e. the amount of water drawn into the boundaries of the organization (or facility); in addition, the undertaking shall separately present the amount of water withdrawn at sites located in areas of high water stress.

34. If applicable, the undertaking shall disclose its water consumption, calculated as the difference between its water withdrawal and water discharge from its production processes.

B 7 – Resource use, circular economy, and waste management

35. The undertaking shall disclose how it manages resource use and its waste management practices and whether it applies circular economy principles.
36. The disclosure shall include:
- a) if the undertaking operates manufacturing, construction and/or packaging processes, the recycled content in the products (goods and materials) and their packaging produced by the undertaking;
 - b) if the undertaking operates manufacturing, construction and/or packaging processes, rates of recyclable content in the products and their packaging produced by the undertaking;
 - c) the total annual generation of waste in units of weight (preferably) or volume, broken down by type (non-hazardous and hazardous); and
 - d) total annual waste diverted to recycle or reuse, expressed in units of weight (e.g. kg or tonnes).

Basic Metrics – Social matters

B 8 – Workforce – General characteristics

37. The undertaking shall disclose the total number of employees in full-time equivalents or head count broken down:
- a) by type of employment contract: temporary and permanent;
 - b) by gender; and
 - c) if applicable, by country.

B 9 – Workforce - Health and Safety

38. The undertaking shall disclose the following information regarding its employees:
- a) the number and rate of recordable work-related accidents;
 - b) the number of fatalities as a result of work-related injuries and work-related ill health.

B 10 – Workforce – Remuneration, collective bargaining, and training

39. The undertaking shall disclose:
- a) when a significant proportion of employees are compensated based on wages subject to minimum wage rules, the relevant ratio of the entry level wage to the minimum wage;
 - b) the percentage gap in pay between its female and male employees. The undertaking may omit this disclosure when its headcount is below 150 employees.
 - c) the percentage of employees covered by collective bargaining agreements;

- d) the average number of annual training hours per employee and by gender related to the development of skills and competences, either through formal or informal forms of capacity building.

Basic Metrics - Business conduct

B 11 – Convictions and fines for corruption and bribery

- 40. In case of convictions and fines in the reporting period, the undertaking shall disclose the number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws.

Principles of Materiality to be applied for the Narrative-PAT and Business Partners Modules

41. Issues that cover environmental, social, and/or business conduct aspects identified in this context are named sustainability matters. This section explains how to identify those sustainability matters that are 'material', meaning relevant and therefore to be reported on.
42. Materiality refers to the significance to the undertaking of a sustainability matter and of information about this sustainability matter. Materiality analysis is the process to identify the sustainability matters that undertakings should report on. The undertaking is encouraged to use the list in Appendix B *List of Sustainability Matters used for Materiality Assessment* of this Standard as guidance for the identification of its material sustainability matters. The materiality analysis does not apply to an undertaking that decides to only apply the Basic Module.
43. As part of its materiality analysis, the undertaking will assess impacts that it has or is likely to have on people and the environment, as well as financial risks and opportunities that do or may derive from sustainability matters. Identifying which sustainability matters are material is needed particularly to minimize or avoid negative impacts. At the same time, it can help the undertaking to improve its products or services or to develop new ones that address environmental or social challenges. Understanding financial risks allows the undertaking to reduce operational costs, avoid fines, litigations or reputational damages.
44. When assessing whether a sustainability matter is to be reported, because it is material to the undertaking, two dimensions have to be considered, namely impact materiality and financial materiality. This is what is generally referred to as double materiality analysis.

Impact materiality

45. From an impact perspective, a sustainability matter is to be reported on when it gives rise to material impacts. This includes:
 - a) actual or potential impacts on people or on the environment over the short, medium, and long-term time horizons. An impact is actual when it is already happening. An impact is potential when it is likely to happen; and
 - b) impacts connected with the undertaking's own business operations, products and services as well as through its business relationships, such as those that arise from the operations of suppliers.
46. To determine if an actual negative impact is material, the undertaking has to consider how severe the impact is on people and the environment. To determine if a potential negative impact is material, the undertaking has to consider the severity of the impact on people and the environment as well as the likelihood of that impact happening. Severity is based on:
 - a) scale, i.e., how grave the harm caused to people or to the environment is (e.g., minor injury at work without day lost is lower in the scale compared to fatality at work; inadequate industrial waste disposal leading to soil pollution within a local facility is lower in the scale compared to a leak of harmful chemicals in a river leading to severe damage of ecosystem and wildlife);
 - b) scope: how widespread the harm caused to people or to the environment is (e.g., amount of affected people, size of contaminated land);
 - c) the irremediable character of the impact: whether and to what extent it is possible to remediate the harm caused to people or on the environment (e.g., cleaning up the contaminated land, compensations and/or indemnities for affected people).
47. The consideration of scale, scope and irremediability are meant to guide undertakings when analysing the severity of its impacts. The undertaking is not expected to report on the details related to each of these three aspects.

48. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its probability.
49. Quantitative measures of impacts are the most objective evidence to assess their materiality. However, quantitative information is not always available or may be costly to produce. Qualitative analysis can be sufficient for the undertaking to reasonably conclude that a matter is material or not.

Financial materiality

50. From a financial perspective, a sustainability matter is material if it pertains to financial risks that could be reasonably expected to have material financial effects, i.e. to materially influence the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term time horizons. In addition to the undertaking's business operations, matters related to the undertaking's business relationships with other companies should also be considered.
51. Material impacts generated by the undertaking are generally a source of financial risks. However, the undertaking shall also consider risks that are not related to its material impacts.
52. Financial opportunities related to a sustainability matter may, like risks, generate financial effects. Reporting on financial opportunities is optional when preparing a sustainability report under this Standard.
53. Dependencies on natural and social resources may trigger financial risks in two ways:
 - a) they may influence the undertaking's ability to continue to use or obtain the resources needed in its business processes, as well as the quality and pricing of those resources; and
 - b) they may affect the undertaking's ability to rely on business relationships on acceptable terms.
54. To determine whether a financial risk is material, the undertaking assesses its probability and the potential size of the financial effects on the undertaking.

Stakeholders and their relevance to the materiality analysis process

55. Stakeholders are those individuals or groups of people who can exercise influence over the undertaking and/or be affected by the activities of the undertaking. There are two main groups of stakeholders:
 - a) affected stakeholders: individuals or groups of people whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its business relationships; and
 - b) users of the sustainability report: including investors, lenders, business partners, social partners and civil society organizations.
56. Some stakeholders may belong to both groups defined in paragraph 55. An undertaking may engage with stakeholders in its materiality analysis to find out which sustainability matters are the most important to them. In many cases, micro enterprises will consider the views only of their most relevant stakeholders among the ones mentioned in paragraph 55.

Narrative – Policies, Actions and Targets (PAT) Module

Disclosure N 1 – Strategy: business model and sustainability related initiatives

57. The undertaking shall disclose the key elements of its strategy and its business model, including:
- a) a description of significant groups of products and/or services offered;
 - b) a description of significant market(s) the undertaking operates in (B2B, wholesale, retail, countries);
 - c) a description of main business relationships (such as key suppliers, customers distribution channels and consumers); and
 - d) if applicable, a description of the key elements of its strategy that relate to or affect sustainability matters.

Disclosure N 2 – Material sustainability matters

58. The undertaking shall disclose the material sustainability matters resulting from its materiality analysis (see from paragraph 41 to 56) including a brief description of each sustainability matter (listed according to par. 42) and:
- a) how each matter has an impact on people or the environment;
 - b) its actual and potential effects on the undertaking's present or future financial position and performance; and
 - c) its actual and potential effects on the undertaking's activities and strategy.

Disclosure N 3 – Management of material sustainability matters

59. The undertaking shall disclose how it manages its material sustainability matters, including:
- a) whether it has adopted policies or actions to (i.) prevent, (ii.) mitigate and (iii.) remediate actual and potential negative impacts and/or to address financial risks. If applicable, the undertaking may refer to the [due diligence] or risk management processes implemented;
 - b) if the undertaking has policies in place, it shall describe:
 - i. the objective(s) of the policy and which material sustainability matters it addresses;
 - ii. the scope of the policy in terms of activities, value chain, countries in which the undertaking is active in;
 - iii. if relevant, affected stakeholder groups addressed by the policy;
 - iv. if applicable, a reference to third-party standards or initiatives the undertaking commits to respect through the implementation of the policy; and
 - v. the targets the undertaking uses to monitor the implementation of the policy and the progress achieved;
 - c) if the undertaking has actions in place, it shall describe:
 - i. the list of key actions taken in the reporting year and planned for the future;
 - ii. the scope of those actions (i.e., if they also address actors in the value chain, if they are implemented in different location and geographies or which affected stakeholder groups they address);

- iii. the time horizon under which the undertaking intends to complete each key action; and
 - iv. the targets the undertaking uses to monitor the actions implemented and the progress achieved.
60. Where material, the undertaking shall disclose the actions taken in the reporting period to improve its energy efficiency and to reduce its greenhouse gas emissions and the related possible implications in terms of risks and opportunities.
61. When the undertaking considers that negative impacts are material in relation to (i) workers in the value chain; and/or (ii) consumers and end users; and/or (iii) affected communities, it may disclose:
- a) the policies that it has adopted to manage those material impacts, as well as associated material risks;
 - b) the actions it has taken on material impacts, and approaches to managing material risks, and effectiveness of those actions;
 - c) targets related to managing material negative impacts and managing material risks.
- These disclosures are limited to the description of the policies, actions and targets that the undertaking has put in place.
62. Where material, the undertaking shall disclose whether it has the following in place to support the prevention of incidents of corruption or bribery:
- a) separation of duties; and/or
 - b) training for its employees; and
 - c) any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.

Disclosure N 4 – Key stakeholders

63. If the undertaking engages with stakeholders, it may disclose:
- a) the categories of key stakeholders considered (the undertaking can use categories such as investors, lending banks/creditors, business partners, trade unions, NGO); and
 - b) a brief description of the engagement activities.

Disclosure N 5 – Governance: responsibilities in relation to sustainability matters

64. The undertaking shall describe:
- a) the governance and responsibilities in relation to sustainability matters. If applicable, this disclosure shall cover roles and responsibilities of the highest governance body or of the individual(s) in charge of managing sustainability matters within the undertaking.

Business Partners Module

65. This module provides additional datapoints in relation to the information that is generally needed by business partners, investors, and lenders of the undertaking. They are expected to address data requests that the undertaking receives or is likely to receive from lenders, investors and corporate clients that require sustainability data from their suppliers. In relation to the information needs of financial market participants, these additional datapoints reflect their respective obligations under relevant laws and regulations. They are also relevant for business partners when they assess the sustainability profile of the undertaking as supplier or potential supplier.

