

**[Draft] Voluntary ESRS v2
for Small- and Medium-Sized Enterprises – Exposure Draft
(VSME ESRS ED)**

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[DISCLAIMER]

This document is a technical working paper intended solely for the internal use within EFRAG working groups. It is not open to public consultation but serves as work-in progress document leading to the exposure drafts to be submitted to a future public consultation. Significant changes to this working paper may arise from the subsequent steps of the due process. This working paper should therefore not be interpreted in any way whatsoever as representing the views of EFRAG as a whole at this stage, nor the position of relevant co-construction partners. Also, the content of this working paper is the sole responsibility of EFRAG and can under no circumstances be regarded as reflecting the position of the European Union or European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

Editorial notes from Secretariat:

1. Text highlighted in **GREEN** corresponds to decisions and changes agreed in SR TEG
2. Text highlighted in **YELLOW** corresponds to topics for discussion in SR TEG (see 'VSME topics for discussion' in agenda paper 07 – 01 VSME Cover Note)
3. The internal references to paragraphs of this draft are still to be updated.

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Objective of this Standard and to which companies it applies

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

Complying with this Standard

6. **This Standard provides requirements to allow the undertakings to provide relevant information on:**
 - a) how its business can have a positive or negative impact on people or on the environment;
 - b) which and how social and environmental issues can affect its financial position, performance and cash flows.
7. **Sustainability report shall provide information which is relevant, faithful, comparable, understandable and verifiable.**
8. The undertakings **[shall/may]** integrate the disclosures required by this Standard with additional information in relation to metrics and/or narrative disclosures (e.g. sector specific information) when such integration is helpful to provide high quality information.

9. This Standard includes three modules that the undertaking can use as the basis for preparation of its sustainability report:
 - a) **Basic Module:** Basic Metrics (DR XX-XX¹) plus Disclosure B 1. This module is the target approach for micro-undertakings and a minimum requirement for other undertakings. Materiality analysis is not required.
 - b) **Narrative-Policies, Actions and Targets (PAT) Module:** General Disclosures (GD1 – GD5) in relation to Policies, Actions and Targets (PAT) if the undertaking has them in place. (This module is suggested to undertakings that have PAT). Materiality analysis is required.
 - c) **Sustainable Finance (SF) Module:** Additional datapoints suggested to undertakings that receive data requests from banks [and corporates that are counterparties in the value chain]. Materiality analysis is required.
10. Applying the basic module is a prerequisite for applying the Narrative-PAT and/or the SF modules.
11. Once chosen, a module shall be complied with in its entirety.

¹ Subject to change following TEG discussion

BASIC Module

12. The undertaking shall report on all Metrics below for Environment, Social and Governance. Comparative information shall also be included, however for metrics disclosed in the first year of reporting, the undertaking shall disclose comparative information starting from the second year of reporting.
13. The disclosures in the basic module are to be reported and no materiality assessment is needed. Certain disclosures only apply to specific circumstances. When one of these disclosures is omitted, it is assumed to be not applicable.

Disclosure B 1 - Basis for Preparation

14. The undertaking shall disclose, whatever the reporting option chosen:
- a) whether the sustainability report has been prepared on a consolidated or individual basis;
 - b) in case of a consolidated sustainability report, the list of the subsidiaries, **including their registered address,** covered in the report.
 - c) the undertaking shall state which module(s) among the three it has applied according to the following combinations:**
 - i. OPTION A: Basic Module (only)
 - ii. OPTION B: Basic Module and Narrative Module
 - iii. OPTION C: Basic Module and SF Module
 - iv. OPTION D: Basic Module, Narrative Module and SF Module.

Principles for the preparation and presentation of sustainability information

Time horizons

15. When preparing its sustainability statement, the undertaking shall apply the following time-horizons references:
- a) for the short-term time horizon: the same period adopted by the undertaking in its financial report (typically 1 year);
 - b) for medium-term horizon: from the end of the above short-term horizon up to five years; and
 - c) for the long term horizon: more than five years.

Consistency and connectivity of disclosures

16. If applicable, the undertaking:
- a) shall report sustainability related information that is coherent with its financial statements for the same period, and
 - b) may connect its financial and sustainability statements through appropriate cross-references.

Location and timing of the sustainability report

17. The undertaking shall present its sustainability report in a separate section of the management report if one is required under applicable law and regulations or in a specific report when no management report is required. In all cases the sustainability report shall be prepared and available for communication at the same time as financial report.
18. To avoid publishing the same information twice, the undertaking can decide to insert in its sustainability report a reference to disclosures that it outlines in other parts of its corporate reporting that are accessible at the same time as its sustainability report.

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

19. The undertaking is not required to disclose classified or sensitive information, even if such information is considered material. The undertaking may omit classified or sensitive information if:
 - a) the information has commercial value because it is secret; and
 - b) its publication will be likely to impair the financial performance or position of the undertaking.

