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**ESRS for Non-EU Groups**  
**NESRS 2**  
**GENERAL DISCLOSURES**

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## Objective

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1. This **NESRS** sets out the disclosure requirements that apply to all undertakings regardless of their sector of activity (i.e., sector agnostic) and apply across sustainability topics (i.e., crosscutting). This **NESRS** covers the reporting areas defined in **NESRS 1 General requirements** section 1.2 *Cross-Cutting Standards and reporting areas*.
2. In the preparation of disclosures under this Standard, the undertaking shall apply the Disclosure Requirements (including their data points) set in topical **NESRS**, as listed in Appendix C of this Standard *Disclosure/Application Requirements in topical NESRS that are applicable jointly with NESRS 2 General Disclosures*. The undertaking shall apply the requirements listed in Appendix C:
  - (a) in all instances for the requirements in topical standards related to Disclosure Requirement **IRQIM-1 Description of the processes to identify and assess material impacts, risks and opportunities**; and
  - (b) for all other requirements listed in appendix C, only if the sustainability topic is material based on the undertaking's **materiality** assessment (see **NESRS 1** chapter 3 *Double materiality as the basis for sustainability disclosures*).

## 1. Basis for preparation

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### **Disclosure Requirement BP-1 – General basis for preparation of the sustainability report**

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3. **The undertaking shall disclose the general basis for preparation of its sustainability report.**
4. The objective of this Disclosure Requirement is to provide an understanding of how the undertaking prepares its **sustainability report**, including the scope of consolidation, the upstream and downstream **value chain** information and, where relevant, whether the undertaking has used any of the options for omitting information referred to in points d) and e) in the following paragraph.
5. The undertaking shall disclose the following information:
  - (a) whether the **sustainability report has been prepared on a** consolidated or individual basis;
  - (b) for consolidated sustainability reports:
    - i. a confirmation that the scope of consolidation is the same as for the financial statements, or, where applicable, a declaration that the reporting undertaking is not required to draw-up financial statements or that the reporting undertaking is preparing consolidated sustainability reporting pursuant to Article 48i of Directive 2013/34/EU; and
    - ii. where applicable, an indication of which subsidiary undertakings included in the consolidation are exempted from individual or consolidated sustainability reporting pursuant to Articles 19a(9) or 29a(8) of Directive 2013/34/EU;
  - (c) to what extent the sustainability report covers the undertaking's upstream and downstream **value chain** (see **NESRS 1** section 5.1 *Reporting undertaking and value chain*);
  - (d) whether the undertaking has used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation (see **NESRS**

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1 section 7.7 *Classified and sensitive information and information on intellectual property, know-how or results of innovation-*); and

- (e) for undertakings based in an EU member state that allows for the exemption from disclosure of impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU, whether the undertaking has used that exemption.
- (f)

**Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances**

- 6. **The undertaking shall provide disclosures in relation to specific circumstances.**
- 7. The objective of this Disclosure Requirement is to provide an understanding of the effect of these specific circumstances on the preparation of the **sustainability report**.
- 8. The undertaking may report this information alongside the disclosures to which they refer.

**Time horizons**

- 9. When the undertaking has deviated from the medium- or long-term time horizons defined by NESRS 1 section 6.4 *Definition of short-, medium- and long-term for reporting purposes*, it shall describe:
  - (a) its definitions of medium- or long-term time horizons; and
  - (b) the reasons for applying those definitions.

**Value chain estimation**

- 10. When **metrics** include upstream and/or downstream **value chain** data estimated using indirect sources, such as sector-average data or other proxies, the undertaking shall:
  - (a) identify the metrics;
  - (b) describe the basis for preparation;
  - (c) describe the resulting level of accuracy; and
  - (d) where applicable, describe the planned **actions** to improve the accuracy in the future (see NESRS 1 chapter 5 *Value chain*).

**Sources of estimation and outcome uncertainty**

- 11. In accordance with NESRS 1 section 7.2 *Sources of estimation and outcome uncertainty*, the undertaking shall:
  - (a) identify the quantitative **metrics** and monetary amounts it has disclosed that are subject to a high level of measurement uncertainty;
  - (b) in relation to each quantitative metric and monetary amount identified:
    - i. disclose information about the sources of measurement uncertainty (for example, the dependence of the amount on the outcome of a future event, on a measurement technique or on the availability and quality of data from the entity's upstream and/or downstream value chain); and
    - ii. disclose the assumptions, approximations and judgements the entity has made in measuring it.
- 12. When disclosing forward-looking information, the undertaking may indicate that it considers such information to be uncertain.

### Changes in preparation or presentation of sustainability information

13. When changes in the preparation and presentation of sustainability information occur compared to the previous reporting period(s), (see [NESRS 1 section 7.4 Changes in preparation or presentation in sustainability information](#)), the undertaking shall:

- (a) explain the changes and the reasons for them, including why the replaced metric provides more useful information;
- (b) disclose revised comparative figures, unless it is impracticable to do so. When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose that fact; and
- (c) disclose the difference between the figure disclosed in the preceding period and the revised comparative figure.

### Reporting errors in prior periods

~~14.~~ When the undertaking identifies material prior period errors (see [NESRS 1 section 7.5 Reporting errors in prior periods](#)), it shall disclose:

~~15.14.~~

- (a) the nature of the prior period material error;
- (b) to the extent practicable, the correction for each prior period included in the sustainability [statement/report](#); and
- (c) if correction of the error is not practicable, the circumstances that led to the existence of that condition.

### Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

~~16.15.~~ When the undertaking includes in its **sustainability report information stemming from other legislation which requires the undertaking to** disclose sustainability information or from generally accepted sustainability reporting standards and frameworks (see [NESRS 1 section 8.2 Content and structure of the sustainability statement/report](#)), in addition to the information prescribed by [NESRS](#), it shall disclose this fact. In case of partial application of other reporting standards or frameworks, the undertaking shall provide a precise reference to the paragraphs of the standard or framework applied.

### Incorporation by reference

~~16.~~ Paragraph 16 has been deleted. When the undertaking incorporates information by reference (see [NESRS 1 section 9.1 Incorporation by reference](#)), it shall disclose a list of the disclosure requirements of [NESRS](#), or the specific datapoints mandated by a Disclosure Requirement, that have been incorporated by reference.