List of material matters

66. In this module, the materiality analysis described from paragraphs 41 to 56 is required. The undertaking shall disclose the material sustainability matters resulting from its materiality analysis based on the list in Appendix B List of Sustainability Matters.

Entity-specific consideration when reporting on GHG emissions under B3 (Basic Module)

67. Depending on the type of activities carried out by the undertaking, a quantification of the undertaking's Scope 3 GHG emissions provides relevant information (refer to paragraph 11 of this Standard).
68. Scope 3 emissions are indirect GHG emissions (other than Scope 2) that derive from an undertaking's value chain. They include the activities that are upstream of the undertaking's operations (e.g. purchased goods and services, purchased capital goods, transportation of purchased goods, etc.) and activities that are downstream of the undertaking's operations (e.g. transport and distribution of the undertaking's products, use of sold products, investments, etc). If the undertaking decides to provide this metric, it should refer to the 15 types of Scope 3 GHG emissions identified by the GHG Protocol Corporate Standard and detailed by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. When it reports on Scope 3 GHG emissions, the undertaking includes significant Scope 3 categories (as per the [Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#)), based on its own assessment of relevant Scope 3 categories. Undertakings can find further guidance on specific calculation methods for each category in the GHG Protocol "[Technical guidance for Calculating Scope 3 Emissions](#)".

Disclosures in the BP module

69. The text below provides the list of disclosures from BP1 to BP 11 to be considered and reported upon if material, following the materiality analysis performed by the undertaking in line with par.66. When not reported upon, a disclosure shall be assumed to be 'not material' for the undertaking.
70. **Instructions to support the preparation of disclosures form BP1-BP11 are available in the Business Partners Module Guidance, on page 32 to 34 of this Standard.**

Disclosure BP 1 – Revenues from certain sectors

71. The undertaking shall include a statement indicating if it is active in one of the following sectors and what are the related revenues:
- a) controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons; and / or
 - b) the cultivation and production of tobacco; and/or
 - c) fossil fuel (coal, oil and gas) sector (i.e., the undertaking derives revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of

Regulation (EU) 2018/1999 of the European Parliament and the Council¹⁷), including a disaggregation of revenues derived from coal, from oil and from gas); and/or

- d) chemicals production, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006⁴.

Disclosure BP 2 – Gender diversity ratio in governance body

- 72. If the undertaking has a governance body in place, the undertaking shall disclose the related gender diversity ratio.

Disclosure BP 3 – GHG emissions reduction target

- 73. If the undertaking has set GHG emission reduction targets, it shall provide its GHG emission reduction targets for:
 - a) scope 1 emissions; and
 - b) scope 2 emissions.

Disclosure BP 4 – Transition plan for climate change mitigation

- 74. The undertaking shall provide information about its transition plan for climate mitigation with an explanation of how GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement. This disclosure is applicable only if the undertaking has adopted such transition plan.

Disclosure BP 5 –Physical Risks from climate change

- 75. The undertaking shall disclose the anticipated financial effects that physical risks from climate change may have on the company. In particular:
 - a) the monetary amount and the percentage of the undertaking's total assets that can be subjected to material physical risks over the short, the medium and the long-term, before considering climate change adaptation actions disaggregated by acute and chronic physical risk;
 - b) the proportion of assets at material physical risk addressed by the climate change adaptation actions;
 - c) the location of the significant assets affected by material physical risks;
 - d) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term; and
 - e) the breakdown of the undertaking's carrying value of its real estate assets, by energy efficiency classes.

Disclosure BP 6 – Hazardous waste and/or radioactive waste ratio

- 76. If the undertaking generates hazardous and/or radioactive waste, the undertaking shall disclose the total amount of hazardous waste and/or radioactive waste generated (radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom).

⁴ “*Manufacture of pesticides and other agrochemical products*” listed in Division 20.2 of Annex I Regulation EC 1893/2006.

Disclosure BP 7 – Alignment with internationally recognized instruments

77. The undertaking shall disclose whether its policies with regard to its own workforce are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights.

Disclosure BP 8 – Processes to monitor compliance and mechanisms to address violations

78. The undertaking shall disclose whether it has processes in place to monitor compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the International Bill of Human Rights and the eight fundamental conventions identified in the ILO Declaration or grievance/complaints handling mechanisms to address violations of the above standards with regard to its own workforce.

Disclosure BP 9 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the 8 fundamental conventions of the ILO Declaration and the International Bill of Human Rights)

79. The undertaking shall disclose whether there have been any violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises with regard to its own workforce during the reporting year.

Disclosure BP 10 – Work-life balance

80. The undertaking shall disclose the percentage of employees:
- a) entitled to take family-related leave, with a breakdown by gender; and
 - b) that took family-related leave, with a breakdown by gender.
- Family-related leave includes maternity, paternity, parental, and carers' leave.

Disclosure BP 11 – Number of apprentices

81. If applicable, the undertaking shall disclose the number of apprentices in the reporting period.

Basic Module: Guidance

This Guidance is intended to support the preparation of the Metrics in the Basic Module.

Environmental Metrics

Metric B 3 – Energy and greenhouse gas emissions

Impacts on climate: energy usage and greenhouse gas emissions

Under paragraphs 27 and 28, the undertaking reports on its climate impacts, providing information about its energy use and greenhouse gas emissions. This guidance for disclosure B3 does not constitute an additional datapoint to the disclosures described in paragraphs 27 (on energy consumption) and 28 (on GHG emissions), but rather an overarching objective of the Basic disclosure B3.

Climate impacts are significantly driven by energy consumption. Therefore, it is relevant to disclose both the quantity as well as the type - e.g. fossil fuels such as coal, oil, gas versus renewable energy) and mix of energy consumed. Examples of energy disclosures are total energy consumption broken down by fossil fuels and electricity. Other breakdowns may be reported, such as consumption of purchased or self-generated electricity from renewable sources. This information may be provided in the following format.

	202(x) Energy consumption (MWh)
<i>Fossil fuels</i>	486
<i>Electricity</i>	10

Undertakings are to report the energy consumption in terms of final energy, which is understood as the amount of energy delivered to the undertaking, for example the Megawatt-Hours (MWh) of electricity purchased from the utility, steam received from a nearby industrial plant or diesel purchased at petrol stations.

In case the undertaking purchases fossil or renewable fuels, such as natural gas, oil or biomass, to generate electricity, heat or cooling for own consumption, it has to avoid double counting. Therefore, the undertaking accounts the energy content of the purchased fuel only as fuel consumption and does not account or report its electricity and heat consumption again. In case of electricity generation from renewable energies such as solar or wind – and where no fuel use is necessary - the undertaking accounts the amount of electricity generated and consumed as electricity consumption.

As for greenhouse gas emissions arising from the undertaking's activities, this requirement builds on the definitions and rules of the GHG Protocol, the leading accounting standard for GHG emissions. Under paragraph 28, undertakings are to report on their Scope 1 and Scope 2 emissions. Scope 1 GHG emissions cover direct emissions from owned or controlled sources. Scope 2 emissions are indirect GHG emissions that are a consequence of the activities of the reporting company (as they derive from the undertaking's consumed energy), but occur at sources owned or controlled by another company. Further guidance is provided in the sections below on how to calculate Scope 1 and 2 emissions.

Scope 1 and 2 emissions may be reported in the following format.

	202(x) GHG emissions (tCO _{2e})
<i>Scope 1</i>	45
<i>Scope 2</i>	6

Total	51
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Scope 1 emissions calculation guidance

Typical Scope 1 emissions include CO2 (and CH4 and N2O) emissions associated with fuel combustion (for example in boilers, furnaces, vehicles, etc), as well as fugitive emissions from air conditioning and industrial processes.

Emissions associated with combustion can be calculated by the expression:

$$Emissions_{GHG,Fuel} = Activity Data_{Fuel} * EF_{GHG,Fuel} * GWP_{GHG}$$

Where:

$Emissions_{GHG}$ are the emissions of CO2, CH4 or N2O resulting from the combustion of the Fuel in t CO2e;

$Activity Data_{Fuel}$ is the quantity of fuel consumed, typically expressed in energy units, but can also be in volume (m³ or l) or mass (tonnes or kg);

$EF_{GHG,Fuel}$ is the specific combustion Emission Factor for the fuel. The units of the EF need to be consistent with the units of the Activity data;

GWP_{GHG} is the Global Warming Potential of the GHG (CO2, CH4 or N2O). The activity data can be determined using fuel purchase receipts, purchase records, or through direct measurement at the combustion device. The fuel quantities can be measured in different forms (typically mass or volume) and care needs to be taken to make sure that the activity data and the EF are expressed using the same units. It is not uncommon for emission factors of fuels to be expressed in terms of energy (Lower Calorific Value) in which case, a further step to convert between the volume or mass of the fuel and its energy content is needed (see example below). So, the expression above can take different forms, namely:

$$Emissions_{GHG,Fuel} = Activity Data_{Fuel} * EF_{GHG,Fuel} * GWP_{GHG}$$

$$Emissions_{GHG,Fuel} = [Volume * CalorificValue]_{Fuel} * EF_{GHG,Fuel} * GWP_{GHG}$$

CO2 emission factors are either derived through analysis of the carbon and heat content of the fuel (unlikely to be needed for SME undertakings) or through the use of published emission factors for the most common fuels. EFs for CH4 and N2O will depend on the type of combustion technology and vary with it. In most cases, CH4 and N2O emissions are within the measurement error of CO2 and can be neglected.

The Global Warming Potential is derived– from the latest list published by the Intergovernmental Panel on Climate Change (IPCC). In this case, the list is the one in the IPCC’s 6th Assessment Report, Chapter 7SM16 .

The following table provides a list of non-exhaustive sources of emission factors for fuels. Undertakings may also reference authoritative national sources which may be more relevant for their particular case.

Documentation Sources:

Data	Documentation Source
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¹⁶ Smith, C., Z.R.J. Nicholls, K. Armour, W. Collins, P. Forster, M. Meinshausen, M.D. Palmer, and M. Watanabe, 2021: The Earth’s Energy Budget, Climate Feedbacks, and Climate Sensitivity Supplementary Material. In Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Available from <https://www.ipcc.ch/>.

Activity data	fuel purchase receipts, purchase records, or through direct measurement at the combustion device.
Emissions Factors (EF):	
Fuel	<p>ADEME – Bilant Carbonne https://base-empreinte.ademe.fr/</p> <p>IPCC – Emissions Factor Database https://www.ipcc-nggip.iges.or.jp/EFDB/find_ef.php?reset=</p> <p>IPCC – Guidelines for National Greenhouse Gas Inventories Microsoft Word - V2 Ch2 Stationary Combustion Final.doc (iges.or.jp)</p>
Global Warming Potential (GWP)	<p>IPCC – Global Warming Potential p. 16 https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter07_SM.pdf</p>

You can also find more guidance and tools on how to act and report on climate in the <https://smeclimatehub.org/> .

