



LOG OF AMENDMENTS

ESRS E1

CLIMATE CHANGE



DECEMBER 2025

 EFRAG

Log of Amendments by Standard –ESRS E1 *Climate Change*

Annex to the Basis for Conclusions accompanying the draft amended ESRS – Illustration of the Amendments

Introduction

1. **This document complements and should be read in conjunction with the Basis for Conclusions where a summarised description of the main changes to individual Standards can be found.**
2. This document illustrates the amendments at paragraph level in draft amended ESRS 1 *Climate Change*.
3. The starting point is the text of the ESRS as enacted in 2023, with each paragraph listed and numbered in Column 1.
4. A markup of amendments is provided in Column 2 including text added or removed. Text added has been underlined in Column 2. Text deleted is marked as strikethrough (~~strikethrough~~) in Column 2. Where text is unchanged this is also included (no change to text) including where there is no change to the DR.
5. The last column includes a summary of changes made to the DR using the following terminology: Amended, Unchanged, Merged, Moved, New or Deleted.
6. The last column also includes explanations and rationale for changes useful to gain an understanding of why text or DRs have been amended.

Objective	Objective	
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	Comment/Explanation
1. The objective of this Standard is to specify Disclosure Requirements which will enable users of sustainability statements to understand:	1. The objective of this Standard is to specify Disclosure Requirements which will enable users of sustainability statements to understand: shall include information in relation to ESRS E1 <i>Climate Change</i> , if this topic relates to material impacts, risks and opportunities to cover all the reporting areas listed in paragraph 5 of ESRS 1 <i>General Requirements</i> . If not all the sub-topics prescribed by this Standard are to be reported following the materiality assessment , paragraph 30 of ESRS 1 <i>General Requirements</i> applies.	[AMENDED] Merged and streamlined paragraphs 1(a), 1(b), 1(c), 1(d) and 1(e) (as enacted in 2023) for conciseness and highlighted interaction with ESRS 1 <i>General Requirements</i>
(a) how the undertaking affects climate change, in terms of material positive and negative actual and potential impacts	(a) how the undertaking affects climate change, in terms of material positive and negative actual and potential impacts	[AMENDED, MOVED] Streamlined into paragraph 1 above for conciseness.
(b) the undertaking's past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and compatible with limiting global warming to 1.5°C;	(b) the undertaking's past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and compatible with limiting global warming to 1.5°C;	[DELETED] In line with the overall streamlining of the E1 objective.
(c) the plans and capacity of the undertaking to adapt its strategy and business model, in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;	(c) the plans and capacity of the undertaking to adapt its strategy and business model, in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;	[AMENDED, MOVED] Streamlined into paragraph 1 above for conciseness.
(d) any other actions taken by the undertaking, and the result of such actions to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;	(d) any other actions taken by the undertaking, and the result of such actions to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;	[AMENDED, MOVED] Same as above
(e) the nature, type and extent of the undertaking's material risks and opportunities arising from the undertaking's impacts and dependencies on climate change, and how the undertaking manages them; and	(e) the nature, type and extent of the undertaking's material risks and opportunities arising from the undertaking's impacts and dependencies on climate change, and how the undertaking manages them; and	[AMENDED, MOVED] Same as above

