

**Revised VSME AFTER PUBLIC CONSULTATION
(metrics only) – clean version**

Pending Internal Quality Control.

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Basic metrics – Social matters

B 8 – Workforce – General characteristics

43. The undertaking shall disclose the number of employees in headcount or full-time equivalent for the following metrics:

- (a) type of employment contract (temporary or permanent);
- (b) gender; and
- (c) country of the employment contract, if applicable.

Commented [MM1]: SOC1

44. The undertaking shall disclose the employee turnover rate over the reporting period.

Commented [MM2]: From Bank Workshop - Majority of banking associations support keeping paragraph 44

45. The undertaking shall disclose the number of non-employees¹ over the reporting period.

Commented [MM3]: TBD6

B 9 – Workforce – Health and safety

46. The undertaking shall disclose the following information regarding its **employees**:

- (a) the number and rate of **recordable work-related** accident; and
- (b) the number of fatalities as a result of work-related injuries and work-related ill health.

Commented [MM4]: From Bank workshop - Majority of banking associations agreed that paragraph 45 can be deleted.

47. The undertaking may disclose the following information regarding its **non-employees**:

- (a) the number and rate of **recordable work-related** accidents; and
- (b) the number of fatalities as a result of work-related injuries and work-related ill health.

Commented [MM5]: SOC2

B 10 – Workforce – Remuneration, collective bargaining and training

48. The undertaking shall disclose:

- (a) whether the employees receive a **pay** that is above applicable minimum wage for the country it reports on, whether it is set directly by the national minimum wage law or through a collective bargaining agreement;
- (b) the percentage gap in **pay** between its female and male **employees**. The undertaking may omit this disclosure when its headcount is below 100 employees;
- (c) the percentage of **employees** covered by collective bargaining agreements; and
- (d) the average number of annual **training** hours per **employee**, broken down by gender.

Commented [MM6]: SOC3

Commented [MM7]: SOC4

Commented [MM8]: SOC6

Basic metrics – Business conduct

B 11 – Convictions and fines for corruption and bribery

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

¹ "Non-employees" are either people with contracts with the undertaking to supply labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78).

Comprehensive Module

50. This module provides additional datapoints in relation to the information that is generally needed by the undertaking's business partners, investors and lenders. They are expected to address data requests that the undertaking receives or is likely to receive from lenders, investors and corporate clients, which 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.

Entity-specific consideration when reporting on GHG emissions under B 3 (Basic Module)

51. Depending on the type of activities carried out by the undertaking, a quantification of its Scope 3 GHG emissions can yield relevant information (see paragraph 11 of this [draft] Standard) on the undertaking's **value chain** impacts on climate change.

52. 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](#)".

53. When reporting its Scope 1 and Scope 2 emissions, if the undertaking discloses entity-specific information on its Scope 3 emissions, it shall present it together with the information required under "B 3 – Energy and greenhouse gas emissions."

54. The undertaking with operations in **high climate impact sectors**² shall disclose its significant scope 3 emissions.

Commented [KH9]: TBD 9

Disclosures in the Comprehensive Module

55. The text below provides the list of disclosures from C 1 to C 6 to be considered and reported upon if they are applicable to the undertaking's business and organisation. When not reported upon, a disclosure shall be assumed to be 'not applicable' for the undertaking.

56. Instructions to support the preparation of disclosures C 1- C 6 are available in the Comprehensive Module guidance on pages 45 through 47 of this [draft] Standard.

Comprehensive Module - Governance Metrics

Disclosure C 1 – Revenues from certain sectors

57. The undertaking shall include a statement indicating if it is active in one or more of the following sectors while disclosing its related revenues:

(a) controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons); or

(b) the cultivation and production of tobacco; or

Commented [AB10]: TBD10

² High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288).

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(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; or

(d) chemicals production, as its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.

Disclosure C 2 – Gender diversity ratio in governance body

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

Commented [MM11]: From Bank Workshop - All banking associations (except one) agreed to keep C2. Suggestion to better clarify that if the SME does not have a governance body in place, it does not have to report this disclosure.

Comprehensive Module - Environmental Metrics

Disclosure C 3 – GHG reduction and climate transition

59. If the undertaking has set GHG emission reduction targets, it shall provide its GHG emission reduction targets in absolute value for scope 1, scope 2 and, if relevant, significant scope 3 emissions.

Commented [MM12]: ENV21

Commented [MM13]: From Bank Workshop - All banking associations agree with disclosure C3. Suggestion from one national banking association to specify the scope of the target under paragraph 60.

60. If the undertaking has set GHG emission reduction targets, it shall provide:

Commented [KH14]: TBD 11

Commented [KH15R14]: And ENV 20

(a) The target year and value;

(b) The base year and value;

(c) The units used for targets;

Commented [KH16]: TBD 11

(d) The share of the scope 1, scope 2 and scope 3 concerned by the target; and

(e) a list of main actions it seeks to implement to achieve its targets.

61. If the undertaking that operates in high climate impact sectors has adopted a transition plan for climate change mitigation, it shall provide information about it, including an explanation of how its GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C.

Commented [KH17]: ENV 23

Commented [KH18]: ENV 23

62. In case the undertaking operates in high climate impact sectors and does not have a transition plan for climate change mitigation in place, it shall indicate whether and, if so, when it will adopt such a transition plan.

Disclosure C 4 – Physical risks from climate change

Commented [KH19]: ENV 24 & ENV 25

63. The undertaking shall disclose:

(a) whether it has identified climate-related hazards and transition events;

(b) if so, how it has assessed the vulnerability of its assets, activities and value chain to these hazards and transition events, creating gross climate-related risks, with the time horizons; and

(c) whether it has undertaken climate change adaptation actions.

Commented [MM20]: From Bank Workshop - One banking association viewed points (a+b) of paragraph 63 to be too complicated for SMEs and mentioned that these points could be covered if the proxy for turnover per site mentioned under B1 is inserted. EFRAG Secretariat reminded that VSME should raise awareness in managing environmental risks (among others) and by providing only geolocation SMEs would remain passive in assessing those risks (SR TEG discussions in July).

64. For the significant assets affected by material physical risk, the undertaking shall disclose the insurance coverage.

Commented [MM21]: From Bank Workshop - a bank association representative stated that it would be better to ask "whether it has undertaken or is planning to undertake climate change adaptation actions."

65. The undertaking may disclose its anticipated financial effects that the physical risk may have on its business operations and whether the undertaking determines that the risk is high/medium/low.

Commented [KH22]: ENV 24 & ENV 25

Commented [MM23]: From Bank Workshop - Agreement from banking representatives as a compromise to ask as a YES/NO question whether or not insurance coverage exists

Comprehensive Module - Social Metrics

Commented [KH24]: ENV 1

Commented [KH25]: ENV 24 & ENV 25

Disclosure C 5 – Human rights impacts and complaints

66. The undertaking shall respond to the following questions:

(a) Does the undertaking have a code of conduct or human rights policy for its own workforce?
Note: Undertakings that have a due diligence process in place shall answer positively.

(b) If yes, do these cover (dropdown menu):

- i. Child labour (YES/ NO);
- ii. Forced labour (YES/ NO);
- iii. Human trafficking (YES/ NO);
- iv. Discrimination (YES/ NO);
- v. Accident prevention (YES/ NO);
- vi. Other.