Example

Company A burns Nr. 4 fuel oil in an industrial boiler. For its financial accounting, it keeps track of its costs and for GHG accounting purposes it keeps track of volumes (m³) expressed in the fuel receipts. From the receipts, it determines the annual volumes of fuel oil bought and keeps track, as well, of the fuel oil inventory on the 1st day of the year. In 2023 it had purchased 100 m³ of fuel oil. On its registers on the 1st Jan of 2023 it had 2.5 m³ in its deposit and on 1st Jan 2024 it had 1 m³. Thus, it has determined (through purchase and measurement of inventory) that during 2023 it consumed 101.5 m³ of fuel oil.

Using the IPCC list of emissions factors ([Table 2.3, page 2.18](#)) it approximates its emission factor as a 50/50 blend of Diesel oil and Residual oil as 75.75 t CO₂/TJ and by using published statistics on energy determined that its net calorific value of the fuel is 0.03921 TJ/m³. Given that the CO₂ GWP equal one, its CO₂ emission for this specific Scope 1 source is:

$$101.5 \text{ m}^3 * 0.03921 \text{ TJ/m}^3 * 75.75 \text{ t CO}_2/\text{TJ} * 1 = 301.5 \text{ t CO}_2$$

For completeness of this example, the CH₄ and N₂O emissions are also calculated. Checking the IPCC list of emission factors, these are respectively 3 kg of CH₄/TJ and 0.6 kg of N₂O/TJ, thus the emissions will be:

$$\text{CH}_4 \text{ emissions} = 101.5 \text{ m}^3 * 0.03921 \text{ TJ/m}^3 * 3 \text{ kg CO}_2/\text{TJ} * 29.8 = 0.36 \text{ t CO}_2\text{e}$$

$$\text{N}_2\text{O emissions} = 101.5 \text{ m}^3 * 0.03921 \text{ TJ/m}^3 * 0.6 \text{ kg CO}_2/\text{TJ} * 273 = 0.65 \text{ t CO}_2\text{e}$$

As mentioned, CH₄ and N₂O emissions add around 1 t CO₂e to the CO₂ value of 301.5 t CO₂, so about 0.3% of the total. This could be considered well within an acceptable reporting error and so, could not have been calculated and reported.

Global Warming Potentials for CH₄ and N₂O are derived from [IPCC's 6th Assessment Report, Chapter 7SM](#)¹⁷.

¹⁷ Smith, C., Z.R.J. Nicholls, K. Armour, W. Collins, P. Forster, M. Meinshausen, M.D. Palmer, and M. Watanabe, 2021: The Earth's Energy Budget, Climate Feedbacks, and Climate Sensitivity Supplementary Material. In Climate Change 2021: The Physical Science Basis. Contribution of Working

Location-based Scope 2 emissions calculation guidance

Location-based Scope 2 includes emissions from electricity, heat, steam and cooling purchased or acquired and consumed by the reporting company, reflecting the average emissions intensity of grids on which the energy consumption occurs and using mostly grid-average emission factor data.

Typical sources of Scope 2 emissions relate to any equipment that consumes electricity (electrical engines, lights, buildings, etc), heat (heat in industrial processes, buildings, etc.), steam (industrial processes) and cooling (industrial processes, buildings).

Emissions associated with the purchase and consumption of electricity, heat, steam and cooling can be calculated by the expression:

$$Emissions_{GHG} = Activity\ Data * EF$$

Where:

Emissions_{GHG}

are the emissions of GHG's resulting from the production of the electricity, heat, steam or cooling (in the case of combustion of fuels typically, CO₂, CH₄ and N₂O);

Activity Data

Is the quantity of fuel consumed, typically expressed in energy units (e.g. MWh);

EF_{GHG,Energy}

is the Emission Factor for the production of energy (electricity, heat, steam or cooling). The emission factors can be grid-average factors. The units of the EF need to be consistent with the units of the Activity data.

A grid average emission factor is an emission factor that characterizes all the GHG emissions associated with the quantity of electricity generation produced from facilities located within a specified geographic boundary. These emission factors are usually produced for periods of one year – so, averaging emissions and electricity production over a calendar year – and are often produced by the Electricity System Operator (ESO), Transmission System Operators (TSO), the electricity system supervisory body or other competent authorities. There are also grid average emission factors calculated at much shorter periods, e.g. seconds or minutes.

Undertakings may also want to provide their market-based scope 2 figure. Emission factors for market-based Scope 2 emissions reflect the contractual arrangements of the undertaking with its energy suppliers. Market-based emission factors can be provided by their electricity or heat suppliers, supported by their own purchase of Energy Attribute Certificates or Power Purchase Agreements (PPAs) or the use of [residual-mix emission factors](#).

Scope 2 accounting methods are explained in more detail in the GHG Protocol Scope 2 Guidance.

Example

Company A occupies an office building of 2000 m² in Paris, where it pays the electricity consumed for the central heating and cooling, lighting, computers and other electric appliances. Through its utility bills, it has estimated that the building consumed 282 MWh of electricity in 2022. By using the emission factor provided by nowtricity.com for France in 2022, it has estimated its Scope 2 emissions for its building electricity consumption to be

$$Emissions_{GHG} = 282\ 000\ [kWh] * 73 \left[\frac{g\ CO_2eq}{kWh} \right] = 20.6\ t\ CO_2eq$$

The following table provides a list of non-exhaustive sources of electricity emission factors. Undertakings may also reference authoritative national or grid sources which may be more relevant for their particular case.

Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Available from <https://www.ipcc.ch/>.

Documentation Sources:

<i>Data</i>	<i>Documentation Source</i>
Activity data	Purchase receipts or utility bills, contract purchase or firm purchase records
Emissions Factors (EF):	
Europe Grid electricity	Association of Issuing Bodies (AIB) – Residual Mix Grid Emission Factors https://www.aib-net.org/facts/european-residual-mix ADEME – Bilant Carbone https://base-empreinte.ademe.fr/ JRC – Historical GHG emissions factor for electricity consumption https://data.jrc.ec.europa.eu/dataset/919df040-0252-4e4e-ad82-c054896e1641#dataaccess Life-cycle electricity production emission factors https://www.nowtricity.com/ USEPA GHG emission factors Hub https://www.epa.gov/climateleadership/ghg-emission-factors-hub
North America Grid electricity	Government of Canada https://publications.gc.ca/collections/collection_2023/eccc/En84-294-2023-eng.pdf IEA’s Annual GHG emission factors for World countries from electricity and heat generation (2022 data set, paid data set) https://www.iea.org/data-and-statistics/data-product/emissions-factors-2022#emissions-factors
Other regions/Global	
Global Warming Potential (GWP)	IPCC – Global Warming Potential (GWP-100) p. 16 https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter07_SM.pdf

More guidance and tools on how to act and report on climate can be found at <https://smeclimatehub.org/>.

Conversion between different energy units

Undertakings are to report the energy consumption in terms of final energy, which is understood as the amount of energy delivered to the undertaking, for example the Megawatt-Hours (MWh) of electricity purchased from the utility, steam received from a nearby industrial plant or diesel purchased at petrol stations.

Paragraph 27 indicates MWh as the unit of choice for measuring energy consumption. In case of fuel or biomass, data expressed in other units, such as energy content (e.g., kJ, Btu), volume (e.g., litres, m3), or mass (e.g., metric tonnes, short tonnes), a conversion to MWh is necessary.

For fuel consumption measured by mass (e.g., wood, coal), the undertakings should:

1. Obtain the Net Calorific Value (e.g., kJ/metric ton, TJ/Gg) of the fuel. It can be a typical value published by reliable sources (e.g., IPCC), or may be provided by the supplier or attained internally.

2. Convert the Net Calorific Value to MWh/ton. Example:

$$1 \text{ TJ} = 1012 \text{ J} = 277.778 \text{ MWh}; \quad 1 \text{ Gg} = 10^9 \text{ g} = 1000 \text{ t}$$

$$11.9 \text{ TJ/Gg} = 11.9 * 277.778/1000 \text{ t} = 3.306 \text{ MWh/ton}$$

3. Calculate the energy content of the mass. Example:

$$1245345 \text{ t} * 3.306 \text{ MWh/ton} = 4117111 \text{ MWh}$$

For liquid fuel, the undertakings should:

1. Convert volume information to mass, multiplying volume by fuel density. Example:

$$\text{Diesel} = 4\,456\,000 \text{ l}; \quad \text{Diesel density} = 0.84 \text{ kg/l}$$

$$4\,456\,000 \text{ (l)} * 0.84 \text{ (kg/l)} = 3\,743\,040 \text{ kg} = 3\,743 \text{ t}$$

2. Calculate the energy content, multiplying mass by Net Calorific Value. Example:

$$3\,743 \text{ [t]} * 43 \text{ [TJ/Gg]} = 3\,743 \text{ t} * 43 \text{ TJ/(1000 [t])} = 160.949 \text{ [TJ]}$$

3. Convert TJ to MWh. Example:

$$1 \text{ TJ} = 1012 \text{ J} = 277.778 \text{ MWh}$$

$$160.949 \text{ [TJ]} = 277.778 \text{ [MWh/TJ]} * 160.949 \text{ [TJ]} = 44\,708 \text{ MWh}$$

Documentation Source:

<i>Data</i>	<i>Documentation Source</i>
CDP	CDP Technical Note: Conversion of fuel data to MWh https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/000/477/original/CDP-Conversion-of-fuel-data-to-MWh.pdf?1479755175

Metric B 4 – Pollution of air, water and soil

Guidance on which undertakings need to report on pollution and what pollutants do undertakings need to report on.

Paragraph 29 establishes that, if applicable, the undertaking shall disclose the pollutants it emits to air, water and soil, in its own operations, if such information is already required to be reported by law to competent authorities or under an Environmental Management System such as EMAS.

The metrics to be disclosed under this paragraph refer to information that the undertaking is already mandated to provide by law. This requirement was conceived to avoid any additional reporting burden on undertakings. In general, this requirement is expected to apply to undertakings that are operators of one industrial installation covered by the [Industrial Emissions Directive](#) (IED). The IED applies to some 52,000 installations in Europe covering activities such as burning fuel in boilers with rated power of more than 50 MW, metal foundries, processing of non-ferrous metals, production of lime, manufacture of ceramic products by firing, production of plant protection products or biocides, tanning of hides, slaughterhouses, etc. In these cases, the installation already has to report to the competent authority the pollutants released to air, water and soil, and the data is publicly available at the [European Pollutant Release and Transfer Register \(E-PRTR\)](#). Companies that operate more than one facility, do not have to report on their consolidated company-wide emissions under the EPRTR, as they report only at facility level. This Standard requires to report the total amount of all the facilities. Similarly, companies owning but not operating a facility, do not have to report to the EPRTR but are expected to reflect their facility-owned emissions in their sustainability report.

