

ESRS Draft

November 2022

European Sustainability Reporting Standards
Summary of required disclosures & metrics

Peter Jones, Head of Sustainability

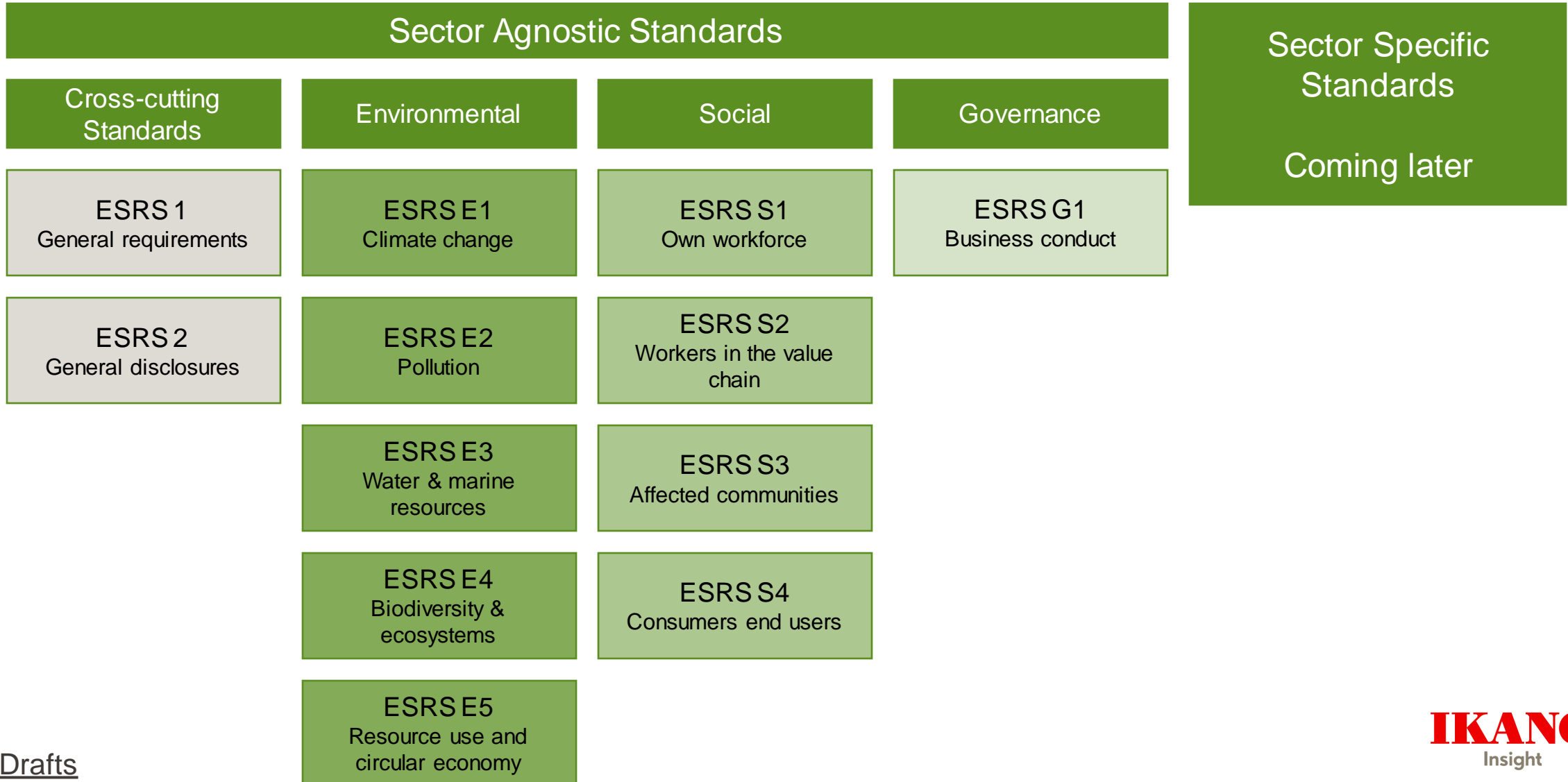
**EFRAG delivered the first set of
draft ESRS to the EU commission
Nov 23rd 2022**