(f) the financial effects on the undertaking over the short-, medium- and long-term of risks and opportunities arising from the undertaking's impacts and dependencies on climate change.	(f) the financial effects on the undertaking over the short-, medium- and long-term of risks and opportunities arising from the undertaking's impacts and dependencies on climate change.	[AMENDED, MOVED] Same as above
	2. The objective of this Standard is to set out Disclosure Requirements (DRs) providing information in relations to the reporting areas referred above that implement and complement the cross-cutting provisions o ESRS 1 <i>General Requirements</i> and ESRS 2 <i>General Disclosures</i> .	[NEW] Specification introduced across topical standards to highlight interaction with ESRS 1 <i>General Requirements</i> and ESRS 2 <i>General Disclosures</i> .
	3. In this Standard, each DR is introduced by a disclosure objective except for <i>policies, actions</i> and <i>targets</i> , for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.	[NEW] Specification introduced across topical standards to highlight interaction with ESRS 2 <i>General Disclosures</i> .
2. The Disclosure Requirements of this Standard take into account the requirements of related EU legislation and regulation (i.e., EU Climate Law [30], Climate Benchmark Standards Regulation [31], Sustainable Finance Disclosure Regulation (SFDR) [32], EU Taxonomy [33], and EBA Pillar 3 disclosure requirements [34]).	2. The Disclosure Requirements of this Standard take into account the requirements of related EU legislation and regulation (i.e., EU Climate Law [30], Climate Benchmark Standards Regulation [31], Sustainable Finance Disclosure Regulation (SFDR) [32], EU Taxonomy [33], and EBA Pillar 3 disclosure requirements [34]). 4. This Standard takes into account the EU regulatory frameworks and other relevant frameworks, including the EU Climate Law (Regulation (EU) 2021/1119), the Climate Benchmark Standards Regulation (Regulation (EU) 2020/1818), the Sustainable Finance Disclosure Regulation (SFDR) (Regulation (EU) 2019/2088), the EU Taxonomy Regulation (Regulation (EU) 2020/852) and so-called 'Pillar 3' disclosures under the Capital Requirements Regulation (Regulation (EU) 2022/2453).	[AMENDED] Substance unchanged – minor editorial amendments, closer specification of legal references.
3. This Standard covers Disclosure Requirements related to the following sustainability matters: "Climate change mitigation" and "Climate change adaptation". It also covers energy-related matters, to the extent that they are relevant to climate change.	35. This Standard covers sets out Disclosure Requirements related to climate change, particularly, with respect to the following sub-topics: the following sustainability matters: "Climate change mitigation" and "Climate change adaptation". It also covers energy related matters, to the extent that they are relevant to climate change. <i>climate change mitigation, climate change adaptation</i> and <i>energy</i> .	[AMENDED] Streamlined.

4. Climate change mitigation relates to the undertaking's endeavours to the general process of limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels in line with the Paris Agreement. This Standard covers disclosure requirements related but not limited to the seven Greenhouse gases (GHG) carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂ O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF ₆) and nitrogen trifluoride (NF ₃). It also covers Disclosure Requirements on how the undertaking addresses its GHG emissions as well as the associated transition risks.	6. 4. Climate change mitigation relates to the undertaking's endeavours efforts to the general process of limiting the increase in the global average temperature to 1,5 °C above pre-industrial levels in line with the Paris Agreement and the objectives of the European Climate Law (Regulation (EU) 2021/1119). This Standard covers DRs related to how the undertaking addresses its GHG emissions as well as the associated transition risks. disclosure requirements related but not limited to the seven Greenhouse gases (GHG) carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). It also covers Disclosure Requirements on how the undertaking addresses its GHG emissions as well as the associated transition risks.	[AMENDED] Reference to European Climate Law added for improving alignment with regulations. Minor editorial amendments.
5. Climate change adaptation relates to the undertaking's process of adjustment to actual and expected climate change.	7.5. Climate change adaptation relates to the undertaking's process of adjustment to actual and expected consequences of climate change. This Standard covers DRs related to climate-related hazards that may lead to physical climate risks for the undertaking and its adaptation solutions for reducing these risks. It also covers transition risks stemming from the need to adapt to climate-related hazards.	[AMENDED] Merging of paragraphs 5 and 6 (as enacted in 2023), with minor editorial amendments.
6. This Standard covers Disclosure Requirements regarding climate-related hazards that can lead to physical climate risks for the undertaking and its adaptation solutions to reduce these risks. It also covers transition risks arising from the needed adaptation to climate- related hazards.	6. This Standard covers Disclosure Requirements regarding climate-related hazards that can lead to physical climate risks for the undertaking and its adaptation solutions to reduce these risks. It also covers transition risks arising from the needed adaptation to climate- related hazards.	[AMENDED, MOVED] Integrated in amended paragraph 7, with minor editorial amendments.
7. The Disclosure Requirements related to "Energy" cover all types of energy production and consumption.	87. The <u>DRs</u> Disclosure Requirements related to <u>energy</u> "Energy" cover all types of energy production and consumption.	[AMENDED] Substance unchanged – minor editorial amendments.