Likewise, if under an EMAS certification an undertaking has been identified as having to monitor and report on the pollutants listed in the PRTR, these are, in principle, relevant aspects for the undertaking to include in its sustainability report.

If an undertaking has or operates only one facility and its pollution data is already publicly available, the undertakings may provide a reference to the document where such information is provided, instead of reporting it again. Likewise, if the undertaking publishes an organisation wide EMAS report including pollution data, it can include it in the sustainability report by reference.

To report the information on pollutants into the sustainability report, the undertaking should indicate the type of pollutant material, alongside the amount emitted to air, water and soil in a suitable mass unit (e.g., t or kg).

Below is an example of how undertakings may present information on their emissions to air, water, soil divided by pollutant.

Pollutant	Emissions (kg)	Medium of release (air, water, soil)
e.g., Cadmium and compounds	10	Water
Type of pollutant 2		
Type of pollutant 3		

Metric B 5 – Biodiversity

Guidance on how to identify sites in or near Biodiversity Sensitive Area

Paragraph 30 reports that the undertaking shall disclose sites in or near biodiversity sensitive areas. Biodiversity sensitive areas are defined as such by special nature protection regulation, at European or international level. These comprise areas belonging to the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/21398.

The following table is a suggestion for presenting information on sites in or near Biodiversity sensitive areas. The undertaking may provide the location (e.g. country and site name) without specifying the exact address of the plant.

Location	Area (hectares)	Biodiversity sensitive Area	Specification (located in; located near Biodiversity sensitive areas)
Country – Site 1			
Country – Site 2			
Country – Site 3			
...			

For the purpose of this Standard, the term “near” should be interpreted as meaning an area that is overlapping (partially in) or adjacent to a Biodiversity Sensitive area.

Documentation Sources:

<i>Data</i>	<i>Documentation Source</i>
Natura 2000 Network of protected areas	https://natura2000.eea.europa.eu/
Key Biodiversity Areas - IUCN	https://www.keybiodiversityareas.org/sites/search
UNESCO – World Heritage Centre	https://whc.unesco.org/en/list/

Guidance on how to calculate and report land-use changes

The undertaking may disclose in units of area (e.g., m² or ha) on land-use using guidance provided by the Eco-Management and Audit Scheme (EMAS):

- (a) total use of land;
- (b) total sealed area;
- (c) total nature-oriented area on site; and
- (d) total nature-oriented area off site.

The following table is a suggestion for presenting information on land-use change.

Land-use Type	Area (hectares or m ²)		
	Previous year	Reporting year	% change
Total sealed area			
Total nature-oriented area on site			
Total nature-oriented area off site			
Total use of land			

Documentation Sources:

<i>Data</i>	<i>Documentation Source</i>
EMAS Guidance	EU Commission Regulation 2018/2026 https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R2026&rid=2

Metric B 6 – Water

Guidance on how to calculate and report on water withdrawals and water consumption

Water withdrawal relates to the amount of water an undertaking draws into the organizational boundaries of the undertaking from any source during the reporting period. In practice, for most undertakings, this relates to the amount of water taken from the public water supply network, as indicated in the utility bills. However, where applicable, water withdrawal also includes the amounts of water from other sources, such as groundwater from own wells, water taken from rivers or lakes or water received by other undertakings. Rainwater collected by the undertaking is not considered as a water withdrawal.

Water consumption is the amount of water drawn into the boundaries of the undertaking that is not discharged or planned to be discharged back to the water environment or to a third party. This typically relates to water evaporated – e.g. in thermal energy processes, like drying or power production -, water embedded into the products – e.g. in food production -, or water for irrigation purposes – e.g. in agriculture or for watering company premises. Collected rainwater can be considered in the calculation of water consumption, as a separate input from water withdrawal.

Water discharge means the amount of water transferred, for example, directly to receiving water bodies such as lakes or rivers, the public sewer or to other companies for cascading water use.

Water consumption can therefore be calculated as:

$$\text{Water consumption} = \text{Water [withdrawal + rainwater harvest – discharges]}$$

For undertakings which solely withdraw water from the public water network and discharge it to the sewer, water consumption will be close to zero and can therefore be omitted in reporting.

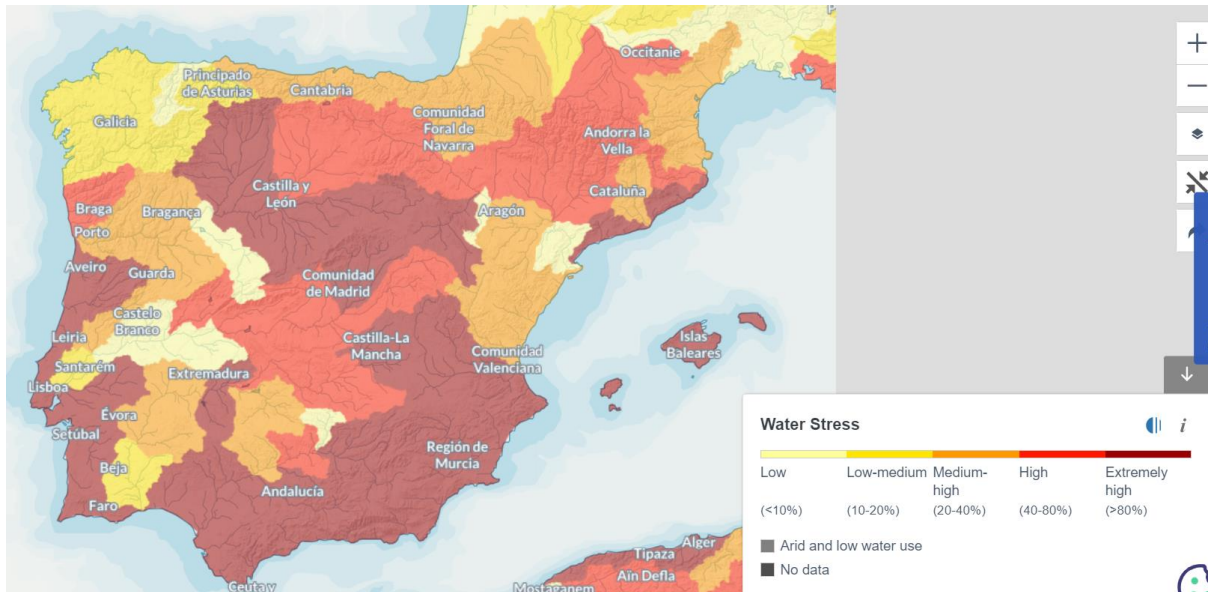
The undertaking may provide additional explanatory information to contextualize its water withdrawals or consumption. For example, the undertaking may highlight if rainwater is collected and used as a replacement of tap water or if water is discharged to other parties for cascading use.

Below is an example of how undertakings may present the quantitative information on their withdrawals, discharges and consumption of water divided by site location.

	Water withdrawal (e.g. m3)	Water consumption (e.g. m3) <i>(if applicable)</i>
All sites		
Sites in areas with water stress		

Guidance on how to know if operating in an area of high water stress

To know if the undertaking operates in an area of high water stress, you can consult the regional water authorities of the places you operate on, to understand their assessment of the water resources for that specific location. Alternatively, you can also consult public available and free tools that map water scarcity globally. One of such tools is [WRI's Aqueduct Water Risk Atlas](#). Through this tool you can consult the Water stress baseline for different river basins globally. As an illustration, the picture below shows a map of the main Iberian river basins and their water stress classification according to WRI Aqueduct.



You can observe several of the water basins in the Peninsula and their water stress classification. Most of the southern part of the peninsula is an area of very high water stress - with the exception of the Guadiana basin (in yellow). So, if you have operations within the Guadalquivir basin (Andalusia region, very high level water stress) you would have to disaggregate your water consumption for that region/water basin. But if your operation is located within the southern part of the Guadiana river basin (low water stress) then that would not be necessary.

Metric B7 - Resource use, circular economy and waste management

Guidance on circular economy principles

When disclosing information on its products, material use, and waste management, the undertaking may provide information in relation to the circular economy principles. Circular economy principles are articulated in the paragraphs below. The key principles outlined by Ellen MacArthur Foundation are shown underlined while the key principles considered by the European Commission are shown in *italic*.

Eliminate waste and pollution – which can be done through process improvements but also design considerations at the level of the *usability, reusability, repairability, disassembly* and *remanufacturing*;

Circulate products and materials (at their highest value) – reusability and *recycling* is key for product circulation, but this is enhanced if special consideration for circularity is given at design phase for issues such as usability, reusability, repairability, remanufacturing and disassembly. Factors such as the incorporation of bio-materials and their *recirculation by the biological cycle* can also be considered – for example, using biodegradable crop covers instead of plastics in agriculture.

Regenerate nature – whenever possible, human activities should seek to regenerate nature and improve or restore key ecological functions (drainage, habitat provision, thermal regulation, etc) that may have been lost due to previous human activities.

Guidance on the rate of recycled content in the products and packaging

When compiling the rate of recycled content – that is, inputs into the process that have originated from recycled materials - in its products (produced goods or materials) and packaging the undertaking may use as denominator the total weight of materials that are recycled used in products and packaging (during the reporting period) divided by the total weight of materials in products and packaging (during the reporting period).

Guidance on the rate of recyclable contents in the products and packaging

When compiling the rate of recyclable content – this is, materials that can be technically recycled - the undertaking may use as denominator the total weight of materials that are recyclable used in products and packaging (during the reporting period) divided by the total weight of materials in products and packaging (during the reporting period).

Guidance on how to identify manufacturing and/or packaging processes

To identify manufacturing and/or packaging processes, the undertaking may refer to those activities that fall under "Section C - Manufacturing" and Section F "Construction" of Annex I to Regulation (EC) No 1893/2006¹⁸.

Guidance on total waste generation and waste diverted to recycle or reuse

When disclosing information on waste the undertaking may adopt the following tables.

	Waste generated (e.g. tonnes)		
	Total waste generated, of which:		
		Waste diverted to recycle or reuse	Waste directed to disposal
Non-hazardous waste			
Type of waste1			
Type of waste2			
...			
Hazardous waste			
Type of waste1			
...			

Examples of hazardous wastes which small businesses may generate include batteries, used oils, pesticides, mercury-containing equipment, fluorescent lamps, etc.