### Use of phase-In provisions in accordance with Appendix C of ESRS 1

17. Subject to NESRS 1 paragraph 137, if an undertaking or group not exceeding on its balance sheet date the average number of 750 employees during the financial year decides to omit the information required by ESRS E4, ESRS S1, ESRS S2, ESRS S3 or ESRS S4 in accordance with Appendix C of ESRS 1, it shall nevertheless disclose whether the sustainability topics covered respectively by ESRS E4, ESRS S1, ESRS S2, ESRS S3 and ESRS S4 have been assessed to be material as a result of the undertaking's materiality assessment. In addition, if one or more of these topics has been assessed to be material, the undertaking shall, for each material topic:
- (a) disclose the list of matters (i.e. topic, sub-topic or sub-sub-topic) in AR 16 ESRS 1
  - (b) Appendix A that are assessed to be material and briefly describe how the undertaking's business model and strategy take account of the impacts of the undertaking related to those matters. The undertaking may identify the matter at the level of topic, sub-topic or sub-sub-topic;
  - (c) briefly describe any time-bound targets it has set related to the matters in question, the progress it has made towards achieving those targets, and whether its targets related to biodiversity and ecosystems are based on conclusive scientific evidence;
  - (d) briefly describe its policies in relation to the matters in question;
  - (e) briefly describe actions it has taken to identify, monitor, prevent, mitigate, remediate or bring an end to actual or potential adverse impacts related to the matters in question, and the result of such actions; and
  - (f) disclose metrics relevant to the matters in question.

### Reporting under article 40 a to d of the Accounting Directive

17A When the undertaking requested information from its ultimate parent undertaking governed by the law of a third country to comply with the requirements of NESRS 1 paragraph 3B and it does not receive (elements of) such information, it shall state that this is the case and identify which paragraph in these ESRS have not been covered as a result of this. It shall also explain the basis of the information it prepared for purposes of the sustainability report.

17B Where the ultimate parent undertaking has not made available the required assurance opinion per NESRS 1 paragraph 3D whether it has provided the information or not, the undertaking shall also state this.

## 2. Governance

18. The objective of this chapter is to set disclosure requirements that enable an understanding of the governance processes, controls and procedures put in place to monitor, manage and oversee **sustainability matters**.

### **Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies**

20. **The undertaking shall disclose the composition of the administrative, management and supervisory bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters.**

21. The objective of this Disclosure Requirement is to provide an understanding of:

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- (a) the composition and diversity of the **administrative, management and supervisory bodies**;
  - (b) the roles and responsibilities of the **administrative, management and supervisory bodies** in exercising oversight of the process to manage material **impacts, risks and opportunities**, including management's role in these processes; and
  - (c) the expertise and skills of its administrative, management and supervisory bodies on **sustainability matters** or access to such expertise and skills.
22. The undertaking shall disclose the following information about the composition and diversity of the members of the undertaking's administrative, management and supervisory bodies:
- (a) the number of executive and non-executive members;
  - (b) representation of **employees** and other workers;
  - (c) experience relevant to the sectors, products and geographic locations of the undertaking;
  - (d) percentage by gender and other aspects of diversity that the undertaking considers. The board's gender diversity<sup>1</sup> shall be calculated as an average ratio of female to male board members; and
  - (e) the percentage of **independent board members**<sup>2</sup>. For undertakings with a unitary board, this corresponds to the percentage of independent non-executive board members. For undertakings with a dual board, it corresponds to the percentage of independent members of the supervisory body.
23. The undertaking shall disclose the following information about the roles and responsibilities of the **administrative, management and supervisory bodies**:
- (a) the identity of the **administrative, management and supervisory bodies** (such as a board committee or similar) or individual(s) within a body responsible for oversight of **impacts**;
  - (b) how each body's or individual's responsibilities for **impacts, risks and opportunities** are reflected in the undertaking's terms of reference, board mandates and other related **policies**;
  - (c) a description of management's role in the governance processes, controls and procedures used to monitor, manage and oversee **impacts, risks and opportunities**, including:
    - i. whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee;
    - ii. information about the reporting lines to the administrative, management and supervisory bodies;
    - iii. whether dedicated controls and procedures are applied to the management of **impacts, risks and opportunities** and, if so, how they are integrated with other internal functions; and
  - (d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of **targets** related to material **impacts, risks and opportunities**, and how they monitor progress towards them.

<sup>1</sup> 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") and 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.

<sup>2</sup> This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average percentage of board members who are independent" in section I of Annex II.

24. The disclosure shall include a description of how the **administrative, management and supervisory bodies** determine whether appropriate skills and expertise are available or will be developed to oversee **sustainability matters**, including:
- (a) the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and
  - (b) how those skills and expertise relate to the undertaking's material impacts, ~~risks and opportunities~~.

**Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

24. **The undertaking shall disclose how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period.**
25. The objective of this Disclosure Requirement is to provide an understanding of how **administrative, management and supervisory bodies** are informed about **sustainability matters**, as well as what information and matters they addressed during the reporting period. This in turn allows an understanding of whether the members of these bodies were adequately informed and whether they were able to fulfil their roles.
26. The undertaking shall disclose the following information:
- (a) whether, by whom and how frequently the **administrative, management and supervisory bodies**, including their relevant committees, are informed about material **impacts, risks and opportunities** (see Disclosure Requirement ~~IRQIM-1~~ - *Description of the processes to identify and assess material impacts, risks and opportunities* of this Standard), the implementation of due diligence, and the results and effectiveness of **policies, actions, metrics and targets** adopted to address them;
  - (b) how the **administrative, management and supervisory bodies** consider impacts, ~~risks and opportunities~~ when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management process, including whether they have considered trade-offs associated with those impacts, ~~risks and opportunities~~; and
  - (c) a list of the material impacts, ~~risks and opportunities~~ addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period.

**Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes**

27. **The undertaking shall disclose information about the integration of its sustainability related performance in incentive schemes.**
28. The objective of this Disclosure Requirement is to provide an understanding of whether incentive schemes are offered to members of the **administrative, management and supervisory bodies** that are linked to **sustainability matters**.
29. The undertaking shall disclose the following information about the incentive schemes and remuneration **policies** linked to **sustainability matters** for members of the undertaking's **administrative, management and supervisory bodies**, where they exist:
- (a) a description of the key characteristics of the incentive schemes;
  - (b) whether performance is being assessed against specific sustainability-related **targets** and/or impacts, and if so, which ones;

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- (c) whether and how sustainability-related performance **metrics** are considered as performance benchmarks or included in remuneration policies;
- (d) the proportion of variable remuneration dependent on sustainability-related targets and/or impacts; and
- (e) the level in the undertaking at which the terms of incentive schemes are approved and updated.

**Disclosure Requirement GOV-4 - Statement on due diligence**

- 30. **The undertaking shall disclose a mapping of the information provided in its sustainability report about the due diligence process.**
- 31. The objective of this Disclosure Requirement is to facilitate an understanding of the undertaking's due diligence process with regard to **sustainability matters**.
- 32. The main aspects and steps of due diligence referred to under ~~ESRS~~ **NESRS** 1 chapter 4 *Due diligence* are related to a number of cross-cutting and topical Disclosure Requirements under the **NESRS**. The undertaking shall provide a mapping that explains how and where its application of the main aspects and steps of the due diligence process are reflected in its sustainability **statement report**, to allow a depiction of the actual practices of the undertaking with regard to due diligence<sup>3</sup>.
- 33. This disclosure requirement does not mandate any specific behavioural requirements with regard to due diligence **actions** and does not extend or modify the role of **administrative, management and supervisory bodies** as mandated by other legislation or regulation.