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

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

20. The undertaking may briefly describe in addition specific practices for transitioning towards a more sustainable economy, if applicable. Practices in this context shall not include philanthropic activities (e.g., donations), but for instance sustainability training for its workforce or efforts to reduce the undertaking's water and electricity consumption.
21. If the undertaking not only implements specific practices, but actually adopts policies, actions and targets, applying also the Narrative-Policies, Actions and Targets (PAT) Module is recommended.

Environment

Disclosure B 3 – Energy and greenhouse gas emissions

22. The undertaking shall disclose its impacts on the environment through energy usage and greenhouse gas emissions.
23. The undertaking shall disclose its total energy consumption in MWh, with a breakdown between:
 - a) fossil fuels; and

³ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #5 in Table 1 of Annex I ("Share of non-renewable energy consumption and production").

- b) electricity, as expressed in utility billings (with the breakdown between renewable and non-renewable sources, if available).⁵

24. The undertaking shall disclose its estimated gross GHG emissions in tons of CO₂ equivalents (tCO₂eq), including:

- a) The scope 1 GHG emissions in tCO₂-eq (from owned or controlled sources); and
- b) The scope 2 emissions in tCO₂-eq (generation of purchased energy).⁷

Disclosure B 4 – Pollution of air, water and soil

- 25. The undertaking shall disclose, if applicable, the pollutants it emits in its own operations to air, water and soil that it is required to report by law to competent authorities (e.g. under the Industrial Emissions Directive and the European Pollutant Release and Transfer Register) or required to report under an Environmental Management System such as EMAS.

Disclosure B 5 – Biodiversity

- 26. The undertaking shall disclose, if applicable, metrics related to its impacts on biodiversity and ecosystems and land use change.
- 27. The undertaking shall disclose the number and area (in hectares) of sites that it owns, that it has leased or that it manages, that are located in or near biodiversity sensitive areas.⁹
- 28. The undertaking may disclose metrics related to land-use change such as:
 - a) total use of land;
 - b) total sealed area;
 - c) total nature-oriented area on site; and
 - d) total nature-oriented area off site.

Disclosure B 6 – Water

- 29. The undertaking shall disclose its total water withdrawal, i.e. the amount of water that enters the undertaking's premises; in addition, the undertaking shall disaggregate the amount of water withdrawn at sites located in areas of high water stress.
- 30. If applicable, the undertaking shall disclose its water consumption, calculated as the difference between its water withdrawal and water discharge from its production processes.

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

⁷ Regulation (EU) 2019/2088 (SFDR) mandatory indicators #1 and #2 in Table 1 of Annex I ("GHG emissions"; Carbon footprint"); and Regulation (EU) 2020/1816 Benchmark Regulation, Articles 5 (1), 6 and 8 (1).

⁹ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #7 in Table 1 of Annex I ("Activities negatively affecting biodiversity-sensitive areas")

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

31. The undertaking shall disclose how it manages resource use and waste management practices and whether it applies circular economy principles.
32. The disclosure shall include:
 - a) if the undertaking operates manufacturing and/or packaging processes, a description of recycled goods and materials bought and sold (expressed in the metric system units commonly used by the undertaking for the specific type of product/good/material);
 - b) if the undertaking operates manufacturing and/or packaging processes, rates of recyclable content in the products and their packaging produced by the undertaking;
 - c) a description of the waste generation (expressed in the metric system units commonly used by the undertaking for the specific type of product/good/material); and
 - d) a description of the waste diverted to recycle or reuse (expressed in metric system units commonly used by the undertaking for the specific type of waste).

Social

Disclosure B 8 – Workforce – General characteristics

33. The undertaking shall disclose the number of employees in full-time equivalents¹¹ or head count broken down:
 - a) by gender;
 - b) by country; and
 - c) by type of employment contract (temporary and permanent).

Disclosure B 9 – Workforce - Health and Safety

34. The undertaking shall disclose:
 - a) the number of fatalities as a result of work-related injuries and work-related ill health;
 - b) the number and rate of recordable work-related accidents.

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

35. The undertaking shall disclose:
 - a) when a significant proportion of employees are compensated based on wages subject to minimum wage rules, the relevant ratio of the entry level wage to the minimum wage, at significant locations of operation;
 - b) the percentage gap in pay between its female and male employees. The pay gap is defined as the difference of average pay levels between female and male employees, expressed

¹¹ The calculation of full-time equivalent (FTE) is an employee's scheduled hours divided by the employer's hours for a full-time workweek.

as a percentage of the average pay level of male employees¹⁴. The undertaking may omit this disclosure when its headcount is below 150 employees.

c) the % of employees covered by collective bargaining agreements;

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

Business conduct

Disclosure B 11 – Convictions and fines for corruption and bribery

36. In case of convictions and fines in the reporting period, the undertaking shall disclose the number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws¹⁶.