The undertaking may provide further breakdowns specifying further types of non-hazardous and hazardous wastes. In doing so it may consider the list of waste descriptions from the European Waste Catalogue.

Social Metrics

Metric B 8 – Workforce – General characteristics

Full-time equivalent (FTE) is an employee's scheduled hours divided by the employer's hours for a full-time workweek.

Head count is the total number of people employed by the undertaking at a given time.

Guidance on how to present information

The following table is a suggestion for presenting information on employees by type of employment contract.

Type of contract	Number of Employees (full-time equivalents or head count)
Temporary contract	
Permanent contract	
Total Employees	

¹⁸ [L_2006393EN.01000101.xml \(europa.eu\)](https://eur-lex.europa.eu/eli/L/2006/393/EN/01000101.xml)

The following table is a suggestion for presenting information on employees by gender.

Gender	Number of Employees (full-time equivalents or head count)
Male	
Female	
Other	
Not reported	
Total Employees	

In some European Member States it is possible for persons to legally register themselves as having a third gender, often neutral, which is categorised as “other” in the table above. If the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the “other” category is not applicable. “Not reported” category refers to employees who do not disclose gender identity.

The following table is a suggestion for presenting information on employees by countries.

Country	Number of Employees (full-time equivalents or head count)
Country A	
Country B	
Country C	
Country D	
Total Employees	

The definitions and types of employment contracts may differ between countries. If the undertaking has employees in more than one country, it shall use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. The country-level data shall then be added up to calculate total numbers, disregarding differences in national legal definitions.

Metric B 9 – Workforce - Health and Safety

Guidance on the rate of recordable work-related accidents

In order to calculate the rate of recordable work-related accidents, the formula below should be used:

$$\frac{\text{Number of work related accidents in the reporting year}}{\text{Total number of hours worked in a year by all employees}} \times 200,000$$

The rate indicates the number of work-related accidents per 100 full-time workers over one year timeframe, based on the assumption that one full-time worker works 2,000 hours per year. If the undertaking cannot directly calculate the number of hours worked, it may estimate this on the basis of normal or standard hours of work.

Example:

Company A reported 3 work-related accidents in the reporting year. Company A has 40 employees with a total number of 80,000 hours (40 x 2,000) worked in a year.

The rate of recordable work-related accidents is: 3 / 80,000 x 200,000 = 7.5

Guidance on number of fatalities as a result of work-related injuries and work-related ill health

Work-related injuries and work-related ill health arise from exposure to dangers at work.

In case of teleworking, injuries and ill health are work-related if the injury or ill health is directly related to the performance of work rather than the general home environment.

In case of injuries and ill health that occur while a person is travelling for work purposes, these are work-related if the employee was performing work activities in the interest of the employer at the time of the injury or ill health. Incidents which arise during travel, outside of the undertaking’s responsibility (i.e.,

regular commuting to and from work), are subject to the applicable national legislation that regulates their categorisation as to whether these are work-related or not.

Mental illness is work-related if it has been notified voluntarily by the person concerned and it is supported by an opinion from a licensed healthcare professional that states that the illness is work-related. Health problems resulting from smoking, drug and alcohol abuse, physical inactivity, unhealthy diets, and psychosocial factors unrelated to work are not considered work-related.

The undertaking may present separately the fatalities for work-related injuries and those resulting from work-related ill health.

Metric B 10 – Workforce – Remuneration, collective bargaining, and training

Guidance on remuneration: ratio of the entry level to the minimum wage

Significant proportion of employees refers to the majority of employees in the undertaking, without considering interns or apprentices.

Entry level wage refers to the full-time wage in the lowest employment category. The wages of interns and apprentices shall not be considered when identifying the entry level wage of the undertaking.

Minimum wages refer to the minimum compensation for employment per hour, or other unit of time, allowed under law. Depending on the country, the minimum wage might be set directly by law, or through collective bargaining agreements. The undertaking shall refer to the applicable one for the country it reports on (i.e., either set directly by law, or through a collective bargaining agreement).

$$Ratio = \frac{\text{Entry level wage}}{\text{Minimum wage}}$$

Guidance on remuneration: percentage gap between female and male employees

This metric is addressing the principle of gender equality whereby equal pay for equal work is established. The pay gap is defined as the difference of average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees.

In order to calculate this metric, all employees shall be included in the calculation. In addition, there should be two separate average pay calculations for female and male. See the formula below:

$$\frac{(\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees})}{\text{Average gross hourly pay level of male employees}} \times 100$$

Depending on the undertaking’s remuneration policies, the gross pay refers to all of the following:

- i. base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
- ii. benefits in cash, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;
- iii. benefits in kind, such as cars, private health insurance, life insurance, wellness programs; and
- iv. direct remuneration, which is the sum of benefits in cash, benefits in kind and total fair value of all annual long-term incentives.

The gross pay is the sum of all the applicable elements listed above.

The average gross hourly pay is the weekly/annual gross pay divided by the average hours worked per week/year.

Example:

Company A has X male employees and Y female employees. Male employees gross hourly pay is Euro 15 and female gross hourly pay is Euro 13.

The average gross hourly pay level of male employees is the sum of all their gross hourly pays divided by the total number of male employees. The average gross hourly pay level of female employees is the sum of all their gross hourly pays divided by the total number of female employees.

The percentage pay gap between male and female employees is:

$$\frac{15 - 13}{15} \times 100 = 13.3\%$$

Guidance on collective bargaining coverage

The employees covered by collective bargaining agreements are those individuals to whom the undertaking is obliged to apply the agreement. If an employee is covered by more than one collective bargaining agreement, only needs to be counted once. If none of the employees are covered by a collective bargaining agreement, the percentage is zero.

The employees covered by collective bargaining agreements are those individuals to whom the undertaking is obliged to apply an agreement.

The percentage of employees covered by collective bargaining agreements is calculated using the following formula:

$$\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$$

The information required by this Disclosure Requirement may be reported as coverage rates: whether the collective bargaining coverage is between 0-19%, 20-39%, 40-59%, 60-79% or 80-100%.

This requirement is not aimed at obtaining the percentage of employees represented by a works council or belonging to trade unions, which can be different. The percentage of employees covered by collective bargaining agreements can be higher than the percentage of unionised employees when the collective bargaining agreements apply to both union and non-union members.

Business Conduct Metrics

Metric B 11 – Convictions and fines for corruption and bribery

Corruption and bribery fall under the Business Conduct sustainability matter.

Under paragraph 40, the undertakings report on number of convictions and number of fines for violation of anti-corruption and anti-bribery laws.

Guidance on convictions

Convictions for violation of anti-corruption and anti-bribery laws refer to any final decision of a criminal court against an individual in respect of a criminal offence related to corruption and bribery, to the extent that these decisions are entered in the criminal record of the convicting Member State.

Guidance on fines

Fines for violation of anti-corruption and anti-bribery laws refer to mandatory monetary penalty, as a result of violations of anti-corruption and anti-bribery laws, that are imposed by a court, commission, or other government authority and are paid to a public treasury.

Business Partners Module: Guidance

This Guidance is intended to support the preparation of the Metrics in the Business Partner Module.

Governance- Business Model Metrics

Disclosure BP 1 – Revenues from certain sectors

According to par. 71 the undertaking shall declare if it is active in the following sectors specifying the corresponding revenues:

- i. controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons. Controversial weapons are prohibited by international law because of the indiscriminate damage they can cause to people including serious bodily harm and death also after the end of the military conflicts.
- ii. cultivation and production of tobacco;
- iii. fossil fuel (coal, oil and gas) sector (i.e., revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade of fossil fuels)
- iv. chemicals production i.e., the activities listed under Division 20.2 of Annex I to Regulation (EC) No 1893/2006. These activities are "Manufacture of pesticides and other agrochemical products".

Certain criteria regarding those sectors have been defined in certain legislations applicable to the financial sector, hence those sectors have been identified by lenders and investors as carrying sustainability risks.

Disclosure BP 2 – Responsibilities in relation to sustainability matters

The governance body refers to the highest decision-making authority in a company. Depending on the jurisdiction the company is located and the type of legal entity, the governance body can have a different format.

The gender diversity ratio of the governance body is calculated as an average ratio of female to male board members.

$$\text{Gender diversity ratio} = \frac{\text{the number of female members}}{\text{the number of male members}}$$

Example: a governance body is composed of 6 members including 3 women. The gender diversity ratio is 1 – for every one female member there is one male member.

Environmental Metrics

Disclosure BP 3 – GHG emissions reduction target

A GHG emission reduction target is a commitment to reduce the undertaking's GHG emissions in a future year as compared with the GHG emissions measured in a base year. Emission reductions may be achieved, for instance, through electrification, renewable electricity, sustainable products development, etc. Removals and avoided emissions do not count as emission reductions. Disclosure BP 3 requires an undertaking to disclose GHG emission reduction targets for its Scope 1 and 2 emissions.

A base year is a reference to a past year against which to compare the undertaking's current emissions. In general, the base year should be a recent and representative year for GHG emissions for which there are verifiable data.

The target year, is the year in the future you aim at achieving a certain absolute or percentage amount of GHG emission reductions. It should cover a period between one to three years from the base year for a short-term target. Longer term targets may also be included, for instance, covering periods of twenty to thirty years (e.g., 2040 or 2050). Undertakings are encouraged to include target values for the near-term year 2030 at the least, and, if feasible, also for the long-term year 2050. From 2030 onwards, it is suggested to update the base year and target year for GHG emission reduction targets after every five-year period.

To set a target, undertakings should consider the existing scientific evidence on GHG mitigation. The SBTi recommends a cross-sector target in GHG emissions reduction of -42% by the year 2030, and -

90% by the year 2050 (base year 2020). Specific pathways also exist by sector and may be considered by undertakings when setting their GHG emission reduction targets.

Disclosure BP 4 – Transition plan for climate change mitigation

A climate transition plan is a set of present and future actions to align the undertakings business model, strategy and operations with the key overarching global objective of limiting global warming to 1.5°C and underpinned by an GHG reduction target compatible with that goal. The importance of having a transition plan in place lies in the possibility to understand the means by which the undertaking will move towards a low-carbon economy and to keep track of the progress made. A transition plan serves as an accountability and transparency mechanism that prompts undertakings to create credible pathways for mitigating climate change through their actions.

A credible transition plan should: a) identify clear responsibilities and roles; b) be integrated in the undertaking’s business strategy and financial planning; c) include information on the decarbonisation levers and pathways as well as quantifiable indicators that can be monitored for defined timeframes; d) allow for regular reviewing and updating after stakeholder consultations, when appropriate; e) cover the entirety of own operations and, to the largest possible extent possible, the value chain, or provide an explanation as to any limitation.