**The metrics contained within are
likely to become required
disclosures & metrics for all
businesses covered by CSRD**

**This analysis focuses purely on the
required disclosures & metrics to
ensure that businesses are
prepared with data and measures**

**This is an overview. Please contact
us for more details**

ESRS Drafts Nov 22 overview



ESRS 1 General Requirements

Management report

Analysis of the development and performance of the undertaking's business and its position

Description of the principal risks and uncertainties

The undertaking's likely future developments

Corporate governance statement

Sustainability statements

1. General information

[draft] ESRS 2 General Disclosures

- Specific topical DR from [draft] topical ESRS
- Additional DR from [draft] sector specific ESRS

2. Environmental information

[draft] ESRS E1 Climate change

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS E1
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

[draft] ESRS E2 Pollution

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS E2
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

[draft] ESRS E5 Resource Use and Circular Economy

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS E5
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

3. Social information

[draft] ESRS S1 Own workforce

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS S1
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

[draft] ESRS S2 Workers in the value chain

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS S2
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

[draft] ESRS S4 Consumers and end-users

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS S4
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

4. Governance information

[draft] ESRS G1 Business conduct

- Impact, risk and opportunity management and Metrics and targets DR from [draft] ESRS G1
- Additional DR from [draft] sector specific ESRS
- Potential additional entity specific information

Disclosures pursuant to Article 8 of the taxonomy regulation

Example of structure of ESRS sustainability statements

ESRS 2 General Disclosures

ESRS 2 – General disclosures

Disclosures & metrics - The undertaking (business/organisation) shall:

BP-1 disclose the general basis for preparation of its sustainability statements

BP-2 provide disclosures in relation to specific circumstances (time horizons, value chain estimation, Sources of estimation and outcome uncertainty, Changes in preparation or presentation of sustainability information, Reporting errors in prior periods, Disclosures stemming from local legislations or generally accepted sustainability reporting Pronouncements, Incorporation by reference)

GOV-1 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

GOV-2 disclose how the administrative, management and supervisory bodies are informed about sustainability matters and how these matters were addressed during the reporting period

GOV-3 disclose information about the integration of its sustainability-related performance in incentive schemes.

GOV-4 disclose a mapping of the information provided in its sustainability statements about the sustainability due diligence process(es).

GOV-5 disclose the main features of its risk management and internal control system in relation to the sustainability reporting process(es).

ESRS 2 – General disclosures

Disclosures & metrics - The undertaking (business/organisation) shall:

SBM-1 disclose its market position, the elements of its strategy that relate to or impact sustainability matters, its business model(s) and its value chain

SBM-2 disclose how the interests and views of its stakeholders are taken into account by the undertaking's strategy and business model(s).

SBM-3 disclose its material impacts, risks and opportunities and how they interact with its strategy and business model(s).

IRO-1 disclose its processes to identify its impacts, risks and opportunities and to assess which ones are material

IRO-2 report on the Disclosure Requirements complied with in its sustainability statements

DC-P apply the requirements for the content of disclosures in this provision when it discloses the policies it has in place with regard to each sustainability matter identified as material.

DC-A 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.

ESRS 2 – General disclosures (metrics)

Disclosures & metrics - The undertaking (business/organisation) shall:

DC-M 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.

DC-T apply the requirements for the content of disclosures in this provision when it discloses information about the targets it has in place with regard to each material sustainability matter.