**Disclosure Requirement GOV-5 - Risk management and internal controls over sustainability reporting**

- 34. The undertaking shall disclose the main features of its risk management and internal control system in relation to the sustainability reporting process.**
- 35. The objective of this Disclosure Requirement is to provide an understanding of the undertaking's risk management and internal control processes in relation to sustainability reporting.
- 36. The undertaking shall disclose the following information:
  - (a) the scope, main features and components of the risk management and internal control processes and systems in relation to sustainability reporting;
  - (b) the risk assessment approach followed, including the risk prioritisation methodology;
  - (c) the **main risks identified and their mitigation strategies including related controls;**
  - (d) a description of how the undertaking integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes; and
  - (e) a description of the periodic reporting of the findings referred to in point (d) to the **administrative, management and supervisory bodies**.

<sup>3</sup> 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 #10 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Lack of due diligence").

36A The undertaking shall describe and identify the body/bodies and/or function(s) that prepared and/or signed the sustainability report as well as whether this is the AMSB of the ultimate parent.

### 3. Strategy

37. This chapter sets disclosure requirements that enable an understanding of:

- (a) the elements of the undertaking's strategy that relate to or affect **sustainability matters**, its **business model** and its **value chain**;
- (b) how the interests and views of the undertaking's **stakeholders** are taken into account by the undertaking's strategy and business model; and
- (c) the outcome of the undertaking's assessment of material **impacts, risks and opportunities**, including how they inform its strategy and business model.

#### **Disclosure Requirement SBM-1 – Strategy, business model and value chain**

38. **The undertaking shall disclose the elements of its strategy that relate to or impact sustainability matters, its business model and its value chain.**

39. The objective of this Disclosure Requirement is to describe the key elements of the undertaking's general strategy that relate to or affect **sustainability matters**, and the key elements of the undertaking's **business model** and **value chain**, in order to provide an understanding of its exposure to **impacts, risks and opportunities** and where they originate.

40. The undertaking shall disclose the following information about the key elements of its general strategy that relate to or affect **sustainability matters**:

- (a) a description of:
  - i. significant groups of products and/or services offered, including changes in the reporting period (new/removed products and/or services);
  - ii. significant markets and/or customer groups served, including changes in the reporting period (new/removed markets and/or customer groups);
  - iii. headcount of **employees** by geographical areas; and
  - iv. where applicable and material, products and services that are banned in certain markets;
- (b) a breakdown of total revenue, as included in its financial statements, by significant **ESRS NESRS** sectors. When the undertaking provides segment reporting as required by IFRS 8 *Operating segments* in its financial statements or similar requirements in for the financial statements of the ultimate parent, this sector revenue information shall be, as far as possible, reconciled with IFRS 8 information or similar;
- (c) a list of the additional significant **NESRS** sectors beyond the ones reflected under paragraph 40(b), such as activities that give rise to intercompany revenues, in which the undertaking develops significant activities, or in which it is or may be connected to material impacts. The identification of these additional **NESRS** sectors shall be consistent with the way they have been considered by the undertaking when performing its **materiality** assessment and with the way it discloses material sector-specific information;

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- (d) where applicable, a statement indicating, together with the related revenues, that the undertaking is active in:
- ~~i. the **fossil fuel** (coal, oil and gas) sector<sup>4</sup>, (i.e., it 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<sup>5</sup>), including a disaggregation of revenues derived from coal, from oil and from gas, ~~as well as the revenues derived from Taxonomy-aligned economic activities related to fossil gas as required under Article 8(7)(a) of Commission Delegated Regulation 2021/2178<sup>6</sup>~~;~~
  - ii. ~~chemicals production<sup>6</sup>, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006;~~
  - ~~iii. controversial weapons<sup>7</sup> (anti-personnel mines, cluster munitions, chemical weapons and biological weapons); and/or~~
  - iv. the cultivation and production of tobacco<sup>21</sup>;
- (e) its sustainability-related goals in terms of significant groups of products and services, customer categories, geographical areas and relationships with **stakeholders**;
- (f) an assessment of its current significant products and/or services, and significant markets and customer groups, in relation to its sustainability-related goals; and
- (g) the elements of the undertaking's strategy that relate to or impact sustainability matters, including the main challenges ahead, critical solutions or projects to be put in place, when relevant for sustainability reporting.
41. If the undertaking is based in an EU Member State that allows for an exemption from the disclosure of the information referred to in Article 18, paragraph 1, sub-point (a) of Directive 2013/34/EU<sup>8</sup>, and if the undertaking has made use of that exemption, it may omit the breakdown of revenue by significant ~~ESRS~~ **NESRS** sector required by paragraph 40(b). In this case the undertaking shall nevertheless disclose the list of ~~ESRS~~ **NESRS** sectors that are significant for the undertaking.
42. The undertaking shall disclose a description of its **business model** and **value chain**, including:
- (a) its inputs and its approach to gathering, developing and securing those inputs;

<sup>4</sup>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").

<sup>5</sup>Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 745/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).<sup>28</sup> Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443, 10.12.2021, p. 9).

<sup>6</sup>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").

<sup>7</sup>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)").<sup>21</sup> 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.

<sup>8</sup> Article 18, paragraph 1, sub-point (a) of Directive 2013/34/EU: "the net turnover broken down by categories of activity and into geographical markets, in so far as those categories and markets differ substantially from one another, taking account of the manner in which the sale of products and the provision of services are organised."

- (b) its outputs and outcomes in terms of current and expected benefits for customers, investors and other **stakeholders**; and
- (c) the main features of its upstream and downstream **value chain** and the undertaking's position in its value chain, including a description of the main business actors (such as key **suppliers**, customers, distribution channels and **end-users**) and their relationship to the undertaking. When the undertaking has multiple value chains, the disclosure shall cover the key value chains.

#### **Disclosure Requirement SBM-2 – Interests and views of stakeholders**

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43. **The undertaking shall disclose how the interests and views of its stakeholders are taken into account by the undertaking's strategy and business model.**
44. The objective of this Disclosure Requirement is to provide an understanding of how **stakeholders'** interests and views inform the undertaking's strategy and **business model**.
45. The undertaking shall disclose a summarised description of:
- (a) its stakeholder engagement, including:
    - i. the undertaking's key **stakeholders**;
    - ii. whether engagement with them occurs and for which categories of stakeholders;
    - iii. how it is organised;
    - iv. its purpose; and
    - v. how its outcome is taken into account by the undertaking;
  - (b) the undertaking's understanding of the interests and views of its key **stakeholders** as they relate to the undertaking's strategy and **business model**, to the extent that these were analysed during the undertaking's due diligence process and/or **materiality** assessment process (see Disclosure Requirement **IROIM-1** of this Standard);
  - (c) where applicable, amendments to its strategy and/or business model, including:
    - i. how the undertaking has amended or expects to amend its strategy and/or business model to address the interests and views of its stakeholders;
    - ii. any further steps that are being planned and in what timeline; and
    - iii. whether these steps are likely to modify the relationship with and views of stakeholders; and
  - (d) whether and how the **administrative, management and supervisory bodies** are informed about the views and interests of affected **stakeholders** with regard to the undertaking's sustainability-related impacts.