(c) Does the undertaking have a complaint handling mechanism for its own workforce? (YES/ NO)

Commented [MM26]: From Bank Workshop - Agreement from banking representatives with the drop-down menus proposed under this disclosure.

Commented [MM27]: From Bank Workshop - One national banking association stated that the SMEs should have the possibility to complement the drop-down menu responses with a narrative option.

Commented [MM28]: SOC8

Commented [MM29]: From Bank Workshop - Agreement from banking representatives with the drop-down menus proposed under this disclosure

Disclosure C 6 – Incidents related to severe human rights cases

67. The undertaking shall respond to the following question:

(a) Does the undertaking have confirmed cases related to:

- i. Child labour (YES/ NO);
- ii. Forced labour (YES/ NO);
- iii. Human trafficking (YES/ NO);
- iv. Discrimination (YES/ NO);
- v. Other.

(b) If yes, the undertaking may describe the actions being taken to address the violations described above.

Commented [MM30]: From Bank Workshop - One European Banking association asked to increase clarity on the word "confirmed cases" in C6 (paragraph 67).

Additional Financial Institutions (AFI) Module

68. This module provides additional datapoints that may be required by bank sustainability reporting information users. Bank's request may be simply demand for a specific disclosure of the AFI module to be reported, without requiring all AFI module disclosures to be reported. These additional datapoints are expected to reflect bank's respective obligations under relevant laws and regulations. Instructions to support the preparation of disclosures AFI 1- AFI 5 are available in the Additional Financial Institution Module guidance on pages 48 through 52 of this [draft] Standard.

AFI Module - Environmental Metrics

Disclosure AFI 1 – Energy production

69. If applicable, the undertaking shall disclose its non-renewable energy production and renewable energy production in MWh.

Commented [MM31]: From Bank Workshop - All banking associations agreed to delete this disclosure

Commented [KH32]: ENV 3

Disclosure AFI 2 – Vehicle fleet

70. The undertaking shall disclose the following percentages of its total vehicle fleet, by type of vehicle, related to the reporting period:

Commented [MM33]: From Bank Workshop - All banking associations agreed to delete this disclosure.

(a) Percentage of total vehicle fleet that is classified as zero emission vehicles (ZEV) or ICE, plug-in hybrid electric vehicles or hybrid vehicles; and

(b) The distribution of its total vehicle fleet compliance by EURO standard, expressed as percentages of fleet that comply with each EURO standards (EURO 1, 2, 3, 4, 5, 6 and following).

Commented [KH34]: ENV 1

Disclosure AFI 3 – Hazardous waste and/or radioactive waste

71. If the undertaking generates **hazardous waste** and/or **radioactive waste**, it shall disclose the total amount of hazardous waste and/or radioactive waste generated.

Commented [NM35]: ENV 18

AFI Module - Social Metrics

Disclosure AFI 4 – Workforce (General) Additional characteristics

72. The undertaking shall disclose the female to male ratio at management level for undertakings that employ at least 50 employees.

Commented [MM36]: TBD7

73. The undertaking shall disclose the number of persons with disabilities amongst its employees, subject to legal restrictions on the collection of data.

Commented [MM37]: From Bank Workshop - All banking associations agreed to keep it. However, due to the fact that the AFI Module will only comprehend taxonomy, suggestion to insert this datapoint in the Basic Module under B8.

Commented [MM38]: TBD8

AFI Module - Governance Metrics

Disclosure AFI 5 – Exclusion from EU reference benchmarks

74. The undertaking shall disclose whether it is excluded from any EU reference benchmarks that are aligned with the Paris Agreement.

Commented [MM39]: From Bank Workshop - Agreement by all banking associations to delete the disclosure on disabilities (paragraph 73). EFRAG Secretariat to add in the basis for conclusions a sentence explaining that such disclosure could be requested bilaterally at a national level (i.e Italy).

Commented [MM40]: From Bank Workshop - Agreement by all banking associations that this disclosure has to be moved to the Comprehensive Module after C 1 - Revenues from certain sectors.

Commented [MM41]: TBD10

Disclosure AFI 6 - Placeholder on future streamlined alignment with EU Taxonomy eligible activities

75. The Platform of Sustainable Finance is starting to work on a streamlined approach for non-listed SMEs to simplify their sustainability efforts for Taxonomy eligible activities. In essence, the streamlined approach serves a dual purpose: facilitating non-listed SMEs in the interaction with banks and the financial sector for the access to sustainable finance, while also providing information to larger companies for their compliance with taxonomy criteria, particularly when such criteria demand value chain information.

Commented [MM42]: From Bank Workshop - One national banking association suggested to correct the title and include "Taxonomy aligned activities" as only "eligible" is not that useful for banks. EFRAG Secretariat will amend the title.

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76. This disclosure is effective on a voluntary basis starting when this streamlined approach will be available.

Commented [MM43]: CCS2

Basic Module: Guidance

Basic Module Guidance - Social Metrics

Metric B 8 – Workforce – General characteristics

191. Full-time equivalent (FTE) is the number of full-time positions in an undertaking. It can be calculated by dividing an employee's scheduled hours (total effective hours worked in a week) by the employer's hours for a full-time workweek (total hours performed by full-time employees). For example, an employee who works 25 hours every week for a company where the full-time week is 40 hours represents a 0,625 FTE (i.e. 25/ 40 hours).

192. Headcount is the total number of people employed by the undertaking at a given time.

Guidance on how to present information about employees' contract types

193. The following table shows how information on **employees** may be presented by type of employment contract.

Type of contract	Number of employees (headcount or full-time equivalents)
Temporary contract	
Permanent contract	
Total employees	

194. The following table shows how information on **employees** may be presented by gender.

Gender	Number of employees (headcount or full-time equivalents)
Male	
Female	
Other	
Not reported	
Total employees	

195. In some European Union Member States, it is possible for people to legally register themselves as having a third gender, often neutral, which is to be 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. The "not reported" category applies to employees who do not disclose their gender identity.

196. The following table shows how information on employees may be presented by countries.

Country (of employment contract)	Number of employees (headcount or full-time equivalents)
Country A	
Country B	
Country C	
Country D	
Total employees	

197. Definitions and types of employment contracts may vary depending on the country. If the undertaking has **employees** working in more than one country, it shall use the legal definitions stipulated in the national laws of the countries where the employees are based in to calculate country-level data. Such country-level data shall then be added up to calculate total numbers, disregarding differences in national legal definitions.

198. The following table shows how information on **non-employees** may be presented.

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Types of non-employees	Number of non-employees (self-employed people or people engaged in employment activities)
Total non-employees	

199. The undertaking may disclose the most common types of non-employees (for example, self-employed people, people provided by undertakings primarily engaged in employment activities, and other types relevant to the undertaking), their relationship with the undertaking, and the type of work that they perform.

200. In order to calculate the **turnover** rate, the formula below should be used:

$$\frac{\text{Number of staff who left during the reporting year}}{\text{Average number of staff during the reporting year}} \times 100$$

201. Employee turnover refers to employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.

Metric B 9 – Workforce – Health and safety

Guidance on the rate of recordable work-related accidents

202. Based on the assumption that one full-time worker works 2,000 hours per year, the rate indicates the number of work-related accidents per 100 full-time workers over a yearly timeframe. 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.