ESRS E1 Climate Change

ESRS E1 – Climate change

Disclosures & metrics - The undertaking (business/organisation) shall:

GOV-3 disclose whether the performance of members of the administrative, management and supervisory bodies has been assessed against the GHG emission reduction targets reported under Disclosure Requirement

E1-1 disclose its transition plan for climate change mitigation

SBM-3 describe the resilience of its strategy and business model(s) in relation to climate change

IRO-1 describe the process to identify and assess climate-related impacts, risks and opportunities

E1-2 disclose the policies it has adopted to manage its material impacts, risks and opportunities related to climate change mitigation and adaptation

E1-3 disclose its climate change mitigation and adaptation actions and the resources allocated for their implementation

E1-4 disclose the climate-related targets it has adopted

E1-5 provide information on its energy consumption and mix

E1-5 provide information on the energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors.

ESRS E1 – Climate change (GHG emissions)

Disclosures & metrics - The undertaking (business/organisation) shall:

E1-6 disclose its:

- (a) gross Scope 1 GHG emissions;
- (b) gross Scope 2 GHG emissions;
- (c) gross Scope 3 GHG emissions; and
- (d) total GHG emissions.

E1-6 disclose its GHG emissions intensity (total GHG emissions per net revenue).

E1-7 disclose:

- (a) GHG removals and storage from its own operations and its upstream and downstream value chain it may have developed in metric tonnes of CO₂eq; and
- (b) the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed through any purchase of carbon credits

E1-8 disclose whether it applies internal carbon pricing schemes, and if so, how these support its decision making and incentivise the implementation of climate-related policies and targets

E1-9 disclose its

- (a) potential financial effects from material physical risks;
- (b) potential financial effects from material transition risks; and
- (c) potential to pursue material climate-related opportunities.



ESRS E2 Pollution

ESRS E2 – Pollution

Disclosures & metrics - The undertaking (business/organisation) shall:

IRO-1 describe the process to identify material impacts, risks and opportunities and shall provide information on:

- (a) the methodologies, assumptions and tools used to screen its site locations and business activities in order to identify its actual and potential pollution-related physical and transition risks in its own operations and value chain;
- (b) the interconnection between risks and opportunities arising from impacts and dependencies; and
- (c) the process for conducting consultations and in particular with affected communities

E2-1 disclose its policies implemented to manage its material impacts, risks and opportunities related to pollution prevention and control.

E2-2 disclose its pollution-related actions and the resources allocated to their implementation.

E2-3 shall disclose the pollution-related targets it has adopted.

E2-4 disclose the pollutants that are generated or used during production processes or that are procured, and that leave its facilities as emissions, as products, or as part of products or services.

E2-5 disclose information on the production, use, distribution, commercialisation and import/export of substances of concern and substances of very high concern on their own, in mixtures or in articles.

E2-6 disclose its potential financial effects of material risks and opportunities arising from pollution-related impacts.

ESRS E3 Water & marine resources

ESRS E3 – Water & marine resources

Disclosures & metrics - The undertaking (business/organisation) shall:

IRO-1 describe the process to identify material impacts, risks and opportunities and shall provide information on:
(a) the methodologies, assumptions and tools used to screen its assets and activities in order to identify its actual and potential water and marine resources-related physical and transition risks in its own operations and value chain;
(b) the interconnection between risks and opportunities arising from impacts and dependencies; and
(c) the process for conducting consultations and, in particular, with affected communities.

E3-1 disclose its policies implemented to manage its material impacts, risks and opportunities related to water and marine resources

E3-2 disclose its water and marine resources actions and the resources allocated to their implementation

E3-3 the water and marine resources-related targets it has adopted.

E3-4 disclose information on its water consumption performance related to its material impacts, risks and opportunities.

E3-5 disclose its potential financial effects of material risks and opportunities arising from water and marine resources-related impacts.

ESRS E4 Biodiversity & ecosystems

ESRS E4 – Biodiversity & ecosystems

Disclosures & metrics - The undertaking (business/organisation) shall:

E4-1 disclose its plan to ensure that its business model and strategy are compatible with the respect of planetary boundaries of the biosphere integrity and land-system change and relevant targets outlined in [the Post-2020 Global Biodiversity Framework of no net loss by 2030, net gain from 2030, full recovery by 2050, and the EU Biodiversity Strategy for 2030.