Principles of Materiality to be applied for the Narrative and SF Modules

37. Issues that cover social, business conduct and/or environmental aspects identified in this context are named sustainability matters. This section explains how to identify those sustainability matters that are 'material', meaning relevant to be reported on.

38. Materiality refers to the significance to the undertaking of a sustainability matter and of information about this sustainability matter. Materiality analysis is the process to identify the sustainability matters that undertakings should report on. The undertaking is encouraged to use the list in Appendix B of this standard as guidance for the identification of its material sustainability matters. The materiality analysis does not apply to an undertaking that decides to only apply the Basic Module.

39. As part of its materiality assessment, the undertaking will assess impacts that it has or may have on people and the environment, as well as financial risks and opportunities that do or may derive from sustainability matters. Identifying which sustainability matters are material is needed particularly to minimize or avoid negative impacts. At the same time, it can help the undertaking to improve its products or services or to develop new ones that address environmental or social challenges. Understanding financial risks allows the undertaking to reduce operational costs, avoid fines, litigations or reputational damages.

40. When assessing whether a sustainability matter is to be reported, because it is material to the undertaking, two dimensions have to be considered, namely impact materiality and financial materiality. This is what is generally referred to as double materiality analysis.

Impact materiality

41. From an impact perspective, a sustainability matter is to be reported on when it gives rise to material impacts. This includes:

a) actual or potential impacts on people or on the environment over the short, medium, and long-term time horizons. An impact is actual when it is already happening. An impact is potential when it is likely to happen; and

¹⁴ Regulation (EU) 2019/2088 (SFDR) mandatory indicator #12 in Table 1 of Annex I ("Unadjusted gender pay gap") and (EU) 2020/1816 Benchmark Regulation (EU), indicator "Weighted average gender pay gap" in section 1 and 2 of Annex II.

¹⁶ Benchmark Regulation (EU) 2020/1816, indicator "Numbers of convictions and amount of fines for violations of anti-corruption and anti-bribery laws" in section 1 and 2 of Annex II.

- b) impacts connected with the undertaking's own business operations, products and services as well as through its business relationships, such as those that arise from the operations of suppliers.
42. To determine if an actual negative impact is material, the undertaking has to consider how severe the impact is on people and the environment. To determine if a potential negative impact is material, the undertaking has to consider the severity of the impact on people and the environment as well as the likelihood of that impact happening. Severity is based on:
- a) the scale, i.e., how grave the harm caused to people or to the environment is. (e.g., minor injury at work without day lost vs fatality at work; inadequate industrial waste disposal leading to soil pollution within a local facility vs leak of harmful chemicals in a river leading to severe damage of ecosystem and wildlife).
 - b) the scope: how widespread the harm caused to people or to the environment is; (e.g., number of people affected, square meters of contaminated land).
 - c) the irremediable character of the impact: whether and to what extent it is possible to remediate the harm caused to people or on the environment (e.g., restoration for contaminated land, affected people compensations).
43. The consideration of scale, scope and irremediability are meant to guide undertakings when analysing the severity of its impacts. undertakings are not expected to report on the details related to each of these three aspects.
44. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its probability.
45. Quantitative measures of impacts are the most objective evidence to assess their materiality. However, quantitative information is not always available or may result in additional costs. Therefore, qualitative analysis can be sufficient for the undertaking to reasonably conclude that a matter is material or not.

Financial materiality

46. From a financial perspective, a sustainability matter is material if it can materially influence the undertaking's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term time horizons. In addition to the undertaking's business operations, matters related to the undertaking's business relationships with other companies or stakeholders should also be considered.
47. Material impacts generated by the undertaking are generally a source of financial risks and opportunities. However, the undertaking shall also consider risks and opportunities that are not related to its material impacts.
48. Dependencies from natural and social resources may trigger effects in two ways:
- a) they may influence the undertaking's ability to continue to use or obtain the resources needed in its business processes, as well as the quality and pricing of those resources; and
 - b) they may affect the undertaking's ability to rely on business relationships on acceptable terms.
49. Financial materiality is analysed according to the probability and the potential size of the financial effects on the undertaking.

Stakeholders and their relevance to the materiality assessment process

50. Stakeholders are those individuals or groups of people who can exercise influence over the undertaking and/or be affected by the activities of the undertaking. There are two main groups of stakeholders:
- a) affected stakeholders: individuals or groups of people whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its business relationships; and
 - b) users of the sustainability statement: including investors, lenders, business partners, social partners and civil society organizations.