#### **Disclosure Requirement SBM-3 - Material impacts, ~~risks and opportunities~~ and their interaction with strategy and business model**

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46. **The undertaking shall disclose its material impacts, ~~risks and opportunities~~ and how they interact with its strategy and business model.**
47. The objective of this Disclosure Requirement is to provide an understanding of the material **impacts, ~~risks and opportunities~~** as they result from the undertaking's materiality assessment and how they originate from and trigger adaptation of the undertaking's strategy and **business model** including its resources allocation. The information to be disclosed about the management of the undertaking's material impacts, ~~risks and opportunities~~ is prescribed in

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topical NESRS and in sector-specific standards, which shall be applied in conjunction with the **Minimum Disclosure Requirements** on **policies, actions** and **targets** established in this Standard.

48. The undertaking shall disclose:

- (a) a brief description of its material **impacts, risks and opportunities** resulting from its **impact** materiality assessment (see Disclosure Requirement IROIM-1 of this standard), including a description of where in its **business model**, its own operations and its upstream and downstream **value chain** these material impacts, risks and opportunities are concentrated;
- (b) the current and anticipated effects of its material impacts, risks and opportunities on its business model, value chain, strategy and decision-making, and how it has responded or plans to respond to these effects, including any changes it has made or plans to make to its strategy or business model as part of its **actions** to address particular material impacts or risks, or to pursue particular material opportunities;
- (c) with reference to the undertaking's material **impacts**:
  - i. how the undertaking's material negative and positive impacts affect (or, in the case of potential impacts, are likely to affect) people or the environment;
  - ii. whether and how the impacts originate from or are connected to the undertaking's strategy and business model;
  - iii. the reasonably expected time horizons of the impacts; and
  - iv. whether the undertaking is involved with the material impacts through its activities or because of its **business relationships**, describing the nature of the activities or business relationships concerned;

~~(e) Subparagraphs (d) to (f) have been deleted. the **current financial effects** of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows and the material risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;~~

~~(f) the **anticipated financial effects** of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows over the short-, medium- and long-term, including the reasonably expected time horizons for these effects. This shall include how the undertaking expects its financial position, financial performance and cash flows to change over the short-, medium- and long-term, given its strategy to manage risks and opportunities, taking into consideration:~~

~~(g) its investment and disposal plans (for example, capital expenditure, major~~

~~(h) acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements), including plans the undertaking is not contractually committed to; and~~

~~(i)(e) its planned sources of funding to implement its strategy.~~

~~(j)(f) information about the resilience of the undertaking's strategy and business model regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities. The undertaking shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience, including how the analysis was conducted and the time horizons that were applied as defined in ESRS 1 (see ESRS 1 chapter 6 *Time horizons*). When providing quantitative information, the undertaking may disclose single amounts or ranges;~~

~~(k)(g) changes to the material impacts, risks and opportunities compared to the previous reporting period; and~~

(h) a specification of those impacts, ~~risks and opportunities~~ that are covered by NESRS Disclosure Requirements as opposed to those covered by the undertaking using additional entity-specific disclosures.

49. The undertaking may disclose the descriptive information required in paragraph 46 alongside the disclosures provided under the corresponding topical NESRS, in which case it shall still present a statement of its material **impacts, risks and opportunities** alongside its disclosures prepared under this chapter of NESRS 2.

#### 4. Impact, ~~risk and opportunity~~ management

##### 4.1 Disclosures on the materiality assessment process

50. This chapter sets disclosure requirements that enable an understanding of:

- (a) the process to identify material **impacts, risks and opportunities**; and
- (b) the information that, as a result of its **materiality** assessment, the undertaking has included in its **sustainability report**.

**Disclosure Requirement ~~IRQIM~~-1** - Description of the process to identify and assess material impacts

~~, risks and opportunities~~

51. **The undertaking shall disclose its process to identify its impacts, ~~risks and opportunities~~ and to assess which ones are material.**

52. The objective of this Disclosure Requirement is to provide an understanding of the process through which the undertaking identifies **impacts, risks and opportunities** and assesses their **materiality**, as the basis for determining the disclosures in its **sustainability report** (see NESRS 1 chapter 3 and its related Application Requirements, which set out requirements and principles regarding the process to identify and assess material impacts, ~~risks and opportunities~~ based on the principle of double materiality).

53. The undertaking shall disclose the following information:

- (a) a description of the methodologies and assumptions applied in the described process;
- (b) an overview of the process to identify, assess, prioritise and monitor the undertaking's potential and actual **impacts** on people and the environment, informed by the undertaking's due diligence process, including an explanation of whether and how the process:
  - i. focusses on specific activities, business relationships, geographies or other factors that give rise to heightened risk of adverse impacts;
  - ii. considers the impacts with which the undertaking is involved through its own operations or as a result of its business relationships;
  - iii. includes consultation with affected **stakeholders** to understand how they may be impacted and with external experts;
  - iv. prioritises negative impacts based on their relative severity and likelihood, (see **ESRS\_NESRS** 1 section 3.4 *Impact materiality*) and, if applicable, positive impacts on their relative scale, scope and likelihood, and determines which sustainability matters are material for reporting purposes, including the qualitative or quantitative thresholds and other criteria used as prescribed by **ESRS\_NESRS** 1 section 3.4 *Impact materiality*;

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- ~~(c)~~ [deleted] how the undertaking has considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies;
- ~~(d)~~ how the undertaking assesses the likelihood, magnitude, and nature of effects of the identified risk and opportunities (such as the qualitative or quantitative thresholds and other criteria used as prescribed by ESRS 1 section 3.3 *Financial materiality*);  
how the undertaking prioritises sustainability-related risks relative to other types of risks, including its use of risk assessment tools;
- ~~(e)~~(d) a description of the decision-making process and the related internal control procedures;
- ~~(f)~~(e) the extent to which and how the process to identify, assess and manage impacts and risks is integrated into the undertaking's **overall risk management process** and used to evaluate the undertaking's **overall risk profile and risk management processes**;
- ~~(g)~~(f) [deleted] the extent to which and how the process to identify, assess and manage opportunities is integrated into the undertaking's overall management process where applicable;
- ~~(h)~~(g) the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and
- ~~(i)~~(h) whether and how the process has changed compared to the prior reporting period, when the process was modified for the last time and future revision dates of the **materiality** assessment.