203. In order to calculate the rate of **recordable work-related** accidents for employees, the formula below should be used:

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

204. In order to calculate the rate of **recordable work-related** accidents for non-employees, the formula below should be used:

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

Example

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

The rate of **recordable work-related** accidents is $3/80,000 \times 200,000 = 7.5$.

Guidance on number of fatalities resulting from work-related injuries and work-related ill health

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

207. 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.

208. In case of injuries and ill health that occur while a person is travelling for work, these are considered work-related if the **employee** or **non-employee** was performing work activities in the interest of the employer at the time of the injury or ill health. Accidents taking place when travelling, outside of the undertaking's responsibility (i.e., regular commuting to and from work), are subject to the applicable national legislation, which regulates their categorisation as to whether they are considered work-related or not.

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209. Mental illness is considered work-related if it has been notified voluntarily by the relevant worker and if an evaluation from a licensed healthcare professional stating that the illness in question is indeed work-related. Health problems resulting from smoking, drug and alcohol abuse, physical inactivity, unhealthy diets, and psychosocial factors not connected to work are not considered work-related.

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

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

Guidance on remuneration: minimum wage

211. 'Minimum wage' refers to the minimum compensation of employment per hour, or other unit of time. 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 minimum wage for the country it reports on.

Guidance on remuneration: percentage gap between female and male employees

212. The metric for the percentage gap between female and male **employees** addresses the principle of gender equality, which stipulates equal **pay** for equal work. The pay gap is defined as the difference of average pay levels between female and male employees expressed as the percentage of the average pay level of male employees.

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

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

214. Depending on the undertaking's remuneration policies, the gross pay refers to all of the following elements:

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

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

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

Example

217. Company A has X male **employees** and Y female employees in total. Male employees' gross hourly pay is €15 and female employees' gross hourly pay is €13.

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

219. The formula used to calculate the percentage pay gap between male and female employees is

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

Guidance on collective bargaining coverage

220. 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, it only needs to be counted once. If none of the employees are covered by a collective bargaining agreement, the percentage is zero.

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

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

222. The information required by this disclosure requirement may be reported as coverage rates if the **collective bargaining** coverage is between 0–19%, 20–39%, 40–59%, 60–79% or 80–100%.

223. 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.

Basic Module Guidance - Business Conduct Metrics

Metric B 11 – Convictions and fines for corruption and bribery

224. **Corruption** and bribery fall under the **business conduct** sustainability matter.

225. Under paragraph 49, the undertaking shall report on the total number of convictions and the total amount of fines incurred for violating anti-corruption and anti-bribery laws.

Guidance on convictions

226. Convictions for the violation of anti-corruption and anti-bribery laws refer to any verdict of a criminal court against an individual or undertaking in respect of a criminal offence related to **corruption** and bribery. For example, where these court decisions are entered in the criminal record of the convicting European Union Member State.

Guidance on fines

227. Fines issued for the violation of anti-corruption and anti-bribery laws refer to mandatory monetary penalties resulting from violations of anti-corruption and anti-bribery laws imposed by a court, commission or other government authority, which are paid to a public treasury.

Comprehensive Module: Guidance

228. This guidance is intended to support the preparation of the metrics in the Comprehensive Module.

229. Entity-specific consideration when reporting on GHG emissions under B 3 (Basic Module) Entity specific disclosure – Energy and greenhouse gas emissions

230. SMEs operating in high climate impact sectors shall identify and disclose its GHG emissions from each significant scope 3 category. Therefore, the undertakings screen its total Scope 3 GHG emissions based on the 15 scope 3 categories identified by the GHG Protocol using appropriate estimates. This allows to identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65-68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related transition risks and opportunities or stakeholder views.

Governance – Business Model Metrics

Disclosure C 1– Revenues from certain sectors

231. **Fossil fuels**, as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council, are non-renewable carbon-based energy sources such as solid fuels, natural gas, and oil.

232. **The production of chemicals** refers to the activities listed under Division 20.2 of Annex I to Regulation (EC) No 1893/20, i.e., the manufacturing of pesticides and other agrochemical products.

Commented [AB44]: TBD10

Commented [AB45]: TBD10.

Disclosure C 2– Gender diversity ratio in governance body

233. The **governance** body refers to the highest decision-making authority in a company. Depending on the jurisdiction the company is in and its legal entity classification, the governance body can vary in format.

234. Based on the requirements in the SFDR, 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

235. The **governance** body of a certain SME is composed of six members, including three women. The gender diversity ratio is one – for every female member there is one male member.

Environmental Metrics

Disclosure C 3 – GHG reduction and climate transition

236. Emissions reductions can prove to be both a challenge and opportunity for an undertaking, as it often requires changes to the strategic and operational reality of the business. The goal of reducing emissions may require a review of strategic and financial priorities. Decarbonisation may require important initial investment to, for example, electrify a fleet of vehicles, implement new technologies to reduce energy consumption, or develop new product lines that are less reliant on carbon-intensive materials. On the other hand, implementing low-carbon solutions to achieve GHG emission reduction can significantly lessen the costs of purchased energy and materials. Undertakings embarking on their decarbonisation journey are often facing important adjustments to their business models or daily operations. For instance, a logistics and delivery services undertaking may need to redesign its fleet management to minimise potential service disruptions due to the need of regular vehicle charging. A consumer goods manufacturing undertaking planning to replace a component of its product with a sustainable, low-carbon alternative may need to allocate time and resources to product innovation and a search for new suppliers. These efforts can, in turn, result in reducing costs, accessing new markets, creating new workplaces and attracting additional financing, making GHG

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emission reduction not only a challenge, but also a strategic business opportunity. In this context, targets for GHG reductions is an important measure of responding to the need of sustainable transition, as it allows undertaking to manage the change in a systematic, controlled and organised way.

Commented [KH46]: ENV 22

Commented [KH47R46]: ACT 14

237. A GHG emission reduction target is a commitment to reduce the undertaking's GHG emissions in a future year compared to the GHG emissions measured during a chosen base year. Actions that may lead to emission reductions include, for instance, electrification, renewable electricity, sustainable products development, etc. Disclosure BP 3 requires the undertaking to disclose GHG emission reduction **targets** for its Scope 1 and Scope 2 emissions.

Commented [KH48]: ENV 20

238. Removals and avoided emissions shall not be accounted as reduction of undertaking's gross GHG emissions. This is due to the important distinction between accounting practices for gross GHG emissions (inventory accounting) and GHG removals and avoided emissions (project-based, or intervention accounting). Gross GHG emissions of the undertaking are designed to track the actual emissions released to the environment, providing a consistent and comparable baseline to set up GHG targets. Avoided emissions and carbon removals, on the other hand, relate to specific project activities of the undertaking, which signifies their accounting is done separately from gross GHG emissions.

239. To follow this practice, the undertaking need to distinguish between its gross GHG emissions and other impacts which are not captured within it, such as GHG removals and avoided emissions. Removals refer to the withdrawal of GHG from the atmosphere as a result of deliberate human activities. Example of such activities can include plant growth (transfer of atmospheric CO2 through photosynthesis), or direct air capture of CO2, and are typically linked to the subsequent storage of CO2. Avoided GHG emissions are typically referred to emissions that would have otherwise happened, but that, as a result of the undertaking's activities, did not happen. These may include introducing new products and technologies that reduce demand for their carbon-intensive equivalents, for example, insulation solutions in building that avoid demand for energy services therein. More information on the concepts related to carbon removals and avoided emissions can be found in GHG Protocol Land Sector and Removals Guidance³, as well as WBCSD guidance⁴.