51. Some stakeholders may belong to both groups defined in paragraph XX. An undertaking may engage with stakeholders in its materiality assessment to find out which sustainability matters are the most important to them. In many cases, particularly micro enterprises will consider the views only of their most relevant stakeholders among the ones mentioned in paragraph XX.

Consolidating the impact and financial materiality perspectives

52. The final step of the materiality analysis is to consolidate the results of the impact materiality and financial materiality and obtain the list of material sustainability matters which will be included in the sustainability report: a sustainability matter can be material from an impact perspective or from a financial perspective or from both.

Narrative – Policies, Actions and Targets (PAT) Module

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

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

Disclosure N 2 – Material sustainability matters

54. The undertaking shall disclose the material sustainability matters resulting from its materiality assessment (see above) including a **brief description of each sustainability matter (listed according to par. XX)** and:
- a) how each matter affects people or the environment;
 - b) its actual and potential effects on the undertaking's present or future financial position and performance; and**
 - c) its actual and potential effects on the undertaking's activities and strategy.**

Disclosure N 3 – Management of material sustainability matters

55. The undertaking shall disclose how it manages its material sustainability matters, including:
- a) whether it has adopted policies or actions to (i.) prevent, (ii.) mitigate and (iii.) remediate actual and potential negative impacts and/or to address financial risks.
 - b) if the undertaking has policies in place, it shall describe:
 - i. the objectives of the policy and which material sustainability matters it addresses;
 - ii. the scope of the policy in terms of activities, value chain, countries in which the undertaking is active in;**
 - iii. if relevant, affected stakeholder groups addressed by the policy;
 - iv. if applicable, a reference to third-party standards or initiatives the undertaking commits to respect through the implementation of the policy; and
 - v. the targets the undertaking uses to monitor the implementation of the policy and the progress achieved;
 - c) if the undertaking has actions in place, it shall describe:
 - i. the list of key actions taken in the reporting year and planned for the future;

- ii. the scope of those actions (i.e., if they also address aspects in the value chain, if they are implemented in different location and geographies or which affected stakeholder groups they address);
- iii. the time horizon under which the undertaking intends to complete each key action. In particular, if material, the undertaking shall disclose the actions taken in the reporting period to improve its energy efficiency and to reduce its greenhouse gas emissions and the related possible implications in terms of risks and opportunities; and
- iv. the targets the undertaking uses to monitor the actions implemented and the progress achieved.

56. Where corruption or bribery is a material matter, the undertaking shall disclose whether it has the following in place to support the prevention of incidents of corruption or bribery:

a) separation of duties; and/or

b) training for its employees; and

c) any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery¹⁹.

Disclosure N 4 – Key stakeholders

57. If the undertaking engages with stakeholders, it may disclose:

- a) the categories of key stakeholders considered (the undertaking can use categories such as investors, lending banks/creditors, business partners, trade unions, Ngo); and
- b) a brief description of the engagement activities.

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

58. The undertaking shall describe:

- a) the governance and responsibilities in relation to sustainability matters. If applicable, this disclosure shall cover roles and responsibilities of the highest governance body or of the individual(s) in charge of managing sustainability matters within the undertaking; and
- b) if there is a governance body, the related gender diversity ratio²⁰.

¹⁹ Regulation (EU) 2019/2088 (SFDR) additional indicator #17 in Table 3 of Annex I (“Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery); and (EU) 2020/1816 Benchmark Regulation, indicator “Numbers of convictions and amount of fines for violation of anti-corruption and anti-bribery laws” in section 1 and 2 of Annex II.

²⁰ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #13 in Table 1 of Annex 1 (“Board gender diversity”)

Sustainable Finance (SF) Module

- 59. This module provides additional datapoints in relation to the information that is generally needed by business partners, investors, and lenders of the undertaking. They are based upon the data requests that the undertaking receives or is likely to receive from lenders, investors and counterparties that are counterparties in the value chain. In relation to the information needs of financial market participants, these additional datapoints reflect their respective obligations under relevant laws and regulations. They are also relevant for business partners when they assess the sustainability profile of the undertaking as supplier or potential supplier.
- 60. In this module, the materiality analysis described above is required.
- 61. The table below provides the list of disclosures to be considered and reported upon if material, following the materiality analysis performed by the undertaking. When not reported upon, a disclosure shall be assumed to be “not material” for the undertaking.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
Governance	<p>Disclosure SF 1 – Revenues from certain sectors 1. The SME shall include where applicable, a statement indicating, together with the related revenues, that the undertaking is active in:</p> <p>i. controversial weapons such as anti-personnel mines, cluster munitions, chemical weapons and biological weapons; and / or</p>	<p>SFDR #14 ESRS 2 par. 40 d) iii</p>	<p>Benchmark</p>
	<p>ii. the cultivation and production of tobacco; and/or</p>		<p>EBA Pillar 3 Benchmark ESRS 2 par. 40 d) iv</p>
	<p>iii. fossil fuel (coal, oil and gas) sector (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 Council¹⁷), including a disaggregation of revenues derived from coal, from oil and from gas)^{**}; and/or</p> <p>^{**} The Taxonomy part of this Disclosure was explicitly excluded in the methodological approach from the Sustainable Finance (SF) Module of VSME.</p>	<p>SFDR # 4 ESRS 2 par. 40 d) i</p>	<p>EBA Pillar 3 Benchmark</p>