**Disclosure Requirement IROIM-2** – Disclosure Requirements in **ESRS NESRS** covered by the undertaking's sustainability [report statement](#)

54. **The undertaking shall report on the Disclosure Requirements complied with in its sustainability reports statements.**
55. The objective of this Disclosure Requirement is to provide an understanding of the Disclosure Requirements included in the undertaking's sustainability [report statement](#) and of the topics that have been omitted as not material, as a result of the **materiality** assessment.
56. The undertaking shall include a list of the Disclosure Requirements complied with in preparing the **sustainability report statement**, following the outcome of the **materiality** assessment (see **ESRS NESRS 1** chapter 3), including the page numbers and/or paragraphs where the related disclosures are located in the sustainability [report statement](#). This may be presented as a content index. The undertaking shall also include a table of all the datapoints that derive from other EU legislation as listed in Appendix B of this standard, indicating where they can be found in the sustainability [report statement](#) and including those that the undertaking has assessed as not material, in which case the undertaking shall indicate "Not material" in the table in accordance with **ESRS NESRS 1** paragraph 35.  
~~57.~~ If the undertaking concludes that climate change is not material and therefore omits all disclosure requirements in **ESRS NESRS E1 Climate change**, it shall disclose a detailed explanation of the conclusions of its **materiality** assessment with regard to climate change (see **ESRS NESRS 2 IROIM**).
- ~~58-57.2~~ **Disclosure Requirements in ESRS NESRS covered by the undertaking's sustainability report statement**, including a forward-looking analysis of the conditions that could lead the undertaking to conclude that climate change is material in the future.
- ~~59-58.~~ If the undertaking concludes that a topic other than climate change is not material and therefore omits all the Disclosure Requirements in the corresponding topical **ESRS NESRS**, it may provide a brief explanation of the conclusions of its **materiality** assessment for that topic.
- ~~60-59.~~ The undertaking shall provide an explanation of how it has determined the material information to be disclosed in relation to the **impacts, risks and opportunities** that it has

assessed to be material, including the use of thresholds and/or how it has implemented the criteria in [ESRS\\_NESRS](#) 1 section 3.2 *Material matters and materiality of information*.

#### 4.2 Minimum disclosure requirements on policies and actions

60. This section sets out **minimum disclosure requirements** to be included when the undertaking discloses information on its **policies** and **actions** to prevent, mitigate and remediate actual and potential material **impacts**, ~~to address material risks and/or to pursue material opportunities (collectively, also called to "manage material sustainability matters")~~. They shall be applied together with the Disclosure Requirements, including Application Requirements, provided in the relevant topical and sector-specific [ESRS\\_NESRS](#). They shall also be applied when the undertaking prepares entity-specific disclosures.
61. The corresponding disclosures shall be located alongside disclosures prescribed by the relevant [ESRS\\_NESRS](#). When a single **policy** or same **actions** address several interconnected **sustainability matters**, the undertaking may disclose the required information in its reporting under one topical [ESRS\\_NESRS](#) and cross reference to it in its reporting under other topical [ESRS\\_NESRS](#).
62. If the undertaking cannot disclose the information on **policies** and **actions** required under relevant [ESRS\\_NESRS](#), because it has not adopted policies and/or actions with reference to the specific **sustainability matter** concerned, it shall disclose this to be the case, and provide reasons for not having adopted policies and/or actions. The undertaking may disclose a timeframe in which it aims to adopt them.

#### **Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters**

63. The undertaking shall apply the **minimum disclosure requirements** defined in this provision when it discloses the **policies** it has in place with regard to each **sustainability matter** identified as material.
64. The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the **policies** that the undertaking has in place to prevent, mitigate and remediate actual and potential **impacts**, ~~to address risks and to pursue opportunities~~.
65. The undertaking shall disclose information about **policies** adopted to manage material **sustainability matters**. The disclosure shall include the following information:
  - (a) a description of the key contents of the **policy**, including its general objectives and which material **impacts**, ~~risks or opportunities~~ the policy relates to and the process for monitoring;
  - (b) a description of the scope of the policy, or of its exclusions, in terms of activities, upstream and/or downstream **value chain**, geographies and if relevant, affected **stakeholder** groups;
  - (c) the most senior level in the undertaking's organisation that is accountable for the implementation of the policy;
  - (d) a reference, if relevant, to the third-party standards or initiatives the undertaking commits to respect through the implementation of the policy;
  - (e) if relevant, a description of the consideration given to the interests of key **stakeholders** in setting the policy; and
  - (f) if relevant, whether and how the undertaking makes the policy available to potentially affected stakeholders, and stakeholders who need to help implement it.

**Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters**

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66. The undertaking shall apply the requirements for the content of disclosures in this provision when it describes the **actions** through which it manages each material **sustainability matter** including action plans and resources allocated and/or planned.
67. The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the key **actions** taken and/or planned to prevent, mitigate and **remediate** actual and potential **impacts**, and to address **risks and opportunities**, and where applicable achieve the objectives and **targets** of related **policies**.
68. Where the implementation of a **policy** requires **actions**, or a comprehensive action plan, to achieve its objectives, as well as when actions are implemented without a specific policy, the undertaking shall disclose the following information:
- (a) the list of key actions taken in the reporting year and planned for the future, their expected outcomes and, where relevant, how their implementation contributes to the achievement of policy objectives and **targets**;
  - (b) the scope of the key actions (i.e., coverage in terms of activities, upstream and/or downstream **value chain**, geographies and, where applicable, affected **stakeholder** groups);
  - (c) the time horizons under which the undertaking intends to complete each key action;
  - (d) if applicable, key actions taken (along with results) to provide for and cooperate in or support the provision of **remedy** for those harmed by actual material impacts;
  - (e) if applicable, quantitative and qualitative information regarding the progress of actions or action plans disclosed in prior periods.
69. Where the implementation of an action plan requires significant operational expenditures (Opex) and/or capital expenditures (Capex) the undertaking shall:
- (a) describe the type of current and future financial and other resources allocated to the action plan, including if applicable, the relevant terms of sustainable finance instruments, such as green bonds, social bonds and green loans, the environmental or social objectives, and whether the ability to implement the actions or action plan depends on specific preconditions, e.g., granting of financial support or public policy and market developments;
  - (b) provide the amount of current financial resources and explain how they relate to the most relevant amounts presented in the financial statements; and (c) provide the amount of future financial resources.