Interactions with other ESRS	Interactions with other ESRS	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
	9. Social and environmental topics interact with each other. The main points of interaction between ESRS E1 <i>Climate Change</i> and the other topical standards are the following:	[NEW] Introductory sentence as part of the streamlining of this section.
8. Ozone-depleting substances (ODS), nitrogen oxides (NOX) and sulphur oxides (SOX), among other air emissions, are connected to climate change but are covered under the reporting requirements in ESRS E2.	(a) ESRS E1 <i>Climate Change</i> covers, but is not limited to, the seven GHGs: CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ and NF ₃ . ESRS E2 <i>Pollution</i> addresses 8. Ozone-depleting substances (ODS), nitrogen oxides (NO_x) and sulphur oxides (SO_x), among other air emissions, that are connected to climate change; but are covered under the reporting requirements in ESRS E2.	[AMENDED] Reference to types of GHG emissions were added to help better contextualise the scope of each Standard- GHG emissions in ESRS E1 and air emissions in E2.
9. Impacts on people that may arise from the transition to a climate-neutral economy are covered under the ESRS S1 Own workforce, ESRS S2 Workers in the value chain, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.	(c) 9. Impacts on people that may arise from the transition to a climate-neutral economy are covered under the ESRS S1 <i>Own workforce</i> , ESRS S2 <i>Workers in the value chain</i> , ESRS S3 <i>Affected communities</i> and ESRS S4 <i>Consumers and end-users</i> .	[UNCHANGED] Maintained since it explains the interactions in terms of impacts on people.
10. Climate change mitigation and adaptation are closely related to topics addressed in particular in ESRS E3 Water and marine resources and ESRS E4 Biodiversity and ecosystems. With regard to water and as illustrated in the table of climate- related hazards in AR 11, this standard addresses acute and chronic physical risks which arise from the water and ocean-related hazards. Biodiversity loss and ecosystem degradation that may be caused by climate change are addressed in ESRS E4 Biodiversity and ecosystems.	(b) 10. Climate change mitigation and climate change adaptation are closely related to topics addressed in particular in ESRS E3 <i>Water and marine resources</i> and ESRS E4 <i>Biodiversity and ecosystems</i> . <u>ESRS E1 <i>Climate Change</i> With regard to water and as illustrated in the table of climate- related hazards in AR 11, this standard addresses, among other things, acute and chronic physical risks which arise arising from the water and ocean-related hazards. ESRS E1 <i>Climate Change</i> also addresses GHG emissions from the use of natural resources, land-use and land-use change as well as removals of GHG from the atmosphere, for example through nature-based solutions. Biodiversity loss and ecosystem degradation that may be caused or accelerated by climate change are addressed in ESRS E4 <i>Biodiversity and ecosystems</i>.</u>	[AMENDED] Name of the E3 Standard has been updated. Table in AR11 has been deleted, and the first half of the second sentence seemed less necessary for explaining the interaction with water hazards. Additional sentence of GHG emissions from land-use change and nature-based solutions has been added. This was omitted in the original text but was an important dimension for illustrating interactions with other Standards.

11. This Standard should be read and applied in conjunction with ESRS 1 General requirements and ESRS 2 General disclosures.	11. This Standard should be read and applied in conjunction with ESRS 1 General requirements and ESRS 2 General disclosures.	[DELETED] Replaced by new Objective part.
12. As per ESRS 2 MDR-PAT the undertaking shall disclose its policies (as well as related actions and targets) together with a description of the material climate-related impacts, risks, and opportunities they are intended to address. Where such descriptions are provided elsewhere in the sustainability statement — for example, in the overview required by ESRS 2 SBM-3 — the undertaking may cross-reference that section to avoid duplication.	12. As per ESRS 2 MDR-PAT the undertaking shall disclose its policies (as well as related actions and targets) together with a description of the material climate-related impacts, risks, and opportunities they are intended to address. Where such descriptions are provided elsewhere in the sustainability statement — for example, in the overview required by ESRS 2 SBM-3 — the undertaking may cross-reference that section to avoid duplication.	[DELETED] Streamlined.