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
	iv. chemicals production, i.e., its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006;		Benchmark
Environment	<p>Disclosure SF 4 – GHG emissions reduction target</p> <p>If the SME has set GHG emission reduction targets, it shall provide its GHG emission reduction targets for (i) scope 1 emissions; (ii) scope 2 emissions and (iii) scope 3 emissions.</p>		<p>Benchmark</p> <p>E1 par. 34</p>
Environment	<p>Disclosure SF 5 – Transition plan for climate change mitigation</p> <p>If applicable, the SME shall provide information about its transition plan for climate mitigation with an explanation of how GHG emission reduction targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement.</p>		<p>Benchmark</p> <p>E1 par. 14</p>
Environment	<p>Disclosure SF 6 – Sector EU Paris Aligned Benchmarks</p> <p>If applicable, the SME shall include a disclosure on whether or not the SME is excluded from the EU Paris-aligned Benchmarks [LIST OF SECTORS TO BE ADDED IN FOOTNOTE].</p>		<p>EBA Pillar 3 Benchmark</p> <p>E1 par. 16 g)</p>

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
Environment	<p>Disclosure SF 7 – Energy consumption intensity per high impact climate sector</p> <p>If applicable, the SME shall provide information about its energy intensity, i.e. net revenue from activities in high climate impact sectors [LIST OF SECTORS TO BE ADDED IN FOOTNOTE] divided by the total energy consumption.</p> <p>If the SME is active in high climate impact sectors, it can disclose its energy intensity within these sectors.</p> <p>If applicable, the SME shall explain how the net revenues from activities in high climate impact sector relate to the relevant line item or notes in the financial statements.</p>	<p>SFDR</p> <p># 6</p> <p>E1 par. 40-43</p>	
Environment	<p>Disclosure SF 8 – GHG intensity of investee companies</p> <p>If applicable, the SME shall disclose its GHG intensity, i.e. total GHG emissions in metric tonnes of CO₂eq divided by total net revenue. The SME shall explain how the net revenue relates to the relevant line item or notes in the financial statements.</p>	<p>SFDR</p> <p># 3</p> <p>E1 par. 53-55</p>	Benchmark
Environment	<p>Disclosure SF 9 – Physical Risks from climate change</p> <p>If applicable, the SME disclose the anticipated financial effects that physical risks from climate change may have on the company. In particular:</p> <p>(i) the monetary amount and the percentage of the SME's total assets that can be subjected to material physical risks over the short, the medium and the long-term, before considering climate change adaptation actions disaggregated by acute and chronic physical risk;</p> <p>ii) the proportion of assets at material physical risk addressed by the climate</p>		<p>Benchmark EBA Pillar 3</p> <p>E1 par. 66 and 67 c)</p>

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
	<p>change adaptation actions;</p> <p>ii) the location of the significant assets affected by material physical risks;</p> <p>iii) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term;</p> <p>(iii) the breakdown of the SME's carrying value of its real estate assets, by energy efficiency classes.</p>		
Environment	<p>Disclosure SF 10 – Climate related opportunities</p> <p>If applicable, the SME shall disclose its potential to benefit from material climate-related opportunities. In disclosing it, the SME shall consider:</p> <p>i. its expected cost savings from climate change mitigation and adaptation actions; and</p> <p>ii. the potential market size or expected changes to net revenue from low-carbon products and services or other adaptation solutions to which the SME has or may have access.</p>		<p>Benchmark</p> <p>E1 par. 69</p>
Environment	<p>Disclosure SF 11 – Hazardous waste and radioactive waste ratio</p> <p>If applicable, the SME shall disclose the total amount of hazardous waste and radioactive waste generated (radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom39).</p>	<p>SFDR</p> <p># 9</p> <p>E5 39</p>	
Social	<p>Disclosure SF 12: Alignment with internationally recognised instruments</p> <p>The undertaking shall disclose whether its policies with regard to its own workforce are aligned with relevant internationally recognised instruments,</p>		<p>Benchmark</p> <p>S1, para 21</p>