240. A base year is a preceding year against which the undertaking's current GHG emissions can be measured. In general, the base year should be a recent and representative year of the undertaking's GHG emissions in which there are verifiable data.

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

242. 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). The Stockholm Resilience Centre also proposes a 'carbon law' that sets out concrete steps to achieve full decarbonisation by 2050 based on a flexible way to think about reducing carbon emissions by halving emissions every decade and increasing renewable energy roll-out exponentially. The authors argued that this roadmap would ensure a 75% chance of keeping the Earth below 2°C above pre-industrial temperatures, the target set out in the Paris agreement⁵. SBTi also proposes a streamlined target-setting route for small and medium

³ GHG Protocol Land Sector and Removals Guidance (<https://ghgprotocol.org/land-sector-and-removals-guidance>)

⁴ World Business Council for Sustainable Development (2023), Guidance on Avoided Emissions. (https://www.wbcsd.org/wp-content/uploads/2023/09/Climate-Avoided-Emissions-guidance_WBCSD.pdf)

⁵ Rockström, J., Gaffney, O., Rogelj, J. et. al. 2017. A roadmap for rapid decarbonization. Science, Volume 355 Issue 6331. Available at: <https://www.stockholmresilience.org/research/research-news/2017-03-23-curbing-emissions-with-a-new-carbon-law.html>.

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undertakings⁶. Specific pathways also exist by sector and may be considered by undertakings when setting their GHG emission reduction **targets**.

243. To achieve a quick reduction of both direct and indirect emissions, there are some simple actions that the undertaking can take. Some actions may be easy but still able to deliver a notable emission reduction and support the undertaking reaching its targets. For instance, electrification of the vehicle fleet by replacing vehicle running on fossil fuel with electric vehicles will lead to emissions reduction as soon as the previous fleet is replaced. This can mean notable emission reductions especially for a business that is reliant on transportation. Similarly, replacing commutes and business travels by car with low carbon alternatives, such as using bicycles or public transport, is an effective, simple and achievable decarbonisation action. Another low hanging fruit is to review the internal energy management and update to energy efficient equipment and integrate maintenance into the routine business operations. By regularly maintaining equipment and machinery and replacing these with more energy efficient alternatives when and where possible, the undertaking can reduce its energy consumption. Such equipment can include for example boilers, telecommunication systems, heat pumps, air-conditioning etc. Through regular maintenance their efficient operation can be ensured, wear and tear minimised and waste minimised. By also automating systems and using timers to define periods of use, the undertaking is able to lower the emissions of such equipment even further.

Commented [KH49]: ENV 22

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244. A climate transition plan for climate change mitigation is a set of present and future *actions* meant to align the undertaking's business model, strategy and operations with the key overarching global goal of limiting global warming to 1.5°C. Underpinned by a GHG reduction target compatible with that goal, the importance of having a transition plan in place lies in the ability of understanding the means by which the undertaking will move towards a low-carbon economy while keeping track of the progress made. A transition plan serves as a mechanism for accountability and transparency prompting undertakings to develop credible pathways for mitigating climate change through their *actions*.

245. Establishing a credible transition plan of the undertaking should be supported by elements such as (a) identifying clear responsibilities and roles; (b) integrating the plan in the undertaking's business strategy and financial planning; (c) including information on decarbonisation levers and pathways as well as quantifiable indicators that can be monitored throughout predefined timeframes; (d) allowing for regular reviewing and updating after stakeholder consultations when appropriate; and (e) covering the entirety of its own operations and, to the largest possible extent, the **value chain** or else provide an explanation as to any limitation.

Commented [KH51]: ENV 23

Disclosure C 4 – Physical risks from climate change

246. **Climate-related physical risks** arise from the effects that climate change has on the undertaking. They can be classified 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 climate-related hazards, the exposure of the undertaking's assets and activities to these hazards, and how sensitive the undertaking is to these hazards are. Examples of climate-related hazards are heat waves, increased frequency of extreme weather events, sea level rise, glacial lake outburst flood, and 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.

Commented [KH52]: ENV 1

⁶ SBTi <https://sciencebasedtargets.org/small-and-medium-enterprise-sme-target-setting-process>. SBTi offers resources for SMEs to set science based targets: <https://sciencebasedtargets.org/small-and-medium-enterprise-sme-target-setting-process>.

Additional Financial Institutions Module (AFI): Guidance

Environmental Metrics

247. This guidance is intended to support the preparation of the Metrics in the AFI Module.

Disclosure AFI 1 – Energy production

248. If the undertaking is active in certain sectors, it is to disclose their energy production as per paragraph 69 if applicable. As we move into the climate transition, more undertakings are likely to become both energy producers and consumers that self-produced energy and therefore reporting this information. Nevertheless, sectors where self-generated energy typically occur are e.g. pulp and paper, chemicals, food and beverage, and businesses with office buildings (with solar panels for electricity generation).

Disclosure AFI 2 – Vehicle fleet

249. When disclosing the total vehicle fleet in paragraph 70, the undertaking may use the following tables to present the information required on EURO standards. The tables follow the [EU classification of vehicle types](#).

Commented [KH53]: ENV 1

Passenger car								
Segment	ACEA classification	Euro 1	Euro 2	Euro 3	Euro 4	Euro 5	Euro 6	Euro 7
A-B	Small							
C	Lower Medium							
D	Upper Medium							
E-F	Luxury							
S	-							
J	SUV							
M	MPV							

Vehicle category							
Category	Euro I	Euro II	Euro III	Euro IV	Euro V	Euro VI	Euro VII
L							
M							
N							
O							
T							
R							
S							
G							

Disclosure AFI 3 – Hazardous waste and radioactive waste

250. SMEs must disclose hazardous and radioactive waste if their operations involve generating such waste. Applicability depends on the presence of hazardous or radioactive materials in business processes.

251. The undertakings are recommended to classify their hazardous waste using the [European Waste Catalogue \(EWC\)](#), which categorizes waste by type. Any waste marked with an asterisk (*) is

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classified as hazardous in the EWC, normally with reference to ‘containing hazardous substances’. For example:

- (a) Medical sector: contaminated sharps like needles and syringes used in medical settings ("wastes whose collection and disposal is subject to special requirements in order to prevent infection" EWC Code 18 01 03*), cytotoxic and cytostatic medicines (EWC Code 18 01 08*), spent radiopharmaceuticals, and certain diagnostic equipment containing radioactive materials.
- (b) Manufacturing sector: Used lubricants and oils classified as hazardous (EWC Code 13 02 05*).
- (c) Construction sector: Asbestos-containing materials (EWC Code 17 09 03*), soil and stones containing hazardous substances (EWC Code 17 05 03*)
- (d) Batteries and accumulators: Lead batteries (16 06 01*), Ni-Cd batteries (16 06 02*) Mercury containing batteries (16 06 03*).

252. Nevertheless, a waste is considered hazardous if it displays one or more of the hazardous properties listed in Annex II of the Waste Framework Directive. For easier reference, there are presented below together with the respective pictograms to help identify hazardous properties such as flammability, toxicity, and corrosiveness, which may lead to waste being classified as hazardous.