## 5. Metrics and targets

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70. This chapter sets out **Minimum Disclosure Requirements** that shall be included when the undertaking discloses information on its **metrics** and **targets** related to each material sustainability matter. They shall be applied together with the Disclosure Requirements, including Application Requirements, provided in the relevant topical **ESRS NESRS**. They shall also be applied when the undertaking prepares entity-specific disclosures.
71. The corresponding disclosures shall be located alongside disclosures prescribed by the topical **ESRS NESRS**.
72. If the undertaking cannot disclose the information on **targets** required under the relevant topical **ESRS NESRS**, because it has not set targets with reference to the specific sustainability matter concerned, it shall disclose this to be the case, and provide reasons for not having adopted targets. The undertaking may disclose a timeframe in which it aims to adopt them.

~~73-72.~~

**Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters**

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73. The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses on the **metrics** it has in place with regard to each material **sustainability matter**.

74. The objective of this **Minimum Disclosure Requirement** is to provide an understanding of the **metrics** the undertaking uses to track the effectiveness of its **actions** to manage material **sustainability matters**.

~~75.~~ The undertaking shall disclose any **metrics** that it uses to evaluate performance and effectiveness, in relation to a material **impact** ~~it, risk or opportunity~~.

~~76-75.~~ **Metrics** shall include those defined in ~~ESRS, NESRS~~, as well as metrics identified on an entity-specific basis, whether taken from other sources or developed by the undertaking itself.

~~77-76.~~ For each **metric**, the undertaking shall:

- (a) disclose the methodologies and significant assumptions behind the metric, including the limitations of the methodologies used;
- (b) disclose whether the measurement of the metric is validated by an external body other than the assurance provider and, if so, which body;
- (c) label and define the metric using meaningful, clear and precise names and descriptions;
- (d) when currency is specified as the unit of measure, use the presentation currency of its financial statements.

**Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets**

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78. The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses information about the **targets** it has set with regard to each material **sustainability matter**.

79. The objective of this **Minimum Disclosure Requirement** is to provide for each material **sustainability matter** an understanding of:

- (a) whether and how the undertaking tracks the effectiveness of its **actions** to address material **impacts, risks and opportunities**, including the **metrics** it uses to do so;
- (b) measurable time-bound outcome-oriented **targets** set by the undertaking to meet the **policy's** objectives, defined in terms of expected results for people, the environment or the undertaking regarding material **impacts, risks and opportunities**;
- (c) the overall progress towards the adopted targets over time;
- (d) in the case that the undertaking has not set measurable time-bound outcome-oriented targets, whether and how it nevertheless tracks the effectiveness of its actions to address material **impacts, risks and opportunities** and measures the progress in achieving its **policy** objectives; and
- (e) whether and how **stakeholders** have been involved in target setting for each material sustainability matter.

80. The undertaking shall disclose the measurable, outcome-oriented and time-bound **targets** on material **sustainability matters** it has set to assess progress. For each target, the disclosure shall include the following information:

- (a) a description of the relationship of the target to the **policy** objectives;
- (b) the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;
- (c) the scope of the target, including the undertaking's activities and/or its upstream and/or downstream **value chain** where applicable and geographical boundaries;
- (d) the baseline value and base year from which progress is measured;
- (e) the period to which the target applies and if applicable, any milestones or interim targets;
- (f) the methodologies and significant assumptions used to define targets, including where applicable, the selected **scenario**, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
- (g) whether the undertaking's targets related to environmental matters are based on conclusive scientific evidence;
- (h) whether and how **stakeholders** have been involved in target setting for each material sustainability matter;
- (i) any changes in targets and corresponding **metrics** or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure

Requirement BP-2 Disclosures in relation to specific circumstances of this Standard); and

- (j) the performance against its disclosed targets, including information on how the target is monitored and reviewed and the metrics used, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the undertaking towards achieving the target.

81. If the undertaking has not set any measurable outcome-oriented **targets**:

- (a) it may disclose whether such targets will be set and the timeframe for setting them, or the reasons why the undertaking does not plan to set such targets;
- (b) it shall disclose whether it nevertheless tracks the effectiveness of its **policies** and **actions** in relation to the material sustainability-related **impact, risk and opportunity**, and if so:
  - i. any processes through which it does so;
  - ii. the defined level of ambition to be achieved and any qualitative or quantitative indicators it uses to evaluate progress, including the base period from which progress is measured.

## **Appendix A: Application Requirements**

This appendix is an integral part of **ESRS\_NESRS 2** and has the same authority as other parts of the Standard.

### **1. Basis for preparation**

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### **Disclosure Requirement BP-1 – General basis for preparation of sustainability reports statements**

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AR 1. When describing to what extent the **sustainability report statement** covers the undertaking's upstream and downstream **value chain** (see ESRS\_NESRS 1 section 5.1 *Reporting undertaking and value chain*), the undertaking may distinguish between:

- (a) the extent to which its **materiality** assessment of **impacts, risks and opportunities** extends to its upstream and/or downstream value chain;
- (b) the extent to which its **policies, actions** and **targets** extend to its value chain; and
- (c) the extent to which it includes upstream and/or downstream value chain data when disclosing on **metrics**.

### **Disclosure Requirement BP-2 – Disclosures in relation to specific circumstances**

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AR 2. The undertaking may disclose whether it relies on any European standards approved by the European Standardisation System (ISO/IEC or CEN/CENELEC standards), as well as the extent to which data and processes that are used for sustainability reporting purposes have been verified by an external assurance provider and found to conform to the corresponding ISO/IEC or CEN/CENELEC standard.

## **2. Governance**

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### **Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies**

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AR 3. In describing the role and responsibilities of the **administrative, management and supervisory bodies** with regard to **sustainability matters**, the undertaking may specify:

- (a) the aspects of sustainability over which oversight is exercised with regard to the environmental, social and governance matters the undertaking may be facing, including:
  - i. any assessment of and changes to sustainability-related aspects of the undertaking's strategy and **business model**;
  - ii. the identification and assessment of material **risks, opportunities and impacts**;
  - iii. ~~iii.~~ ~~iii.~~-related **policies** and **targets**, action plans and dedicated resources; and
  - iii-iv. ~~iv.~~ ~~iv.~~-sustainability reporting;
- (b) the form such oversight takes for each of the above aspects: i.e., information, consultation or decision-making; and
- (c) the way such oversight is organised and formalised, i.e., processes by which the administrative, management and supervisory bodies engage with these aspects of sustainability.

AR 4. In describing the undertaking's organisation of governance regarding **sustainability matters**, a description of complex governance structure may be complemented by their presentation in the form of a diagram.

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AR 5. The description of the level of expertise or access to expertise of the **administrative, management and supervisory bodies** may be substantiated by illustrating the composition of the bodies, including members on whom these bodies rely for expertise to oversee **sustainability matters**, and how they leverage that expertise as a body. In the description, the undertaking shall consider how the expertise and skills are relevant to the undertaking's material **impacts, risks and opportunities** and whether the bodies and/or its members have access to other sources of expertise, such as specific experts and **training** and other educational initiatives to update and develop sustainability-related expertise within these bodies.