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
	including the UN Guiding Principles on Business and Human Rights.		
Social	<p>Disclosure SF 13: Policies to address and mechanisms to communicate violations</p> <p>The undertaking shall disclose whether it has policies to address violations or a complaints mechanism in place for its own workforce to communicate violations of the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles, including the principles and rights set out in the eight fundamental conventions identified in the ILO Declaration and the International Bill of Human Rights.</p>	<p>SFDR #11</p> <p>S1, para 20</p>	
Social	<p>Disclosure SF 14 – Violations of OECD Guidelines for Multinational Enterprises or the UN Guiding Principles (including the principles and rights set out in the 8 fundamental conventions of the ILO Declaration and the International Bill of Human Rights)</p> <p>If applicable, the undertaking shall disclose whether there have been any violations of the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises during the reporting year.</p>	<p>SFDR #10</p> <p>S1, para 104(a)</p>	Benchmark
Social	<p>Disclosure SF 14 – Workforce – Work-life balance (*)</p> <p>The SME shall disclose the percentage of employees:</p> <ul style="list-style-type: none"> (i) entitled to take family-related leave, with a breakdown by gender; and (ii) that took family-related leave, with a breakdown by gender. <p>Family-related leave includes maternity, paternity, parental, and carers' leave.</p>		

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
Social	<p>Disclosure SF 15 – Placements for apprentices (*)</p> <p>The SME shall disclose: (i) whether it has issued placements for trainees or apprentices in the reporting year</p>		

* These datapoints were inserted in this module to be questioned in outreach events.

- For clarification, the following datapoints which are related to SF requirements are already included in other Modules and are therefore identified under a double disclosure reference:

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
Governance	<p>2. Disclosure PAT 5 - Responsibilities in relation to sustainability matters</p> <p>The SME shall describe:</p> <p>b) if there is a governance body, the related gender diversity ratio³⁷.</p>	<p>SFDR</p> <p># 13 ESRS2 par. 21 d)</p>	Benchmark
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>3. The SME shall disclose its total energy consumption related to own operations in MWh, with a breakdown between:³⁸</p> <p>a) fossil fuels; and b) electricity, as expressed in utility billings (with the breakdown between renewable and non-renewable sources, if available).³⁹</p>	<p>SFDR</p> <p># 5 E1 par. 38</p>	
Environment	<p>Disclosure B 3 – Energy and greenhouse gas emissions</p> <p>4. The SME shall disclose its estimated gross GHG emissions in tons of CO2 equivalents (tCO2eq), including:</p>	<p>SFDR</p> <p># 1 and 2 E1 par. 44</p>	Benchmark

³⁷ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #13 in Table 1 of Annex 1 (“Board gender diversity”)

³⁸ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #5 in Table 1 of Annex I (“Share of non-renewable energy consumption and production”).

³⁹ Regulation (EU) 2019/2088 (SFDR), mandatory indicator #5 in Table 1 of Annex I (“Share of non-renewable energy consumption and production”)

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
	a) The scope 1 GHG emissions in tCO ₂ -eq (<u>from owned or controlled sources</u>); and b) The scope 2 emissions in tCO ₂ -eq (generation of purchased energy). ⁴⁰		
Environment	<p>Disclosure B 4 – Pollution of air, water and soil</p> <p>5. The SME shall disclose, if applicable, the amount of each pollutants it emits to air, water and soil listed in Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council⁶⁴ (European Pollutant Release and Transfer Register “E-PRTR Regulation”) emitted to air, water and soil, with the exception of emissions of GHG.</p>	<p>SFDR # 8 E 2 par. 28</p>	
Environment	<p>Disclosure B 5 - Biodiversity</p> <p>The SME shall disclose the number and area (in hectares) of sites that it owns, that it has leased or that it manages, that are located in or near biodiversity sensitive areas, if applicable.</p>	<p>SFDR # 7 E4 16 a) i</p>	
Social	<p>Disclosure B 8 – Workforce – Health and safety</p> <p>6. The SME shall disclose:</p> <ul style="list-style-type: none"> a) the number of fatalities as a result of work-related injuries and work-related ill health; b) the number and rate of recordable work-related accidents. 		<p>Benchmark S1 para 88(b), (c)</p>
Social	<p>7. Disclosure B 9 – Workforce – Remuneration, collective bargaining, and training</p> <p>8. The SME shall disclose:</p> <ul style="list-style-type: none"> b) the percentage gap in pay between its female and male employees. The pay gap is defined as the difference of average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees⁴¹. The SME may omit this disclosure when its headcount is below 150 employees. 	<p>SFDR #12 S1, para 97(a)</p>	<p>Benchmark</p>

⁴⁰ Regulation (EU) 2019/2088 (SFDR) mandatory indicators #1 and #2 in Table 1 of Annex I (“GHG emissions”; Carbon footprint”); and Regulation (EU) 2020/1816 Benchmark Regulation, Articles 5 (1), 6 and 8 (1).