Disclosure BP 5 – Physical Risks from climate change

Climate-related physical risks arise from the effects that climate change has on the undertaking. They can be categorized into Acute physical risks which arise from particular events (such as droughts, floods, extreme precipitations and wildfires) and Chronic physical risks which arise from longer-term changes in the climate. Physical risks are a function of the climate-related hazard, the exposure of the undertaking’s assets and activities towards these hazards and how sensitive they are. Examples of climate-related hazards are: heat waves, increased frequency of extreme weather events, sea level rise, glacial lake outburst, change in precipitation and wind patterns. Climate-related physical risks can be identified and modelled by using climate scenarios that consider high emissions trajectories, such as IPCC SSP5-8.5.

Disclosure BP 6 – Hazardous waste and radioactive waste ratio

Nuclear waste can be present in a variety of situations, from smoke detectors to sludges from naturally occurring radioactive materials. It can be present in special equipment used by industry, research facilities, medical appliances and other objects.

The undertaking may disclose the share of radioactive waste, calculated as a percentage of the total amount of hazardous waste as reported in the Basic Module B7.

Below is an example of the radioactive waste ratio calculation:

$$\text{Radioactive waste ratio} = \frac{\text{Radioactive waste (t)}}{\text{Hazardous waste (t)}} \times 100$$

Social Metrics

Disclosure BP 7 – Alignment with internationally recognized instruments

The undertaking discloses how it manages actual and potential negative impacts on people’s human rights. This means that the undertaking shall disclose whether it has policies in place that commits it to respecting human rights, including labour rights, as defined by the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at work and the OECD Guidelines for Multinational Enterprises. Such policies can take many forms and they have no definitive template or structure. Efforts to implement such policies can include the provision of specific training on human rights to the employees and efforts to map supply chains in order to proactively look for issues related to child labour or forced labour particularly in higher risk contexts.

Human rights in the workplace include the right to a safe and healthy working environment; freedom of association and the right to collective bargaining; the elimination of discrimination, including the right to equal pay for work of equal value; as well as the elimination of child labour and forced labour.

International instruments such as treaties, conventions, principles or guidelines are the common reference for the undertaking to develop policies related to human rights, refer to the CSRD Article 29 b 2 b) . These policies could represent a signal to internal and external stakeholders that an undertaking is embedding human rights into its business operations and relations.

Disclosure BP 8 – Processes to monitor compliance and mechanisms to address violations

A human rights policy sets out how the undertaking respects human rights by having processes in place to identify, prevent, mitigate and account for how the undertaking addresses its actual or potential adverse human rights impacts. Examples of mechanisms to report violations can be the provision of channels (e.g. grievance, complaints or whistleblower mechanisms) for employees to raise concerns or complaints related to human rights including labour rights.

Disclosure BP 9 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the 8 fundamental conventions of the ILO Declaration and the International Bill of Human Rights)

If applicable, the undertaking shall disclose whether there have been any violations of human rights during the reporting year. The UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises provide comprehensive overview and lists of human rights.

Disclosure BP 10 – Workforce – Work-life balance

The undertaking discloses the percentage separately for those employees:

- i. who can take family-related leave in the reporting year, with a breakdown by gender; and
- ii. who used family-related leave in the reporting year, with a breakdown by gender.

For the purpose of this calculation, the same methodology used for the social metrics in the basic module should be used for consistency meaning that employees can be counted in full-time equivalents or head count.

Family-related leave includes maternity leave, paternity leave, adoption leave, parental leave, dependents leave and carers' leave. The definition and scope of the family-related leave is defined by the national laws.

Disclosure BP 11 – Number of apprentices

The undertaking shall disclose the number of apprentices in the reporting period based on the applicable national definitions and schemes of apprentices.

The number of apprentices refers to the number of apprentices who work in the undertaking during the reporting year. For example, if the undertaking has a December year end, an apprentice that starts the contract in year x1 and finishes in year x2 will be included in this disclosure in year x1 and year x2.

Appendix A: Defined terms

This appendix is integral part of the Standard.

Defined term	Definition
Actions	Actions refer to (i) actions and actions plans (including transition plans) that are undertaken to ensure that the undertaking delivers against targets set and through which the undertaking seeks to address material impacts, risks and opportunities; and (ii) decisions to support these with financial, human or technological resources.
Affected communities	People or group(s) living or working in the same area that have been or may be affected by a reporting undertaking's operations or through its upstream and downstream value chain. Affected communities can range from those living adjacent to the undertaking's operations (local communities) to those living at a distance. Affected communities include actually and potentially affected indigenous peoples.
Apprenticeships	Apprenticeships are understood as formal vocational education and training schemes that (a) combine learning in education or training institutions with substantial work-based learning in companies and other workplaces, (b) lead to nationally recognised qualifications, (c) are based on an agreement defining the rights and obligations of the apprentice, of the employer and, where appropriate, the vocational education and training institution, and (d) with the apprentice being paid or otherwise compensation for the work-based component.
Biodiversity	The variability among living organisms from all sources including, inter alia, terrestrial, freshwater, marine and other aquatic ecosystems and the ecological complexes of which they are part.
Biodiversity-sensitive Area	Biodiversity-sensitive areas include: Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas ('KBAs'), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139.
Business Conduct	The following matters are collectively referred to as 'business conduct or business conduct matters': (a) business ethics and corporate culture, including anti-corruption and anti-bribery, the protection of whistleblowers, and animal welfare; (b) the management of relationships with suppliers, including payment practices, especially with regard to late payment to small and medium-sized undertakings. (c) activities and commitments of the undertaking related to exerting its political influence, including its lobbying activities.
Collective bargaining	All negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more trade unions or, in their absence, the representatives of the workers duly elected and authorised by

Defined term	Definition
	them in accordance with national laws and regulations, on the other, for: i) determining working conditions and terms of employment; and/or ii) regulating relations between employers and workers; and/or regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
Corruption	Abuse of entrusted power for private gain, which can be instigated by individuals or organisations. It includes practices such as facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the undertaking's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.
Consumers	Individuals who acquire, consume or use goods and services for personal use, either for themselves or for others, and not for resale, commercial or trade, business, craft or profession purposes.
Classified information	<p>EU classified information as defined in Council Decision of 23 September 2013 on the security rules for protecting EU classified information (2013/488/EU) or classified by one of the Member States and marked as per Appendix B of that Council decision.</p> <p>EU classified information means any information designated by a EU security classification, of which the unauthorised disclosure could cause varying degrees of prejudice to the interests of the European Union or of one or more of the Member States.</p> <p>Classified information may be classified according to four levels: top secret, secret, confidential, restricted (based on the definition from the Council Decision).</p>
Circular economy principles	The European circular economy principles are usability; reusability; repairability; disassembly; remanufacturing or refurbishment; recycling; recirculation by the biological cycle; other potential optimisation of product and material use.
Climate-change adaptation	The process of adjustment to actual and expected climate change and its impacts.
Climate-related physical risks	Risks resulting from climate change that can be event-driven (acute) or from longer-term shifts (chronic) in climate patterns. Acute physical risks arise from particular hazards, especially weather-related events such as storms, floods, fires or heatwaves. Chronic physical risks arise from longer-term changes in the climate, such as temperature changes, and their effects on rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.
Direct GHG emissions (Scope 1)	Direct GHG emissions from sources that are owned or controlled by the undertaking.

Defined term	Definition
Employee	An individual who is in an employment relationship with the undertaking according to national law or practice.
End users	Individuals who ultimately use or are intended to ultimately use a particular product or service.
Family related leave	<p>Family-related leave include maternity leave, paternity leave, parental leave, and carers' leave that is available under national law or collective agreements. For the purpose of this Standard, these concepts are defined as:</p> <p>(a) maternity leave (also called pregnancy leave): employment-protected leave of absence for employed women directly around the time of childbirth (or, in some countries, adoption);</p> <p>(b) paternity leave: leave from work for fathers or, where and in so far as recognised by national law, for equivalent second parents, on the occasion of the birth or adoption of a child for the purposes of providing care;</p> <p>(c) parental leave: leave from work for parents on the grounds of the birth or adoption of a child to take care of that child, as defined by each Member State;</p> <p>(d) carers' leave from work: leave for workers to provide personal care or support to a relative, or a person who lives in the same household, in need of significant care or support for a serious medical reason, as defined by each Member State.</p>
Grievance mechanism	<p>Any routinized, state-based or non-state-based, judicial or non-judicial processes through which stakeholders can raise grievances and seek remedy. Examples of state-based judicial and non-judicial grievance mechanisms include courts, labour tribunals, national human rights institutions, National Contact Points under the OECD Guidelines for Multinational Enterprises, ombudsperson offices, consumer protection agencies, regulatory oversight bodies, and government-run complaints offices. Non-state-based grievance mechanisms include those administered by the undertaking, either alone or together with stakeholders, such as operational-level grievance mechanisms and collective bargaining, including the mechanisms established by collective bargaining. They also include mechanisms administered by industry associations, international organisations, civil society organisations, or multi-stakeholder groups. Operational-level grievance mechanisms are administered by the organisation either alone or in collaboration with other parties and are directly accessible by the organisation's stakeholders. They allow for grievances to be identified and addressed early and directly, thereby preventing both harm and grievances from escalating. They also provide important feedback on the effectiveness of the organisation's due diligence from those who are directly affected. According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition to these criteria, effective operational-level grievance mechanisms are also based on engagement and dialogue. It can be more difficult for the</p>

Defined term	Definition
	organisation to assess the effectiveness of grievance mechanisms that it participates in compared to those it has established itself.
Greenhouse Gases (GHG)	For the purposes of this Standard, GHGs are the six gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); Nitrogen trifluoride (NF ₃); hydrofluorocarbons (HFCs); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆).
Governance	The governance is the system of rules, practices and processes by which a company is directed and controlled.
Hazardous waste	Waste which displays one or more of the hazardous properties listed in Annex III of Directive 2008/98/EC of the European Parliament and of the Council ¹⁷ on waste.
Incident	A legal action or complaint registered with the undertaking or competent authorities through a formal process, or an instance of non-compliance identified by the undertaking through established procedures. Established procedures to identify instances of non-compliance can include management system audits, formal monitoring programs, or grievance mechanisms
Indirect GHG emissions (Scope 2)	Indirect emissions are a consequence of the operations of the undertaking but occur at sources owned or controlled by another company. Scope 2 GHG emissions are indirect emissions from the generation of purchased or acquired electricity, steam and heat, or cooling consumed by the undertaking.
Land-use change	The human use of a specific area for a certain purpose (such as residential; agriculture; recreation; industrial, etc.). Influenced by land cover (grass, asphalt, trees, bare ground, water, etc). Land-use change refers to a change in the use or management of land by humans, which may lead to a change in land cover.
Nature-oriented area	<p>A “nature-oriented area” is an area dedicated primarily to nature preservation or restoration. They can be located on-site and include elements like roof, façade, water drainages designed, to promote biodiversity. Nature-oriented areas can also be located outside the organisation site provided that the area is owned or (co-)managed by the organisation and is primarily dedicated to promoting biodiversity.</p> <p>(Adapted from: Source: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:02009R1221-20230712)</p>
Own workforce/own workers	Employees who are in an employment relationship with the undertaking (‘employees’) and non-employees who are either individual contractors supplying labour to the undertaking (‘self-employed people’) or people provided by undertakings primarily engaged in ‘employment activities’ (NACE Code N78).
Pay	The ordinary basic or minimum wage or salary and any other remuneration, whether in cash or in kind which the worker receives directly or indirectly (‘complementary or variable components’), in respect of his/her employment from his/her employer. ‘Pay level’