AR 5A For NESRS 2, the global scope applies, which means the relevant **administrative, management and supervisory bodies** to be described are those of the ultimate parent outside the European Union.

**Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

AR 6. Depending on the undertaking's structure, the **administrative, management and supervisory bodies** may focus on overarching **targets**, while management focuses on the more detailed targets. In this case, the undertaking may disclose how the governance bodies ensure that an appropriate mechanism for performance monitoring is in place.

**Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes**

AR 7. For listed undertakings, this Disclosure Requirement should be consistent with the remuneration report prescribed in articles 9a and 9b of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies. Subject to the provisions of **ESRS NESRS 1**, paragraphs 119, 120 and 122, a listed undertaking may make a reference to its remuneration report.

**Disclosure Requirement GOV-4 – Report Statement on due diligence**

AR 8. The mapping required by paragraph 30 may be presented in the form of a table, cross referencing the core elements of due diligence, for impacts on people and the environment, to the relevant disclosures in the undertaking's **sustainability report statement**, as set out below.

AR 9. The undertaking may include additional columns to the table below to clearly identify those disclosures that relate to impacts on people and/or the environment given that, in some cases, more than one disclosure may provide information about the same due diligence step.

AR 10. The main references in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises to the core elements of the due diligence process are listed in **ESRS NESRS 1** chapter 4.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY <u>REPORT STATEMENT</u>
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a) Embedding due diligence in governance, strategy and business model	
b) Engaging with affected stakeholders in all key steps of the due diligence	
c) Identifying and assessing adverse impacts	
d) Taking actions to address those adverse impacts	
e) Tracking the effectiveness of these efforts and communicating	

**Disclosure Requirement GOV-5 – Risk management and internal controls over sustainability reporting**

AR 11. This Disclosure Requirement focuses solely on the internal control processes over the sustainability reporting process. The undertaking may consider risks such as the completeness and integrity of the data, the accuracy of estimation results, the availability of upstream and/or downstream **value chain** data, and the timing of the availability of the information.

**3. Strategy**

**Disclosure Requirement SBM-1 Strategy, business model and value chain**

AR 12. To provide the information on sectors required by paragraph 40, the undertaking shall map its significant activities in accordance with ~~ESRS~~ **NESRS** sectors. If a code for a sub-sector does not exist, the caption "others" shall be used.

AR 13. For the purposes of the disclosures required in paragraph 40, a group of products and/or services offered, a group of markets and/or customer groups served, or an ~~ESRS~~ **NESRS** sector, is significant for the undertaking if it meets one or both of the following criteria:

- (a) it accounts for more than 10 per cent of the undertaking's revenue;
- (b) it is connected with material actual impacts or material potential negative impacts of the undertaking.

AR 14. In preparing disclosures relating to its **business model** and **value chain**, the undertaking shall consider:

- (a) its key activities, resources, distribution channels and customer segments;
- (b) its key **business relationships** and their key characteristics, including relationships with customers and **suppliers**;
- (c) the cost structure and revenue of its business segments, in line with IFRS 8 disclosure requirements in the financial statement or similar requirements in the financial statements of the ultimate parent, where applicable;

(d) the potential ~~impacts, risks and opportunities~~ in its significant sector(s) and their possible relationship to its own **business model** or **value chain**.

**AR 14 A** Territories in and outside the European Union applies generally accepted accounting principles that may be IFRS or often, these may be principles developed for and accepted in such territory. Where NESRS 2 refers to IFRS 8, a similar standard may be in operation in the country of the ultimate parent undertaking and the reconciliation from ESRS sectors shall then be made to such financial reporting. Placeholder for a paragraph about the IFRS and local gaap for the undertakings out of europe

Commented [FF1]: Chiara - do we need to say something about NACE and mappings?

AR 15. Contextual information may be particularly relevant for users of the undertaking's sustainability ~~statement report~~, to understand to what extent the disclosures include upstream and/or downstream **value chain** information. The description of the main features of the upstream and/or downstream value chain and where applicable the identification of key value chains should support an understanding of how the undertaking applies the requirements of ~~ESRS NESRS~~ 1 chapter 5 and the **materiality** assessment performed by the undertaking in line with ~~ESRS NESRS~~ 1 chapter 3. The description may provide a high-level overview of the key features of upstream and/or downstream value chain entities indicating their relative contribution to the undertaking's performance and position and explaining how they contribute to the value creation of the undertaking.

#### **Disclosure Requirement SBM-2 – Interests and views of stakeholders**

AR 16. The views and interests of **stakeholders** that are expressed as part of the undertaking's engagement with stakeholders through its due diligence process may be relevant to one or more aspects of its strategy or business model. As such, they may affect the undertaking's decisions regarding the future direction of the strategy or business model.

#### **Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model**

AR 17. When describing where in its upstream and/or downstream **value chain** material ~~impacts, risks and opportunities~~ are concentrated, the undertaking shall consider: geographical areas, facilities or types of assets, inputs, outputs and distribution channels.

AR 18. This disclosure may be expressed in terms of a single ~~impact, risk or opportunity~~ or by aggregating groups of material impacts, risks and opportunities, when this provides more relevant information and does not obscure material information.

#### **4. Impact, risk and opportunity management**

#### **Disclosure Requirement IROM-2 – Disclosure Requirements in ~~ESRS NESRS~~ covered by the undertaking's sustainability report statement**

AR 19. Notwithstanding the basis for the presentation of the information about **sustainability matters** included in ~~ESRS NESRS~~ 1 chapter 8 *Structure of sustainability report statement*, the undertaking may disclose the list of the Disclosure Requirements complied with in preparing the **sustainability report statement** (see paragraph 54) in the general information part or in other parts of the sustainability statement report as it deems appropriate. The undertaking may use a content index, i.e., a tabular list of the Disclosure

Requirements included in the sustainability [report statement](#), with the indication of where they are located (page/paragraphs).

#### **Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters**

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AR 20. Due to the interdependency between impacts on people and the environment, **risks and opportunities**, a single **policy** may apply to several material **sustainability matters**, including matters addressed by more than one topical **ESRS NESRS**. For example, if a single policy covers both an environmental matter and a social matter, the undertaking may report on the policy in the environmental section of its **sustainability statement report**. In this case, it should include in the social section a cross-reference to the environmental section where the policy is reported. Equally a policy may be reported in the social section with a cross-reference to it in the environmental section.

AR 21. The description of the scope of the **policy** may explain which activities and/or segments of the undertaking's own operations or upstream and downstream **value chain** it concerns. The description may also explain further boundaries relevant to the specific topic or the undertaking's circumstances, which may include geographies, life cycles, etc. In certain cases, such as if the policy does not cover the full value chain, the undertaking may provide clear information regarding the extent of the value chain covered by the policy.