253. Radioactive waste also has or can have hazardous properties that render it hazardous, namely carcinogenic, mutagenic or toxic for reproduction. Nevertheless, radioactive substances are subject of separate regulations within the EU⁷. Companies using radioactive materials with a possibility to generate radioactive waste subject to EU regulation will be aware of it. Radioactive waste should be identified based on the presence of radionuclides at levels above regulatory clearance thresholds.


254. Radioactive waste can be present in a variety of situations, such as medical, research and industrial equipment, smoke detectors, or sludges.

255. The undertaking may disclose its share of radioactive waste, which is calculated as a percentage of the total amount of **hazardous waste** as reported in the AFI Module A4. Below may be found an example of the radioactive waste ratio calculation:

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






256. Example: If a facility generates 2 tons of radioactive waste and 50 tons of hazardous waste, the radioactive waste ratio is (2/50)×100=4%.

257. Hazard Pictograms for each hazard class




Hazard pictogram	Pictogram statement, symbol and class	What does it mean?
	<p>“Gas under pressure”</p> <p>Symbol: Gas cylinder</p>	<ul style="list-style-type: none"> • Contains gas under pressure; may explode if heated. • Contains refrigerated gas; may cause cryogenic burns or injury.

⁷ EU's Radioactive Waste and Spent Fuel Management Directive (2011/70/Euratom). For more information check EU's page on Radioactive Waste and spent fuel.

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	Physical Hazard	
	<p>“Explosive”</p> <p>Symbol: <i>Exploding bomb</i></p> <p>Physical Hazard</p>	<ul style="list-style-type: none"> • Unstable explosive • Explosive; mass explosion hazard • Explosive; severe projection hazard • Explosive; fire, blast or projection hazard • May mass explode in fire
	<p>“Oxidising”</p> <p>Symbol: <i>Flame over circle</i></p> <p>Physical Hazard</p>	<ul style="list-style-type: none"> • May cause or intensify fire; oxidiser. • May cause fire or explosion; strong oxidiser.
	<p>“Flammable”</p> <p>Symbol: <i>Flame</i></p> <p>Physical Hazard</p>	<ul style="list-style-type: none"> • Extremely flammable gas • Flammable gas • Extremely flammable aerosol • Flammable aerosol • Highly flammable liquid and vapour • Flammable liquid and vapour • Flammable solid
	<p>Corrosive</p> <p>Symbol: <i>Corrosion</i></p> <p>Physical Hazard / Health Hazard</p>	<ul style="list-style-type: none"> • May be corrosive to metals • Causes severe skin burns and eye damage
	<p>“Health hazard/Hazardous to the ozone layer”</p> <p>Symbol: <i>Exclamation mark</i></p> <p>Health Hazard</p>	<ul style="list-style-type: none"> • May cause respiratory irritation • May cause drowsiness or dizziness • May cause an allergic skin reaction • Causes serious eye irritation • Causes skin irritation • Harmful if swallowed

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		<ul style="list-style-type: none"> • Harmful in contact with skin • Harmful if inhaled • Harms public health and the environment by destroying ozone in the upper atmosphere
	<p>“Acute toxicity”</p> <p><i>Symbol: Skulls and Crossbones</i></p> <p>Health Hazard</p>	<ul style="list-style-type: none"> • Fatal if swallowed • Fatal in contact with skin • Fatal if inhaled • Toxic: if swallowed • Toxic in contact with skin • Toxic if inhaled
	<p>“Serious health hazard”</p> <p><i>Symbol: Health Hazard</i></p> <p>Health Hazard</p>	<ul style="list-style-type: none"> • May be fatal if swallowed and enters airways • Causes damage to organs • May cause damage to organs • May damage fertility or the unborn child • Suspected of damaging fertility or the unborn child • May cause cancer • Suspected of causing cancer • May cause genetic defects • Suspected of causing genetic defects • May cause allergy or asthma symptoms or breathing difficulties if inhaled
	<p>“Hazardous to the environment”</p> <p><i>Symbol: Environment</i></p> <p>Environmental Hazard</p>	<ul style="list-style-type: none"> • Very toxic to aquatic life with long lasting effects • Toxic to aquatic life with long lasting effects

Pictograms that indicate hazardous properties, Annex V, from the Classification, Labelling and Packaging (CLP) Regulation ((EC) No 1272/2008

Social Metrics

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Disclosure AFI 4 – Workforce (General) Additional characteristics

258. To find the gender ratio, divide the number of female employees by the number of male employees at management level. This will give you the proportion of women to men in your company.

$$\text{Gender ratio} = \frac{\text{number of female employees at management level}}{\text{number of male employees at management level}}$$

259. For example, if there are 28 female employees and 84 male employees at management level, the gender ratio would be 1:3, meaning that for every woman at management level, there are three men.

260. Regarding employees with disabilities, the undertaking shall provide any contextual information necessary to understand the data and how the data has been compiled (methodology).

Governance Metrics

Disclosure AFI 5 – Exclusion from EU reference benchmarks

261. As defined by the Commission Delegated Regulation (EU) 2020/1818, the companies excluded from EU Paris-aligned Benchmarks are the following:

- (a) companies involved in any activities related to controversial weapons;
- (b) companies involved in the cultivation and production of tobacco;
- (c) companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises;
- (d) companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- (e) companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- (f) companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- (g) companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh.

Appendix A: Defined terms

This appendix is an integral part of this [draft] Standard.

Defined term	Definition
Accident prevention	Accident prevention refers to the policies and initiatives to prevent workplace accidents and ensure the safety and well-being of employees. This not only includes measures to reduce physical risks but also involves fostering a safe and inclusive work environment free from discrimination and harassment.
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 geographical 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.
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.
Child Labour	Work that deprives children of their childhood, potential, and dignity and harms their physical and mental development. It includes work that is mentally, physically, socially, or morally dangerous and/or interferes with their schooling (by preventing them from the opportunity to attend school).
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 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.

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Defined term	Definition
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.
Confirmed case	A situation where an official authority or legal process has verified the existence or occurrence of a specific event or condition.
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.
Code of conduct	A code of conduct is a set of values, rules, guidelines, and ethical principles outlining the standards of behaviour expected from members of an organisation. It serves as a framework for members to understand how they should conduct themselves both in the workplace and when representing the organisation.
Classified information	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. 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. Classified information may be classified according to four levels: top secret, secret, confidential, restricted (based on the definition from the Council Decision).
Circular economy principles	The European circular economy principles are usability; reusability; reparability; 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.
Discrimination	Discrimination can occur directly or indirectly. Direct discrimination occurs when an individual is treated less favourably by comparison to how others, who are in a similar situation. Indirect discrimination occurs when

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Defined term	Definition
	an apparently neutral rule disadvantages a person or a group sharing the same characteristics.
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>
Forced Labour	All work or service which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily according to the ILO Forced Labour Convention, 1930 (No.29). The term encompasses all situations in which persons are coerced by any means to perform work.
Grievance mechanism	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