SBM-3 The undertaking shall describe the resilience of its strategy and business model(s) in relation to biodiversity and ecosystems.

IRO-1 The undertaking shall describe the process to identify material impacts, risks and opportunities.

IRO-1 The undertaking shall disclose whether the business model(s) has been verified using a range of biodiversity and ecosystems scenarios

E4-2 disclose its policies implemented to manage its material impacts, risks and opportunities related to biodiversity and ecosystems.

E4-3 disclose its biodiversity and ecosystems-related actions and the resources allocated to their implementation.

E4-4 describe the biodiversity and ecosystem-related targets it has adopted.

E4-5 report metrics related to its material impacts resulting in biodiversity and ecosystem change.

E4-6 disclose its potential financial effects of material risks and opportunities arising from biodiversity- and ecosystem-related impacts and dependencies.



ESRS E5 Resource use and circular economy

ESRS E5 – Resource use and circular economy

Disclosures & metrics - The undertaking (business/organisation) shall:

IRO-1 describe the process to identify material impacts, risks and opportunities related to resource use and circular economy and shall provide information on:

- (a) the methodologies, assumptions and tools used to screen its assets and activities in order to identify its actual and potential risks in its own operations and value chain;
- (b) the interconnection between risks and opportunities arising from impacts and dependencies;
- (c) the process for conducting consultations and, in particular, with affected communities.

E5-1 disclose its policies implemented to manage its material impacts, risks and opportunities related to resource use and circular economy.

E5-2 disclose its resource use and circular economy actions and the resources allocated to their implementation

E5-3 disclose the resource use and circular economy-related targets it has adopted.

E5-4 disclose information on its material resource inflows.

E5-5 information on its material resource outflows, including waste.

E5-6 disclose its potential financial effects of material risks and opportunities arising from resource use and circular economy-related impacts.

ESRS S1 Own workforce

ESRS S1 – Own workforce

Disclosures & metrics - The undertaking (business/organisation) shall:

S1-1 describe its policies that address the management of its material impacts on own workforce, as well as associated m

S1-2 disclose its general processes for engaging with its own workers and workers' representatives about actual and potential material impacts on its own workforce.

S1-3 describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on own workers that the undertaking has identified it has caused or contributed to, as well as channels available to own workers to raise concerns and have them addressed.

S1-4 disclose its approaches and actions to taking action on material negative and positive impacts, and to mitigating material risks and pursuing material opportunities related to own workers and effectiveness of those actions.

S1-5 disclose the time-bound and outcome-oriented targets it may have related to:

- (a) reducing negative impacts on its own workforce; and/or
- (b) advancing positive impacts on its own workforce; and/or
- (c) managing material risks and opportunities related to its own workforce.

S1-6 describe key characteristics of employees in its own workforce.

ESRS S1 – Own workforce

Disclosures & metrics - The undertaking (business/organisation) shall:

S1-7 key characteristics of non-employee workers in its own workforce.

S1-8 disclose information on the extent to which the working conditions and terms of employment of its own workforce are determined or influenced by collective bargaining agreements and to the extent to which its employees are covered in social dialogue in the EEA at the establishment and European level.

S1-9 disclose the gender distribution at top management and the age distribution amongst its employees.

S1-10 disclose whether or not all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks; and if not, which type of workers do not receive an adequate wage and what percentage of its own workforce is paid below the adequate wage.

S1-11 disclose whether its own workers are covered by social protection against loss of income due to major life events, and, if not, the countries where this is not the case and the percentages in those countries that are not protected.

S1-12 the percentage of persons with disabilities in its own workforce.

S1-13 disclose the extent to which training and skills development is provided to its employees.

ESRS S1 – Own workforce

Disclosures & metrics - The undertaking (business/organisation) shall:

S1-14 disclose information on the extent to which its own workforce is covered by its health and safety management system and the number of incidents associated with work-related injuries, ill health and fatalities of its own workers. In addition, it shall disclose the number of fatalities as a result of work-related injuries and work-related ill health of other workers working on the undertaking's sites.