⁴¹ Regulation (EU) 2019/2088 (SFDR) mandatory indicator #12 in Table 1 of Annex I (“Unadjusted gender pay gap”) and (EU) 2020/1816 Benchmark Regulation (EU), indicator “Weighted average gender pay gap” in section 1 and 2 of Annex II.

Topic: Environment / Social / Governance	DR number and Title	SFDR Table 1	EBA Pillar 3 and/or Benchmark Regulation
Governance	<p>Disclosure B 10 – Convictions and fines for corruption and bribery</p> <p>In case of convictions and fines in the reporting period, the SME shall disclose the number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws .</p>		<p>Benchmark G1 par. 24 a)</p>

Guidance on Environment Metrics

Disclosure B 3 – Energy and greenhouse gas emissions

Scope 1 emissions calculation guidance

Scope 1 emissions are direct greenhouse (GHG) emissions that occur from sources that are controlled or owned by an organization. Typical Scope 1 emissions include CO₂ (and CH₄ and N₂O) emissions associated with fuel combustion (for example in boilers, furnaces, vehicles, etc), as well as fugitive emissions from air conditioning and industrial processes.

Emissions associated with combustion can be calculated by the expression:

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

Where

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

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

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

GWP_{GHG} is the Global Warming Potential of the GHG (CO₂, CH₄ or N₂O).

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

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

$$Emissions_{GHG,Fuel} = [Volume * Calorific\ Value]_{Fuel} * EF_{GHG,Fuel} * GWP_{GHG}$$

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

The Global Warming Potential is derived – as per AR39 d) of E1 – from the latest list published by the IPCC. In this case, the list is the one in AR6 (see question below).

Documentation Sources:

<i>Data</i>	<i>Documentation Source</i>
Activity data	fuel purchase receipts, purchase records, or through direct measurement at the combustion device.
Emissions Factors (EF):	
Fuel	ADEME – Bilant Carbonne https://base-empreinte.ademe.fr/ IPCC – Emissions Factor Database

https://www.ipcc-nggip.iges.or.jp/EFDB/find_ef.php?reset=

IPCC – Guidelines for National Greenhouse Gas Inventories

[Microsoft Word - V2_Ch2_Stationary_Combustion_Final.doc \(iges.or.jp\)](https://www.ipcc-nggip.iges.or.jp/Microsoft_Word_-_V2_Ch2_Stationary_Combustion_Final.doc)

Global Warming Potential (GWP) IPCC – Global Warming Potential p. 16

https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter07_SM.pdf

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

Example

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

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

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

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

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

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

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

Global Warming Potentials for CH₄ and N₂O are derived from [IPCC's 6th Assessment Report, Chapter 7SM](#)⁴², as per E1.AR39(d).

⁴² Smith, C., Z.R.J. Nicholls, K. Armour, W. Collins, P. Forster, M. Meinshausen, M.D. Palmer, and M. Watanabe, 2021: The Earth's Energy Budget, Climate Feedbacks, and Climate Sensitivity Supplementary Material. In Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Available from <https://www.ipcc.ch/>.

Disclosure B 3 – Energy and greenhouse gas emissions

Scope 2 emissions calculation guidance

Scope 2 emissions are indirect greenhouse (GHG) emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company. Scope 2 includes emissions from electricity, heat, steam and cooling purchased or acquired and consumed by the reporting company.

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

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

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

Where:

$$Emissions_{GHG}$$

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

$$Activity\ Data$$

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

$$EF_{GHG,Energy}$$

is the Emission Factor for the production of electricity (heat, steam or colling). The units of the EF need to be consistent with the units of the Activity data;

Example

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

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

Documentation Sources:

<i>Data</i>	<i>Documentation Source</i>
Activity data	Purchase receipts or utility bills, contract purchase or firm purchase records
Emissions Factors (EF):	
Europe Grid electricity	Association of Issuing Bodies (AIB) – Residual Mix Grid Emission Factors https://www.aib-net.org/facts/european-residual-mix
	ADEME – Bilant Carbonne https://base-empreinte.ademe.fr/
	JRC – Historical GHG emissions factor for electricity consumption https://data.jrc.ec.europa.eu/dataset/919df040-0252-4e4e-ad82-c054896e1641#dataaccess

VSME ESRS ED

Life-cycle electricity production emission factors
<https://www.nowtricity.com/>

USEPA GHG emission factors Hub

<https://www.epa.gov/climateleadership/ghg-emission-factors-hub>

North America
electricity

Grid

Government of Canada

https://publications.gc.ca/collections/collection_2023/eccc/En84-294-2023-eng.pdf

IEA's Annual GHG emission factors for World countries from electricity and heat generation (2022 data set, paid data set)

<https://www.iea.org/data-and-statistics/data-product/emissions-factors-2022#emissions-factors>

Other regions/Global

Global Warming Potential (GWP)

IPCC – Global Warming Potential (GWP-100) p. 16

https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter07_SM.pdf

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Disclosure B 4 – Pollution of air, water and soil

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

Paragraph XX establishes that, if applicable, undertakings shall disclose in their voluntary sustainability report the pollutants they emit in their own operations to air, water and soil in the case that such reporting is required by law to competent authorities or under an Environmental Management System such as EMAS.