Defined term	Definition
	means gross annual pay and the corresponding gross hourly pay. 'Median pay level' means the pay of the employee that would have half of the employees earn more and half less than they do
Policy	<p>A set or framework of general objectives and management principles that the undertaking uses for decision-making. A policy implements the undertaking's strategy or management decisions related to a material sustainability matter. Each policy is under the responsibility of defined person(s), specifies its perimeter of application, and includes one or more objectives (linked when applicable to measurable targets). A policy is implemented through actions or action plans.</p> <p>For example, undertakings with less resources may have few (or no) policies formalised in written documents, but this does not necessarily mean they do not have policies.</p> <p>If the undertaking has not yet formalised a policy but has implemented actions or defined targets through which the undertaking seeks to address material sustainability topics and subtopics, it may disclose them.</p>
Recordable work-related injury or ill health	Work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness. Recordable means diagnosed by a physician or other licensed health care professionals. Injuries that do not require medical treatment beyond first aid are generally not recordable.
Recycling	Any recovery operation by which waste materials are reprocessed into products, materials or substances whether for the original or other purposes. It includes the reprocessing of organic material but does not include energy recovery and the reprocessing into materials that are to be used as fuels or for backfilling operations
Renewable Energy	Energy from renewable non-fossil sources, namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas ¹⁹ .
Sealed area	<p>A sealed area means any area where the original soil has been covered (such as roads) making it impermeable. This non-permeability can create environmental impacts.</p> <p>(Source: https://eur-lex.europa.eu/legal-</p>

¹⁹ Article 2(1) Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources (OJ L 328, 21.12.2018, p. 82).

Defined term	Definition
	content/EN/TXT/PDF/?uri=CELEX:02009R1221-20230712)
Sensitive information	<p>Sensitive information as defined in Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund.</p> <p>Sensitive information means information and data, including classified information, that is to be protected from unauthorised access or disclosure because of obligations laid down in Union or national law or in order to safeguard the privacy or security of a natural or legal person.</p>
Targets	Measurable, outcome-oriented and time-bound goals that the SME aims to achieve in relation to material sustainability topics and subtopics. They may be set voluntarily by the SME or derive from legal requirements on the undertaking.
Training	Initiatives put in place by the undertaking aimed at the maintenance and/or improvement of skills and knowledge of its own workers. It can include different methodologies, such as on-site training, and online training.
Value Chain	The full range of activities, resources and relationships related to the undertaking's business model and the external environment in which it operates. A value chain encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of- life. Relevant activities, resources and relationships include: a) those in the undertaking's own operations, such as human resources; b) those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and c) the financing, geographical, geopolitical and regulatory environments in which the undertaking operates. Value chain includes actors upstream and downstream from the undertaking. Actors upstream from the undertaking (e.g., suppliers) provide products or services that are used in the development of the undertaking's products or services. Entities downstream from the undertaking (e.g., distributors, customers) receive products or services from the undertaking.
Wage	Gross wage, excluding variable components such as overtime and incentive pay, and excluding allowances unless they are guaranteed
Work-life balance	Satisfactory state of equilibrium between an individual's work and private life. Work-life balance in a broader sense encompasses not only the balance between work and private life given family or care responsibilities, but also time allocation between time spent at work and in private life beyond family responsibilities.
Worker in the value chain	An individual performing work in the value chain of the undertaking, regardless of the existence or nature of any contractual relationship with the undertaking. In the ESRS, the scope of workers in the value chain include all workers in the undertaking's upstream and downstream value chain who are or

Defined term	Definition
	<p>can be materially impacted by the undertaking. This includes impacts that are connected to the undertaking’s own operations, and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not in the scope of ‘Own Workforce’ (‘Own Workforce’ includes people who are in an employment relationship with the undertaking (‘employees’) and non-employees who are either individual contractors supplying labour to the undertaking (‘self-employed people’) or people provided by undertakings primarily engaged in employment activities. (NACE Code N78)</p>

Appendix B: List of sustainability matters used for materiality assessment

This appendix is an integral part of this [draft] Standard. The compilation of sustainability topics and related sub-topics and sub-sub-topic shall be used as a basis to determine the material matters to be reported.

Sustainability matters covered in [draft] topical ESRS		
Topic	Sustainability matter: Sub-topic	Sustainability matter: sub-sub topic
Climate change	<ul style="list-style-type: none"> – Climate change adaptation – Climate change mitigation – Energy 	
Pollution	<ul style="list-style-type: none"> – Pollution of air – Pollution of water – Pollution of soil – Pollution of living organisms and food resources – Substances of concern – Substances of very high concern 	
Water and marine resources	<ul style="list-style-type: none"> – Water – Marine resources 	<ul style="list-style-type: none"> – Water consumption – Water withdrawals – Water discharges – Water discharges in the oceans – Extraction and use of marine resources
Biodiversity and ecosystems	– Direct impact drivers of biodiversity loss	<ul style="list-style-type: none"> – Climate Change – Land-use change, fresh water-use change and sea-use change – Direct exploitation – Invasive alien species – Pollution – Others
	– Impacts on the state of species	<ul style="list-style-type: none"> – Examples: – Species population size – Species global extinction risk
	– Impacts on the extent and condition of ecosystems	<ul style="list-style-type: none"> – Examples: – Land degradation – Desertification – Soil sealing
	– Impacts and dependencies on ecosystem services	
Circular economy	<ul style="list-style-type: none"> – Resources inflows, including resource use – Resource outflows related to products and services – Waste 	
Own workforce	<ul style="list-style-type: none"> – Working conditions 	<ul style="list-style-type: none"> – Secure employment – Working time – Adequate wages – Social dialogue – Freedom of association, the existence of works councils and the information,

Sustainability matters covered in [draft] topical ESRS		
Topic	Sustainability matter: Sub-topic	Sustainability matter: sub-sub topic
		<ul style="list-style-type: none"> consultation and participation rights of workers – Collective bargaining, including rate of workers covered by collective agreements – Work-life balance – Health and safety
	– Equal treatment and opportunities for all	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value – Training and skills development – Employment and inclusion of persons with disabilities – Measures against violence and harassment in the workplace – Diversity
	– Other work-related rights	<ul style="list-style-type: none"> – Child labour – Forced labour – Adequate housing – Privacy
Workers in the value chain	– Working conditions	<ul style="list-style-type: none"> – Secure employment – Working time – Adequate wages – Social dialogue – Freedom of association, including the existence of work councils – Collective bargaining – Work-life balance – Health and safety
	– Equal treatment and opportunities for all	<ul style="list-style-type: none"> Gender equality and equal pay for work of equal value – Training and skills development – The employment and inclusion of persons with disabilities – Measures against violence and harassment in the workplace – Diversity
	– Other work-related rights	<ul style="list-style-type: none"> – Child labour – Forced labour – Adequate housing – Water and sanitation – Privacy
Affected communities	– Communities' economic, social and cultural rights	<ul style="list-style-type: none"> – Adequate housing – Adequate food – Water and sanitation – Land-related impacts – Security-related impacts
	– Communities' civil and political rights	<ul style="list-style-type: none"> – Freedom of expression – Freedom of assembly

Sustainability matters covered in [draft] topical ESRS		
Topic	Sustainability matter: Sub-topic	Sustainability matter: sub-sub topic
		<ul style="list-style-type: none"> - Impacts on human rights defenders
	<ul style="list-style-type: none"> - Rights of indigenous communities 	<ul style="list-style-type: none"> - Free, prior and informed consent - Self-determination - Cultural rights
Consumers and end-users	<ul style="list-style-type: none"> - Information-related impacts for consumers and/or end-users 	<ul style="list-style-type: none"> - Privacy - Freedom of expression - Access to (quality) information
	<ul style="list-style-type: none"> - Personal safety of consumers and/or end-users 	<ul style="list-style-type: none"> - Health and safety - Security of a person - Protection of children
	<ul style="list-style-type: none"> - Social inclusion of consumers and/or end-users 	<ul style="list-style-type: none"> - Non-discrimination - Access to products and services - Responsible marketing practices
Business conduct	<ul style="list-style-type: none"> - Corporate culture - Protection of whistle-blowers - Animal welfare - Political engagement - Management of relationships with suppliers including payment practices 	
	<ul style="list-style-type: none"> - Corruption and bribery 	<ul style="list-style-type: none"> - Prevention and detection including training - Incidents

Appendix C – dedicated to financial market participants that are users of the information produced using this Standard

82. This appendix is relevant for users of the sustainability report. The table below illustrates the Sustainable Finance Datapoints that are present in different modules of this Standard.

83. The column 'DR number and Title' identifies the disclosures present in the different modules (i.e. Basic Module, Narrative-PAT Module, and Business Partners Module) that are Sustainable Finance datapoints. The column SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation illustrates how these disclosures relate to these regulations that are relevant for users of the sustainability report (banks, other investors).

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
Basic Module		
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>The undertaking shall disclose its total energy consumption related to own operations in MWh, with a breakdown between:</p> <ul style="list-style-type: none"> a) fossil fuels; and b) electricity, as expressed in utility billings (with the breakdown between renewable and non-renewable sources, if available). 	SFDR²⁰
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>The undertaking shall disclose its estimated gross GHG emissions in tons of CO₂ equivalents (tCO₂eq), including:</p> <ul style="list-style-type: none"> a) The scope 1 GHG emissions in tCO₂-eq (from owned or controlled sources); and b) The scope 2 emissions in tCO₂-eq (generation of purchased energy). 	SFDR²¹ Benchmark
Environment	<p>Disclosure B 4 – Pollution of air, water and soil</p> <p>The undertaking shall disclose, if applicable, the pollutants it emits in its own operations to air, water and soil that it is required to report by law to competent authorities (e.g.</p>	SFDR²²

²⁰ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #5 in Table 1 of Annex I (“Share of non-renewable energy consumption and production”).