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Defined term	Definition
	be more difficult for the 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.
Gross greenhouse gas (GHG) emissions	Gross greenhouse gas (GHG) emissions are total GHG emissions released by the undertaking into the atmosphere, without considering any deductions for carbon removals or other adjustments.
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 on waste.
Human trafficking	The recruitment, transportation, transfer, harbouring or reception of persons, including the exchange or transfer of control over those persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.
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.
Impact	<p>Impact refers to the effect an organization has or could have on the economy, environment, and people, including effects on their human rights, as a result of the organization's activities or business relationships. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, direct or indirect, and reversible or irreversible. These impacts indicate the organization's contribution, negative or positive, to sustainable development. The impacts on the economy, environment, and people are interrelated.</p> <p>The organization's impacts on the environment refer to the impacts on living organisms and non-living elements, including air, land, water, and ecosystems. An organization can have an impact on the environment through, for example, its use of energy, land, water, and other natural resources.</p> <p>The organization's impacts on people refer to the impacts on individuals and groups, such as communities, vulnerable groups, or society. This includes the impacts the organization has on people's human rights. An organization can have an impact on people through, for example, its</p>

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Defined term	Definition
	employment practices (e.g., the wages it pays to employees), its supply chain (e.g., the working conditions of workers of suppliers), and its products and services (e.g., their safety or accessibility).
Land-use	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	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. (Adapted from EMAS regulation)
Near (Biodiversity Sensitive Area)	Near, in the context of B5 – Biodiversity, shall refer to an area that is (partially) overlapping or adjacent to a biodiversity sensitive area.
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' 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	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. 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. 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.
Radioactive waste	Any radioactive material in gaseous, liquid, or solid form, for which no further use is foreseen, as per Article 3(7) of Council Directive 2011/70/Euratom ⁸ .

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⁸ Council Directive 2011/70/Euratom of 19 July 2011 establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste.

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Defined term	Definition
Recordable work-related accident / Recordable work-related injury or ill health	<p>A work-related accident is an event that leads to physical or mental harm therefore to injury or ill health. It happens whilst engaged in an occupational activity or during the time spent at work. Recordable means diagnosed by a physician or other licensed health care professionals.</p> <p>Work-related injury or ill health can 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. Injuries that do not require medical treatment beyond first aid are generally not recordable.</p>
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 ⁹ .
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-content/EN/TXT/PDF/?uri=CELEX:02009R1221-20230712)</p>
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>
Site	The location of one or more physical installations. If there is more than one physical installation from the same or different owners or operators and certain infrastructure and facilities are shared, the entire area where the physical installation are located may constitute a site.
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.
Time horizons	<p>When preparing its sustainability report, the undertaking shall adopt the following time horizons:</p> <p>(a) for the short-term time horizon, one year;</p>

Commented [MM57]: SOC2.bis

⁹ 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).

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Defined term	Definition
	(b) for the medium-term time horizon, from two to five years; and (c) for the long-term time horizon, more than five years.
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
Water consumption	The amount of water drawn into the boundaries of the undertaking (or facility) and not discharged back to the water environment or a third party over the course of the reporting period.
Water withdrawal	The sum of all water drawn into the boundaries of the undertaking from all sources for any use over the course of the reporting period.
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 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)

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Appendix B: List of sustainability matters

The appendix below is an integral part of this [draft] Standard. The compilation of sustainability topics along with their related subtopics and sub-subtopics shall be used as a basis for determining what material matters are 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 - Microplastics 	
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	<ul style="list-style-type: none"> - 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
	<ul style="list-style-type: none"> - Impacts on the state of species 	<ul style="list-style-type: none"> - Examples: - Species population size - Species global extinction risk
	<ul style="list-style-type: none"> - Impacts on the extent and condition of ecosystems 	<ul style="list-style-type: none"> - Examples: - Land degradation - Desertification - Soil sealing
	<ul style="list-style-type: none"> - 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,

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Sustainability matters covered in [draft] topical ESRs		
Topic	Sustainability matter: Sub-topic	Sustainability matter: sub-sub topic
Workers in the value chain		<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
	– 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
Affected communities	– 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
	– 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

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Sustainability matters covered in [draft] topical ESRs		
Topic	Sustainability matter: Sub-topic	Sustainability matter: sub-sub topic
	<ul style="list-style-type: none"> - Rights of indigenous communities 	<ul style="list-style-type: none"> - Impacts on human rights defenders - 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 - Social inclusion of consumers and/or end-users 	<ul style="list-style-type: none"> - Health and safety - Security of a person - Protection of children - 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 - 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 [draft] Standard

262. 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.

263. The column 'DR number and Title' identifies the disclosures present in the different modules (i.e. Basic Module, and Comprehensive 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														
Cross Cutting	B1 – Basis for preparation The undertaking shall disclose: vi. geolocation of sites owned, leased or managed.	EBA Pillar 3 ¹⁰												
Environment	Disclosure B 3 – Energy and greenhouse gas emissions The undertaking shall disclose its total energy consumption in MWh, with a breakdown as per table below: <table border="1" data-bbox="256 1265 791 1574"> <thead> <tr> <th></th> <th>Renewable</th> <th>Non-renewable</th> </tr> </thead> <tbody> <tr> <td>Electricity</td> <td></td> <td></td> </tr> <tr> <td>Fuels</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td colspan="2"></td> </tr> </tbody> </table>		Renewable	Non-renewable	Electricity			Fuels			Total			SFDR ¹¹
	Renewable	Non-renewable												
Electricity														
Fuels														
Total														

¹⁰ This disclosure requirement is consistent with the requirements included in Commission Implementing Regulation (EU) 2022/2453 - Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.

¹¹ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #5 in Table 1 of Annex I (“Share of non-renewable energy consumption and production”).

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Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>The undertaking shall disclose its estimated gross greenhouse gas (GHG) emissions in tons of CO₂ equivalent (tCO₂eq) considering the content of the GHG Protocol Corporate Standard, including:</p> <p>(a) the Scope 1 GHG emissions in tCO₂eq (from owned or controlled sources); and</p> <p>(b) the location-based Scope 2 emissions in tCO₂eq (i.e., emissions from the generation of purchased energy, such as electricity, heat, steam or cooling).</p>	<p>SFDR¹²</p> <p>Benchmark¹³</p>
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>The undertaking shall disclose the energy efficiency classes (A to F or if the building has no energy efficiency rating) of its building portfolio as number of buildings per class.</p>	EBA Pillar 3 ¹⁴
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>The undertaking shall disclose its GHG intensity calculated by dividing 'total GHG emissions' disclosed under paragraph 31 by 'turnover (in Euros)' disclosed under paragraph 23 (d) (iv).</p>	<p>SFDR¹⁵</p> <p>Benchmark¹⁶</p>
Environment	<p>Disclosure B 4 – Pollution of air, water and soil</p> <p>If this is the case, the undertaking shall then disclose the pollutants (with the respective amounts) it emits to air, water and soil in its own operations. If this information is already publicly available, the undertaking may alternatively refer to the document where it is reported, for example, by providing the relevant URL link or embedding a hyperlink.</p>	SFDR ¹⁷

¹² Regulation (EU) 2019/2088 (SFDR), mandatory indicators #1 and #2 in Table 1 of Annex I ("GHG emissions"; Carbon footprint")

¹³ Regulation (EU) 2020/1816 Benchmark Regulation, Articles 5 (1), 6 and 8 (1).

¹⁴ This disclosure requirement is consistent with the requirements of Commission Implementing Regulation (EU) 2022/2453 - Template 2 immovable property, energy efficiency of the collateral.