S1-15 disclose the extent to which employees are entitled to and make use of family-related leave.

S1-16 disclose the percentage gap in pay between women and men and the ratio between the compensation of its highest paid individual and the median compensation for its employees.

S1-17 disclose the number of work-related incidents and/or complaints and severe human rights impacts and incidents within its own workforce and any related material fines or sanctions for the reporting period.

ESRS S2 Workers in the value chain

ESRS S2 – Workers in the value chain

Disclosures & metrics - The undertaking (business/organisation) shall:

S2-1 describe its policies that address the management of its material impacts on value chain workers, as well as associated material risks and opportunities; and provide a summary of the content of the policies.

S2-2 disclose its general processes for engaging with value chain workers and their representatives about actual and potential material impacts on them.

S2-3 describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on workers in the value chain that the undertaking has identified it has caused or contributed to, as well as channels available to value chain workers to raise concerns and have them addressed.

S2-4 disclose its approaches to taking action on material impacts on value chain workers, and to mitigating material risks and pursuing material opportunities related to value chain workers and effectiveness of those actions.

S2-5 disclose the time-bound and outcome-oriented targets related to:

- (a) reducing negative impacts on value chain workers; and/or
- (b) advancing positive impacts on value chain workers; and/or
- (c) managing material risks and opportunities related to value chain workers.

ESRS S3 Affected communities

ESRS S3 – Affected communities

Disclosures & metrics - The undertaking (business/organisation) shall:

S3-1 describe its policies that address the management of its material impacts on communities, as well as associated material risks and opportunities; and provide a summary of the content of the policies.

S3-2 disclose its general processes for engaging with affected communities and their representatives about actual and potential material impacts on them.

S3-3 describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on affected communities that the undertaking has identified it has caused or contributed to, as well as channels available to affected communities to raise concerns and have them addressed.

S3-4 disclose its approaches to taking action on material impacts on affected communities, and to mitigating material risks and pursuing material opportunities related to affected communities and effectiveness of those actions.

S3-5 disclose the time-bound and outcome-oriented targets related to:

- (a) reducing negative impacts on affected communities; and/or
- (b) advancing positive impacts on affected communities; and/or
- (c) managing material risks and opportunities related to affected communities.

ESRS S4 Consumers end users

ESRS S4 – Consumers end users

Disclosures & metrics - The undertaking (business/organisation) shall:

S4-1 describe its policies that address the management of its material impacts of its products and/or services on consumers and end-users, as well as associated material risks and opportunities; and provide a summary of the content of the policies.

S4-2 disclose its general processes for engaging with consumers and end-users and their representatives about actual and potential material impacts on them.

S4-3 describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on consumers and end-users that the undertaking has identified it has caused or contributed to, as well as channels available to consumers and end-user to raise concerns and have them addressed.

S4-4 disclose its approaches to taking action on material impacts on consumers and end-users, and to mitigating material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions.

S4-5 disclose the time-bound and outcome-oriented targets related to:

- (a) reducing negative impacts on consumers and/or end-users; and/or
- (b) advancing positive impacts on consumers and/or end-users; and/or
- (c) managing material risks and opportunities related to consumers and/or end-users.

ESRS G1 Business conduct

ESRS G1 – Business conduct

Disclosures & metrics - The undertaking (business/organisation) shall:

G1-1 disclose its initiatives to establish, develop and promote a corporate culture as well as its policies with respect to business conduct matters

G1-2 provide information about the management of its relationships with its suppliers and its impacts on its supply chain.

G1-3 provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery including the related training.

G1-4 provide information on confirmed incidents of corruption or bribery during the reporting period.

G1-5 provide information on the activities and commitments related to its political influence, including its lobbying activities related to its material impacts.

G1-6 provide information on its payment practices to support transparency about these practices given the importance of timely cash flows to business partners, especially with respect to late payments to small and medium enterprises (SMEs).

IKANO
Insight