²¹ Regulation (EU) 2019/2088 (SFDR) mandatory indicators #1 and #2 in Table 1 of Annex I (“GHG emissions”; Carbon footprint”); and Regulation (EU) 2020/1816 Benchmark Regulation, Articles 5 (1), 6 and 8 (1).

²² Regulation (EU) 2019/2088 (SFDR) because it is derived from: (a) an additional indicator related to principal adverse impacts as set out by indicator #2 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Emissions of air pollutants”); (b) indicator #8 in Table I of Annex I (“Emissions to water”); (c) indicator #1 in Table II of Annex I (“Emissions of inorganic pollutants”); and (d) indicator #3 in Table II of Annex I (“Emissions of ozone- depleting substances”)

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
	under the Industrial Emissions Directive and the European Pollutant Release and Transfer Register) or required to report under an Environmental Management System such as EMAS.	
Environment	<p>Disclosure B 5 – Biodiversity</p> <p>The undertaking shall disclose the number and area (in hectares) of sites that it owns, that it has leased or that it manages, that are located in or near biodiversity sensitive areas, if applicable.</p>	SFDR²³
Social	<p>Disclosure B 9 – Workforce – Health and safety</p> <p>The undertaking shall disclose:</p> <ul style="list-style-type: none"> a) the number of fatalities as a result of work-related injuries and work-related ill health; b) the number and rate of recordable work-related accidents. 	SFDR²⁴ Benchmark
Social	<p>Disclosure B 10 – Workforce – Remuneration, collective bargaining, and training</p> <p>The undertaking shall disclose:</p> <ul style="list-style-type: none"> b) the percentage gap in pay between its female and male employees. The undertaking may omit this disclosure when its headcount is below 150 employees. 	SFDR²⁵
Governance	<p>Disclosure B 11 – Convictions and fines for corruption and bribery</p> <p>In case of convictions and fines in the reporting period, the undertaking shall disclose the number of convictions and</p>	Benchmark²⁶

²³ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #7 in Table 1 of Annex I (“Activities negatively affecting biodiversity-sensitive areas”)

²⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #2 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (“Rate of accidents”) and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average ratio of accidents, injuries, fatalities” in section 1 and 2 of Annex 2.

²⁵ Regulation (EU) 2019/2088 (SFDR) mandatory indicator #12 in Table 1 of Annex I (“Unadjusted gender pay gap”) and (EU) 2020/1816 Benchmark Regulation (EU), indicator “Weighted average gender pay gap” in section 1 and 2 of Annex II.

²⁶ Benchmark Regulation (EU) 2020/1816, indicator “Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws” in section 1 and 2 of Annex II.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
	the amount of fines for violation of anti-corruption and anti-bribery laws.	
Narrative-PAT Module		
Governance	<p>Disclosure N 3 - Management of material sustainability matters</p> <p>Where material, the undertaking shall disclose whether it has the following in place to support the prevention of incidents of corruption or bribery:</p> <p style="padding-left: 40px;">c) any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery.</p>	SFDR²⁷
Business Partners Module		
Governance	<p>Disclosure BP 1 – Revenues from certain sectors</p> <p>The undertaking shall include where applicable, a statement indicating, together with the related revenues, that the undertaking is active in:</p> <p style="padding-left: 40px;">a) controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons; and / or</p>	SFDR²⁸ Benchmark²⁹
	b) the cultivation and production of tobacco; and/or	EBA Pillar 3³⁰

²⁷ Regulation (EU) 2019/2088 (SFDR) additional indicator #17 in Table 3 of Annex I (“Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery); and (EU) 2020/1816 Benchmark Regulation, indicator “Numbers of convictions and amount of fines for violation of anti-corruption and anti-bribery laws” in section 1 and 2 of Annex II.

²⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #14 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments (“Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)”).

²⁹ Benchmark Regulation (EU) 2020/1818 Article 12(1): "Administrators of EU-Paris aligned Benchmarks shall exclude all of the following companies from those benchmarks: companies involved in any activities related to controversial weapons; " and Benchmark Regulation (EU) 2020/1816 Annex II: Weighted average percentage of benchmark constituents in the controversial weapons sector."

³⁰ EBA Pillar 3: Template 1: Banking book - Climate change transition risk: Companies in the manufacturing of tobacco products excluded from EU-Paris aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
		Benchmark³¹
	c) fossil fuel (coal, oil and gas) sector (i.e., the undertaking derives revenues from exploration, mining, extraction, production, processing, storage, refining or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council ¹⁷), including a disaggregation of revenues derived from coal, from oil and from gas); and/or	SFDR³² EBA Pillar 3³³ Benchmark³⁴
	d) chemicals production, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.	SFDR³⁵
Governance	Disclosure BP 2 – Responsibilities in relation to sustainability matters The undertaking shall describe: a) if there is a governance body, the related gender diversity ratio.	SFDR³⁶ Benchmark³⁷

³¹ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1818 as set out by paragraph b) of article 12.1. and Benchmark Regulation (EU) 2020/1816 Annex II: "Weighted average percentage of benchmark constituents in the tobacco sector."

³² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #4 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Exposure to companies active in the fossil fuel sector")

³³ EBA Pillar 3: Template 1: Banking book - Climate change transition risk: Companies in Mining and quarrying excluded from EU-Paris aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation

³⁴ Benchmark Regulation (EU) 2020/1818 Article 12(1).

³⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #9 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Investments in companies producing chemicals").

³⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #13 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to disclosures rules on sustainable investments ("Board gender diversity")

³⁷ This information supports the information needs of benchmark administrators to disclose ESG factors subject to Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as set out by indicator "Weighted average ratio of female to male board members" in section 1 and 2 of Annex II.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
Environment	<p>Disclosure BP 3 – GHG emissions reduction target</p> <p>If the undertaking has set GHG emission reduction targets, it shall provide its GHG emission reduction targets for:</p> <p>a) scope 1 emissions; and</p> <p>b) scope 2 emissions.</p>	<p>SFDR³⁸ Benchmark³⁹</p>
Environment	<p>Disclosure BP 4 – Transition plan for climate change mitigation</p> <p>The undertaking shall provide information about its transition plan for climate mitigation with an explanation of how GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement.</p>	<p>Benchmark⁴⁰</p>
Environment	<p>Disclosure BP 5 – Physical Risks from climate change</p> <p>The undertaking shall disclose the anticipated financial effects that physical risks from climate change may have on the company. In particular:</p> <p>i) the monetary amount and the percentage of the undertaking's total assets that can be subjected to material physical risks over the short, the medium and the</p>	<p>Benchmark⁴¹ EBA Pillar 3⁴²</p>

³⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 (SFDR) because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #4 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Investments in companies without carbon emission reduction initiatives”); and is aligned with the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Article 6.

³⁹ Benchmark Regulation (EU) 2020/1818 Article 12(1), "Administrators of EU Climate Transition Benchmarks and administrators of EU Paris-aligned Benchmarks may increase in those benchmarks the weight of the issuers of the constituent securities that set and publish GHG emission reduction targets, where the following conditions are fulfilled: (a) the issuers of the constituent securities publish consistently and accurately their Scope 1, 2 and 3 GHG emissions; (b) the issuers of the constituent securities have reduced their GHG intensity or, where applicable, their absolute GHG emissions, including Scope 1, 2 and 3 GHG emissions, by an average of at least 7 % per annum for at least three consecutive years."

⁴⁰ This information is aligned with the Regulation (EU) 2021/1119 of the European Parliament and of the Council (EU Climate Law), Article 2 (1); and with Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Article 2.

⁴¹ Benchmark Regulation (EU) 2020/1816 Annex II: Environmental factors to be considered by underlying assets of the benchmark.

⁴² EBA Pillar 3: ITS - Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk and EBA Pillar 3: ITS - Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
	long-term, before considering climate change adaptation actions disaggregated by acute and chronic physical risk; ii) the proportion of assets at material physical risk addressed by the climate change adaptation actions; iii) the location of the significant assets affected by material physical risks; iv) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term; v) the breakdown of the undertaking's carrying value of its real estate assets, by energy efficiency classes.	
Environment	<p>Disclosure BP 6 – Hazardous waste and radioactive waste ratio</p> <p>The undertaking shall disclose the total amount of hazardous waste and radioactive waste generated (radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom).</p>	SFDR ⁴³
Social	<p>Disclosure BP 7: Alignment with internationally recognized instruments</p> <p>The undertaking shall disclose whether its policies with regard to its own workforce are aligned with relevant internationally recognized instruments, including the UN Guiding Principles on Business and Human Rights.</p>	Benchmark ⁴⁴
Social	<p>Disclosure BP 8: Processes to monitor compliance and mechanisms to address violations</p> <p>The undertaking shall disclose whether it has processes in place to monitor compliance with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on</p>	SFDR ⁴⁵

⁴³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #9 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Hazardous waste and radioactive waste ratio”).

⁴⁴ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8” in section 1 and 2 of Annex II.

⁴⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
	Business and Human Rights, including the principles and rights set out in the International Bill of Human Rights and the eight fundamental conventions identified in the ILO Declaration or grievance/complaints handling mechanisms to address violations of the above standards with regard to its own workforce.	
Social	<p>Disclosure BP 9 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the 8 fundamental conventions of the ILO Declaration and the International Bill of Human Rights)</p> <p>The undertaking shall disclose whether there have been any violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises with regard to its own workforce during the reporting year.</p>	<p>SFDR⁴⁶ Benchmark⁴⁷</p>
Social	<p>Disclosure BP 10 – Work-life balance</p> <p>The undertaking shall disclose the percentage of employees:</p> <ul style="list-style-type: none"> (i) entitled to take family-related leave, with a breakdown by gender; and (ii) that took family-related leave, with a breakdown by gender. <p>Family-related leave includes maternity, paternity, parental, and carers' leave.</p>	<p>Financial market participants require clients to disclose measures to promote gender equality and equal opportunity. To be consistent with LSME, alignment has been sought with the metric.</p>
Social	<p>Disclosure BP 11 – Number of apprentices</p> <p>The undertaking shall disclose the number of apprentices in the reporting period.</p>	<p>Apprentices is a matter of particular relevance to undertakings in the EU in terms of job creation and training for young workers and it has been captured as a metric. To note that the</p>

⁴⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts as set out by indicator #10 in Table I of Annex I and by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Violations of UNGC principles and OECD Guidelines for Multinational Enterprises” and “Number of identified cases of severe human rights issues and incidents”)

⁴⁷ This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law” in section 1 and 2 of Annex II.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1 and/or EBA Pillar 3 and/or Benchmark Regulation
		apprentices' definition and regulation vary among EU Member States and the information required shall not affect their status pursuant to applicable law.