GOV-3 - Integration of sustainability-related performance in incentive schemes	GOV 3 — Integration of sustainability related performance in incentive schemes	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
13. The undertaking shall disclose whether and how climate-related considerations are factored into the remuneration of members of the administrative, management and supervisory bodies , including if their performance has been assessed against the GHG emission reduction targets reported under Disclosure Requirement E1-4 and the percentage of the remuneration recognised in the current period that is linked to climate related considerations, with an explanation of what the climate considerations are.	13. The undertaking shall disclose whether and how climate-related considerations are factored into the remuneration of members of the administrative, management and supervisory bodies, including if their performance has been assessed against the GHG emission reduction targets reported under Disclosure Requirement E1-4 and the percentage of the remuneration recognised in the current period that is linked to climate related considerations, with an explanation of what the climate considerations are.	[DELETED] Moved to ESRS 2 in line with the approach for general disclosures.

Disclosure Requirement E1-1 – Transition plan for climate change mitigation	Disclosure Requirement E1-1 – Transition plan for climate change mitigation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
14. The undertaking shall disclose its transition plan for climate change mitigation [35].	14. The undertaking shall disclose its transition plan for climate change mitigation [35].	[DELETED] Provision deemed redundant given amended para. 11.

<p>15. The objective of this Disclosure Requirement is to enable an understanding of the undertaking's past, current, and future mitigation efforts to ensure that its strategy and business model are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5 °C in line with the Paris Agreement and with the objective of achieving climate neutrality by 2050 and, where relevant, the undertaking's exposure to coal, oil and gas-related activities.</p>	<p>105. The objective of this Disclosure Requirement<u>DR</u> is to enable an understanding of the undertaking's past, current, and future mitigation efforts to ensure that its strategy and business model are compatible with the transition to a sustainable economy, and with the limiting of global warming to 1.5-°C in line with the Paris Agreement and with the objectives of the European Climate Law (Regulation (EU) 2021/1119), including achieving climate neutrality by 2050 and, where relevant, the undertaking's exposure to coal, oil and gas-related activities.</p>	<p>[AMENDED] Reference to EU Climate Law added to ensure alignment with regulations. Removal of last line as redundant with amended para. 11(b).</p>
<p>16. The information required by paragraph 14 shall include:</p>	<p>116. The information <u>about the transition plan for climate change mitigation</u> required by paragraph 14 shall include:</p>	<p>[AMENDED] Editorial amendment.</p>
<p>a. by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;</p>	<p>(a) <u>-a description of its key features. This includes by reference to GHG emission reduction targets, the decarbonisation levers, key actions, investments and funding needed to support the implementation of the plan, the approval of the plan by the administrative, management and supervisory bodies, and how the plan is embedded in and aligned with the undertaking's overall business strategy. It shall also include information on how the undertaking's strategy and business model are or will be (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible, pursuant to the implementation of the plan, with the limiting of global warming to 1.5°C in line with</u></p>	<p>[AMENDED] Simplified and streamlined DR by consolidating a number of items in para. 16 (namely 16 (a), (b) (c), (h) and (i)) (as enacted in 2023), in favour of an overarching narrative disclosure encompassing key features of the transition plan ('TP'). With regards to the compatibility aspect, the language has been amended to reflect DR objective.</p>

	the Paris Agreement and with the EU's objective of achieving climate neutrality by 2050;	
b. by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation of the decarbonisation levers identified, and key actions planned, including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain;	(b) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation of the decarbonisation levers identified, and key actions planned, including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain;	[AMENDED, MOVED] Moved to amended para. 11(a) and AR 2(b), with minor editorial amendments.
c. by reference to the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation and quantification of the undertaking's investments and funding supporting the implementation of its transition plan , with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178;	(c) by reference to the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation and quantification of the undertaking's investments and funding supporting the implementation of its transition plan, with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178;	[AMENDED, MOVED] Content amended and moved to amended para. 11(a) and amended AR 2(c). Requirement related to investment and funding was moved to amended AR 2(c). Stakeholders highlighted the importance of maintaining quantitative figures to clearly demonstrate commitment to the TP and allow for comparability. A link to GDR-A has also been included in amended AR 2(c) to support disclosure of financial resources, and to simplify the DR. Stakeholders expressed mixed views on provisions linked to the EU taxonomy. It was decided to remove the mandatory requirement to reference taxonomy-aligned KPIs.
d. a qualitative assessment of the potential locked-in GHG emissions from the undertaking's key assets and products. This shall include an explanation of if and how these emissions may jeopardise the achievement of the undertaking's GHG emission reduction targets and drive transition risk , and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy-intensive assets and products;	(d) a qualitative assessment and explanation of how of the potential locked-in GHG emissions from the undertaking's key <u>physical</u> assets and products. This shall include an explanation of if and how these emissions may jeopardise the achievement of the <u>plan</u> undertaking's GHG emission reduction targets and drive transition risk, and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy-intensive assets and products; and	[AMENDED] Stakeholder feedback indicates split views on the matter of locked-in emissions. Suggestions to delete, to make voluntary, to provide guidance, but also to maintain the disclosure were received. Qualitative assessment was retained with some editorial simplifications. The term 'physical' was included in consideration to feedback that locked-in emissions is not relevant to financial assets.
e. for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy	(e) for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation	[DELETED]