In general, this requirement is expected to apply to undertakings that are owners or operators of one industrial installation covered by the [Industrial Emissions Directive](#) (IED). The IED applies to some 52,000 installations in Europe covering activities such as burning fuel in boilers with rated power of more than 50 MW, metal foundries, processing of non-ferrous metals, production of lime, manufacture of ceramic products by firing, production of plant protection products or biocides, tanning of hides, slaughterhouses, etc. In these cases, the installation already has to report to the competent authority the pollutants released to air, water and soil, to the [European Pollutant Release and Transfer Register \(E-PRTR\)](#).

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

Disclosure B 5 – Biodiversity

Guidance on how to calculate and report land use changes

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

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

Documentation Sources:

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

Disclosure B 6 – Water

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

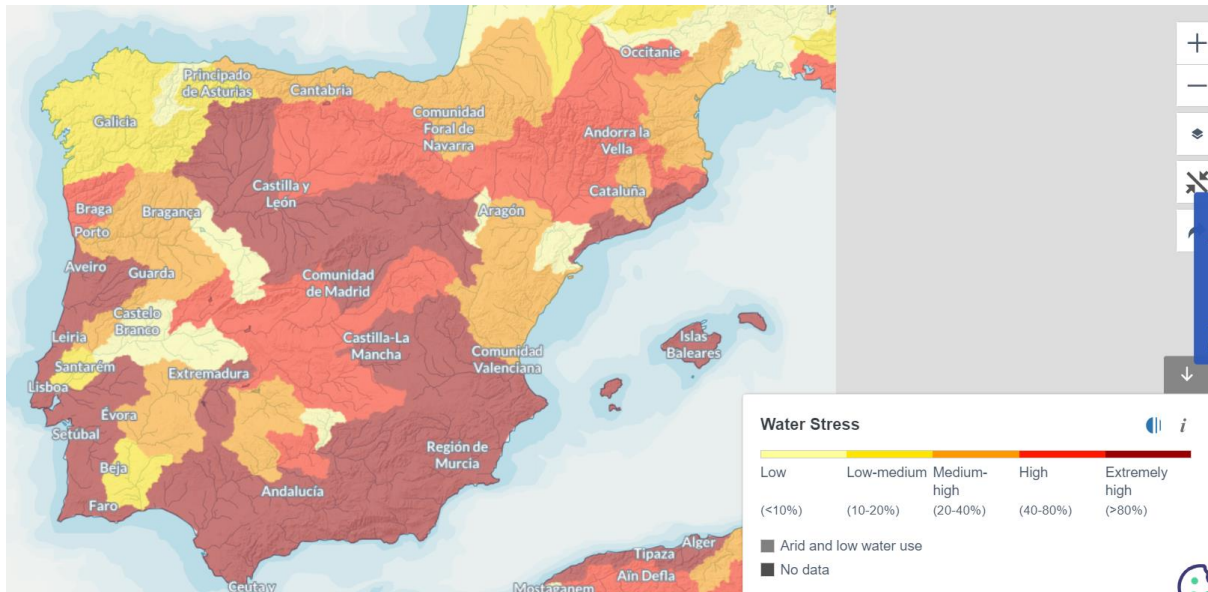
Water withdrawal relates to the amount of water an undertaking draws into its organizational boundaries from any source during the reporting period. In practice, for most undertaking, this relates to the amount of water taken from the public water supply network as indicated in the utility bills. However,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

Water consumption is the amount of water drawn into the boundaries of the undertaking that is not discharged or planned to be discharged back to the water environment or to a third party. This typically relates to water evaporated – e.g. in thermal energy processes, like drying or power production -, water embedded into the products – e.g. in food production -, or water for irrigation purposes – e.g. in agriculture or for watering company premises. Discharge to third parties means the amount of water transferred, for example, directly to receiving water bodies such as lakes or rivers, the public sewer or to other companies for cascading water use. Water consumption can therefore be calculated by deducting the amount of water discharged from the amount of water withdrawals. Collected rainwater can be considered in the calculation. For undertakings which solely withdraw water from the public water network and discharge it to the sewer, water consumption will be close to zero and can therefore be omitted in reporting.

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

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

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



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

Disclosure B 7- Resource use, circular economy and waste management

Guidance on circular economy principles

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

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

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

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

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

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

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

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

Appendix A: Defined terms [upload in a separate document to follow]

Appendix B: List of sustainability matters used for materiality assessment

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

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

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

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