¹⁵ 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 #3 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("GHG intensity of investee companies").

¹⁶ This information is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Article 8 (1).

¹⁷ 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 I of Annex I ("Emissions of inorganic pollutants"); and (d) indicator #3 in Table II of Annex I ("Emissions of ozone-depleting substances").

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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.</p>	SFDR ¹⁸
Environment	<p>Disclosure B 6 – Water</p> <p>The undertaking shall disclose its water intensity calculated by dividing 'total water consumption' disclosed under paragraph 40 and 'turnover (in euros)' disclosed under paragraph 23(d)(iv).</p>	SFDR ¹⁹
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. 	SFDR ²⁰ Benchmark ²¹
Social	<p>Disclosure B 10 – Workforce – Remuneration, collective bargaining and training</p> <p>The undertaking shall disclose:</p> <ul style="list-style-type: none"> (c) the percentage gap in pay between its female and male employees. The undertaking may omit this disclosure when its headcount is below 100 employees; 	SFDR ²²
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 the</p>	Benchmark ²³

¹⁸ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #7 in Table 1 of Annex I (“Activities negatively affecting biodiversity-sensitive areas”)

¹⁹ 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 as set out by indicator #6.1 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Water usage and recycling”, 1. Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies).

²⁰ 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”)

²¹ 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.

²² 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.

²³ 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.

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	amount of fines for violation of anti-corruption and anti-bribery laws.	
Comprehensive Module		
Environment	<p>Entity-specific consideration when reporting on GHG emissions under B 3 (Basic Module)</p> <p>When reporting its Scope 1 and Scope 2 emissions, if the undertaking discloses entity-specific information on its Scope 3 emissions, it shall present it together with the information required under "B 3 – Energy and greenhouse gas emissions."</p> <p>The undertaking with operations in high climate impact sectors²⁴ shall disclose its significant scope 3 emissions.</p>	<p>SFDR²⁵</p> <p>Benchmark²⁶</p>
Governance	<p>Disclosure C 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>(a) controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons); or</p>	<p>SFDR²⁷</p> <p>Benchmark²⁸</p>
	<p>(b) the cultivation and production of tobacco; or</p>	<p>EBA Pillar 3²⁹</p> <p>Benchmark³⁰</p>

²⁴ High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288).

²⁵ Regulation (EU) 2019/2088 (SFDR), mandatory indicators #1 and #2 in Table 1 of Annex I ("GHG emissions"; Carbon footprint")

²⁶ Regulation (EU) 2020/1816 Benchmark Regulation, Articles 5 (1), 6 and 8 (1).

²⁷ 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)").

²⁸ 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."

²⁹ 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

³⁰ 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."

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	(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 ³¹), including a disaggregation of revenues derived from coal, from oil and from gas); or	SFDR ³¹ EBA Pillar 3 ³² Benchmark ³³
	(d) chemicals production, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006.	SFDR ³⁴ EBA Pillar 3 ³⁵
Governance	Disclosure C 2 – Gender diversity ratio in governance body If the undertaking has a governance body in place, the undertaking shall disclose the related gender diversity ratio.	SFDR ³⁶ Benchmark ³⁷
Environment	Disclosure C 3 – GHG emissions reduction target If the undertaking has set GHG emission reduction targets, it shall provide its GHG emission reduction targets in absolute	SFDR ³⁸ Benchmark ³⁹ EBA Pillar 3 ⁴⁰

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³¹ 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”)

³² 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

³³ Benchmark Regulation (EU) 2020/1818 Article 12(1).

³⁴ 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”).

³⁵ 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

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.

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”)

³⁹This information is aligned with the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Article 6.

⁴⁰ This information is aligned with Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics

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	<p>value for scope 1, scope 2 and, if relevant, significant scope 3 emissions.</p> <p>If the undertaking has set GHG emission reduction targets, it shall provide:</p> <ul style="list-style-type: none"> i) The target year and value; ii) The base year and value; iii) The units used for targets; iv) The share of the scope 1, scope 2 and scope 3 concerned by the target; and v) a list of main actions it seeks to implement to achieve its targets. <p>If the undertaking that operates in high climate impact sectors has adopted a transition plan for climate change mitigation, it shall provide information about it, including an explanation of how its GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C.</p>	<p>Benchmark⁴¹</p>
<p>Environment</p>	<p>Disclosure C 4 – Physical Risks from climate change</p> <p>The undertaking shall disclose:</p> <ul style="list-style-type: none"> (d) whether it has identified climate-related hazards and transition events; (e) if so, how it has assessed the vulnerability of its assets, activities and value chain to these hazards and transition events, creating gross climate-related risks, with the time horizons; and (f) whether it has undertaken climate change adaptation actions. <p>For the significant assets affected by material physical risk, the undertaking shall disclose the insurance coverage.</p> <p>The undertaking may disclose its anticipated financial effects that the physical risk may have on its business operations and whether the undertaking determines that the risk is high/medium/low.</p>	<p>Benchmark⁴² EBA Pillar 3⁴³</p>

⁴¹ 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.

⁴² Benchmark Regulation (EU) 2020/1816 Annex II: Environmental factors to be considered by underlying assets of the benchmark.

⁴³ 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.

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Social	<p>Disclosure C 5 – Human rights impacts and complaints</p> <p>The undertaking shall respond to the following questions:</p> <p>(a) Does the undertaking have a code of conduct or human rights policy for its own workforce? Note: Undertakings that have a due diligence process in place shall answer positively.</p> <p>(b) If yes, do these cover (dropdown menu):</p> <ul style="list-style-type: none"> i. Child labour (YES/ NO); ii. Forced labour (YES/ NO); iii. Human trafficking (YES/ NO); iv. Discrimination (YES/ NO); v. Accident prevention (YES/ NO); vi. Other. <p>(c) Does the undertaking have a complaint handling mechanism for its own workforce?</p>	<p>Benchmark⁴⁴</p> <p>SFDR⁴⁵</p>
Social	<p>Disclosure C 6 – Incidents related to severe human rights cases</p> <p>The undertaking shall respond to the following question:</p> <p>(a) Does the undertaking have confirmed cases related to:</p> <ul style="list-style-type: none"> i. Child labour (YES/ NO); 	<p>SFDR⁴⁶</p> <p>Benchmark⁴⁷</p>

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 (“Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises”) and by indicator #5 in Table III of Annex I (“Share of investments in investee companies without any grievance/complaints handling mechanism related to employee matters”) and by indicator #9 in Table III of Annex I (“Share of investments in entities without a human rights policy”) of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments.

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.

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	<ul style="list-style-type: none"> ii. Forced labour (YES/ NO); iii. Human trafficking (YES/ NO); iv. Discrimination (YES/ NO); v. Other. <p>(b) If yes, the undertaking may describe the actions being taken to address the violations described above.</p>	
Additional Financial Institution (AFI) Module		
Environment	<p>Disclosure AFI 1 – Energy production and consumption</p> <p>If applicable, the undertaking shall disaggregate and disclose separately its non-renewable energy production and renewable energy production in MWh.</p>	SFDR⁴⁸
Environment	<p>Disclosure AFI 3 – Hazardous waste and/or radioactive waste</p> <p>If the undertaking generates hazardous waste and/or radioactive waste, it shall disclose the total amount of hazardous waste and/or radioactive waste generated.</p>	SFDR⁴⁹
Governance	<p>Disclosure AFI 5 – Exclusion from EU reference benchmarks</p> <p>The undertaking shall disclose whether it is excluded from any EU reference benchmarks that are aligned with the Paris Agreement.</p>	<p>EBA Pillar 3⁵⁰</p> <p>Benchmark⁵¹</p>

⁴⁸ 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 #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Share of non-renewable energy consumption and production").