#### **Minimum disclosure requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters**

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AR 22. Key **actions** in the context of this **Minimum Disclosure Requirement** are those actions that materially contribute to achieving the undertaking's objectives in addressing material **impacts, risks and opportunities**. For reasons of understandability, key actions may be aggregated where appropriate.

AR 23. Information on resource allocation may be presented in the form of a table and broken down between capital expenditure and operating expenditure, and across the relevant time horizons, and between resources applied in the current reporting year and the planned allocation of resources over specific time horizons.

## **5. Metrics and targets**

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#### **Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets**

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AR 24. When disclosing **targets** related to the prevention or mitigation of environmental impacts, the undertaking shall prioritise targets related to the reduction of the impacts in absolute terms rather than in relative terms. When targets address the prevention or mitigation of social impacts, they may be specified in terms of the effects on human rights, welfare or positive outcomes for affected **stakeholders**.

AR 25. The information on progress made towards achieving the **targets** may be presented in a comprehensive table, including information on the baseline and target value, milestones, and achieved performance over the prior periods.

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AR 26. Where the undertaking describes progress in achieving the objectives of a **policy** in the absence of a measurable target, it may specify a baseline against which the progress is considered. For example, the undertaking may assess an increase of **wages** by a certain percentage for those below a fair wage; or may assess the quality of its relationships with local communities by reference to the proportion of issues raised by communities that were resolved to their satisfaction. The baseline and the assessment of the progress shall be related to the **impacts, risks and opportunities** which underpin the **materiality** of the matter addressed by the policy.

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**Appendix B: List of datapoints in cross-cutting and topical standards that derive from -other EU legislation**

This appendix is an integral part of the [ESRS NESRS 2](#). The table below illustrates the datapoints in [ESRS NESRS 2](#) and topical [ESRS NESRS](#) that derive from other EU legislation.

Disclosure Requirement and related datapoint	SFDR <sup>9</sup> reference	Pillar 3 <sup>24</sup> reference	Benchmark Regulation <sup>10</sup> reference	EU Climate Law <sup>11</sup> reference
NESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 <sup>12</sup> , Annex II	
NESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II	

NESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1			
NESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II	
NESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	

<sup>9</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1). <sup>24</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).

<sup>10</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>11</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

<sup>12</sup> Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

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NESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/181829, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
NESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II	
NESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021-1119 Article 2 (1)
NESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	
NESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	
NESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) Paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1			
NESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1			
NESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1			

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NESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	
NESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 8(1)	
NESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119 Article 2 (1)
NESRS E1-9 <del>Exposure of the benchmark portfolio to climate-related physical risks</del> paragraph 64 to 69			<del>Delegated Regulation (EU) 2020/1818, Annex II</del> <del>Delegated Regulation (EU) 2020/1816, Annex II</del>	
NESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)  NESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.		
NESRS E1-9 Breakdown of the carrying value of its real estate assets by energy efficiency classes		Article 449a Regulation (EU) No 575/2013;		

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paragraph 67 (c).		Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2; Banking book – Climate change transition risk; Loans collateralised by immovable property – Energy efficiency of the collateral		
NESRS E4-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II	
NESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1			
NESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1			
NESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1			
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1			
NESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1			
NESRS E3-4 Total water consumption in m <sup>3</sup> per net revenue on own operations paragraph 29	Indicator number. 6.1 Table #2 of Annex 1			
NESRS 2- <del>IRO-IM</del> 1 - E4 paragraph 16 (a) i	Indicator number. 7 Table #1 of Annex 1			
NESRS 2- <del>IRO-IM</del> 1 - E4 paragraph 16 (b)	Indicator number. 10 Table #2 of Annex 1			
NESRS 2- <del>IRO-IM</del> 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1			
NESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1			
NESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1			

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NESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1			
NESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1			
NESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1			
NESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I			
NESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I			
NESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I			
NESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II	
NESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I			
NESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I			
NESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I			
NESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
NESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I			
NESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
NESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I			
NESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I			

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NESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II	
NESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I			
NESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1			
NESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1			
NESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II	
NESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II	
NESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1			
NESRS S3-1 Human policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1			
NESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	
NESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1			
NESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1			
NESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	
NESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1			

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NESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1			
NESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1			
NESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)	
NESRS G1-4 Standards of anti- corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1			

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**Appendix C: Disclosure and Application Requirements in Topical ~~ESRS~~ ~~NESRS~~ that are applicable in conjunction with ~~ESRS~~ ~~NESRS~~ 2 General disclosures**

This appendix is an integral part of ~~ESRS~~ ~~NESRS~~ 2 and has the same authority as the other parts of the standard. The following table outlines the requirements in topical ~~ESRS~~ ~~NESRS~~ that need to be taken into account when reporting against the Disclosure Requirements in ~~ESRS~~ ~~NESRS~~ 2.

ESRS 2 Disclosure Requirement	Related <del>ESRS</del> <del>NESRS</del> paragraph	
GOV-1 The role of the administrative, management and supervisory bodies	<del>ESRS</del> <del>NESRS</del> G1 <i>Business conduct</i> (paragraph 5)	
GOV-3 Integration of sustainability-related performance in incentive schemes	<del>NESRS</del> E1 <i>Climate change</i> (paragraph 13)	
SBM-2 Interests and views of stakeholders	<del>NESRS</del> S1 <i>Own workforce</i> (paragraph 12) <del>ESRS</del> S2 <i>Workers in the value chain</i> (paragraph 9) <del>ESRS</del> <del>NESRS</del> S3 <i>Affected communities</i> (paragraph 7) <del>ESRS</del> <del>NESRS</del> S4 <i>Consumers and end-users</i> (paragraph 8)	[
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	<del>NESRS</del> E1 <i>Climate Change</i> (paragraphs 18 to 19) <del>NESRS</del> E4 <i>Biodiversity and ecosystems</i> (paragraph 16) <del>ESRS</del> <del>NESRS</del> S1 <i>Own workforce</i> (paragraph 13 to 15) <del>NESRS</del> S2 <i>Workers in the value chain</i> (paragraph 10 to 13) <del>ESRS</del> <del>NESRS</del> S3 <i>Affected communities</i> (paragraph 8 to 10) <del>NESRS</del> S4 <i>Consumers and end-users</i> (paragraph 9 to 12)	[
IROIM-1 Description of the processes to identify and assess material impacts, risks and opportunities	<del>NESRS</del> E1 <i>Climate change</i> (paragraph 20 to 24) <del>NESRS</del> E2 <i>Pollution</i> (paragraph 11) <del>NESRS</del> E3 <i>Water and marine resources</i> (paragraph 8) <del>NESRS</del> E4 <i>Biodiversity and ecosystems</i> (paragraph 17 to 19) <del>NESRS</del> E5 <i>Resource use and circular economy</i> (paragraph 11) <del>NESRS</del> G1 <i>Business conduct</i> (paragraph 6)	[