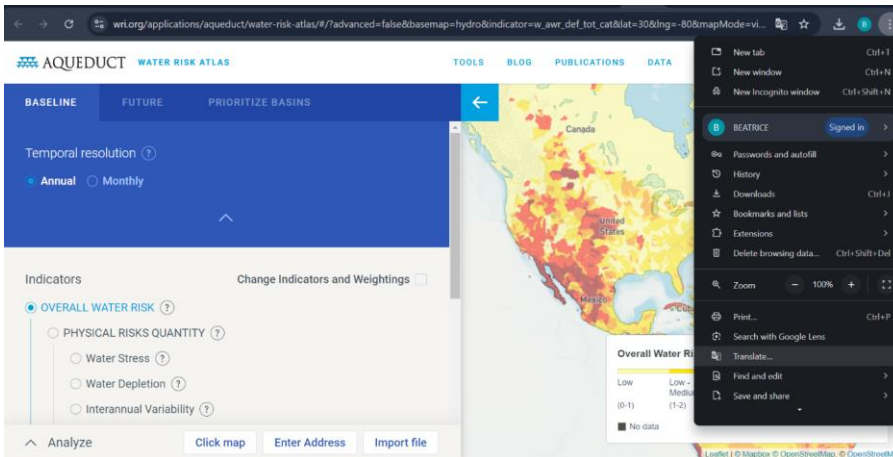
⁴⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #9 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Hazardous waste and radioactive waste ratio").

⁵⁰ This disclosure requirement is consistent with the requirements in Commission Implementing Regulation (EU) 2022/2453 - template 1 climate change transition risk.

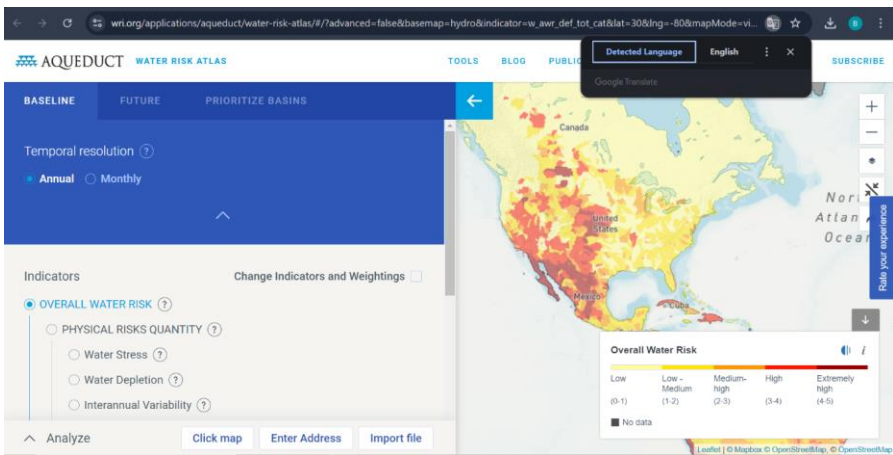
⁵¹ This disclosure requirement is aligned with Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Articles 12.1 (d) to (g) and 12.2.

Appendix D: Step by step guide to translate web pages in frequently used browsers

264. Guide to translate any web page (used web page as example: [Aqueduct water risk](#)) on Chrome: to translate the page into a different language, click on the three dots (:) in the upright part on your screen, then select "Translate...", as shown in the screenshot below.

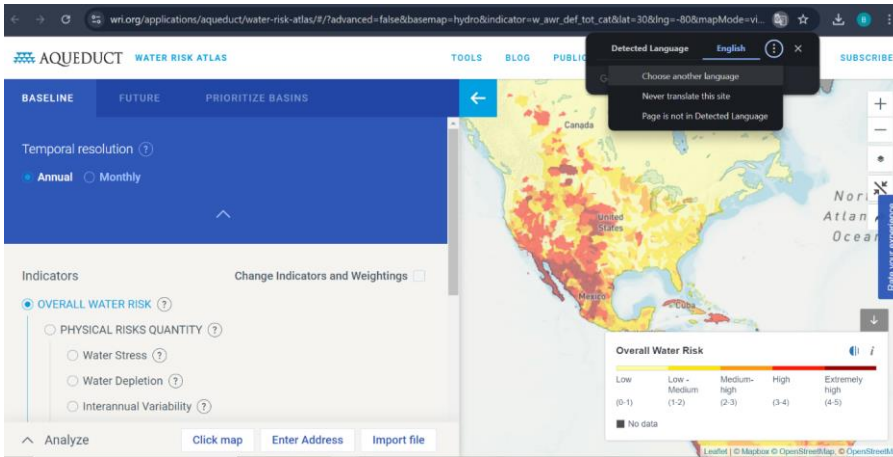


201. Once you click on "Translate...", another tab will open, on the upright of your screen, as shown below.



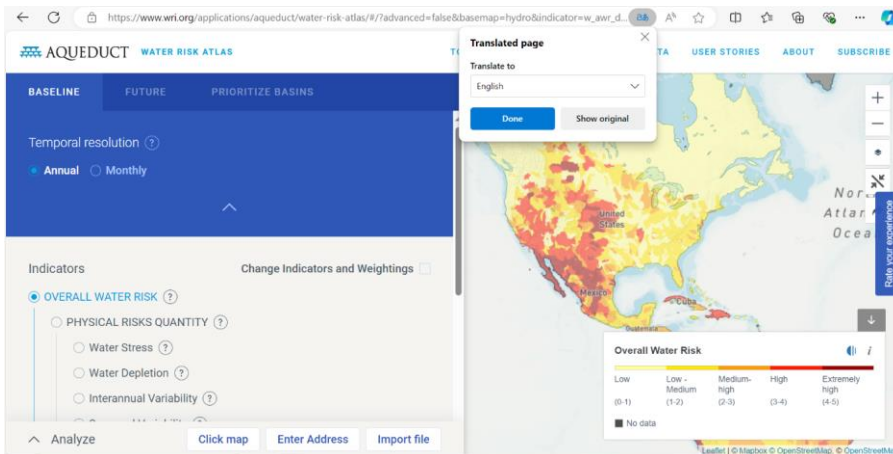
202. You will now be able to choose any language you prefer, by clicking again on the three dots (:) that appear in the small tab. Once you click on the dots, the following options will be shown:

Revised VSME after public consultation (metrics only) – clean version



203. As highlighted in the picture you shall select “Choose another language”, and you will be able to pick your own preferred language.

204. Guide to translate any web page on Edge (used web page as example: [Aqueduct water risk](https://www.wri.org/applications/aqueduct/water-risk-atlas/)) to translate the page into a different language, click on the symbol close to the search bar, as shown below.



205. Once you click on it, the options for choosing the preferred language will appear.

Documentation Source:

Data	Documentation Source
WEBSITE	CHROME: Aqueduct water risk CHROME
	EDGE: Aqueduct water risk EDGE