Regulation, an explanation of any objective or plans (CapEx, CapEx plans, OpEx) that the undertaking has for aligning its economic activities (revenues, CapEx, OpEx) with the criteria established in Commission Delegated Regulation 2021/2139 [36];	of any objective or plans (CapEx, CapEx plans, OpEx) that the undertaking has for aligning its economic activities (revenues, CapEx, OpEx) with the criteria established in Commission Delegated Regulation 2021/2139 [36];	As explained above for para. 16(c) (as enacted in 2023), input from stakeholders revealed mixed views on provisions linked to the EU Taxonomy. It was decided to remove the references to this regulation.
f. if applicable, a disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas-related economic activities; [37] [37] The CapEx amounts considered are related to the following NACE codes: (a) B.05 Mining of coal and lignite, B.06 Extraction of crude petroleum and natural gas (limited to crude petroleum), B.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum), (b) C.19 Manufacture of coke and refined petroleum products, (c) D.35.1 - Electric power generation, transmission and distribution, (d) D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power and/or heat generation), (e) G.46.71 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels). For gas-related activities, the NACE code definition addresses activities with direct GHG emissions that are higher than 270 gCO ₂ /KWh.	(b) (f) if applicable, a disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas-related economic activities[1], ⁽³⁰⁾if the undertaking has them; [1] The CapEx amounts considered are related to the following NACE codes: (a) B.05 Mining of coal and lignite, B.06 Extraction of crude petroleum and natural gas (limited to crude petroleum), B.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum), (b) C.19 Manufacture of coke and refined petroleum products, (c) D.35.1 - Electric power generation, transmission and distribution, (d) D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power or heat generation), (e) D.46.81 G.46.71 Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels). For gas-related activities, the NACE code definition addresses activities with direct GHG emissions that are higher than 270 gCO₂/KWh.	[AMENDED] Maintained with minor amendments.
	<u>(c) information about key assumptions used and dependencies on which the plan relies;</u>	[NEW, AMENDED] This inclusion improves alignment with the ISSB's equivalent disclosure related to TP, including key assumptions and dependencies on which it relies (IFRS S2.14(a)(iv)). Dependency on availability of resources and finance as considered previously in ESRS E1 AR21. Stakeholders indicated the importance of requiring this information as underpinning the TP transparency.
g. a disclosure on whether or not the undertaking is excluded from the EU Paris-aligned Benchmarks; [38]	(g) a disclosure on whether or not the undertaking is excluded from the EU Paris-aligned Benchmarks; [38]	[DELETED] Stakeholders indicated that this requirement created unnecessary burden, and it was oftentimes unclear to entities whether they were excluded or not from the EU PABs.
h. an explanation of how the transition plan is embedded in and aligned with the undertaking's overall business strategy and financial planning;	(h) an explanation of how the transition plan is embedded in and aligned with the undertaking's overall business strategy and financial planning;	[AMENDED, MOVED] Integrated in amended para. 11(a), with minor editorial amendments.

i. whether the transition plan is approved by the administrative, management and supervisory bodies ; and	(i) whether the transition plan is approved by the administrative, management and supervisory bodies; and	[AMENDED, MOVED] Same as above
j. an explanation of the undertaking's progress in implementing the transition plan.	(j) (e) an explanation of the undertaking's progress in implementing the transition plan.	[UNCHANGED] No objections from stakeholder feedback thus, no revisions were deemed necessary.
17. In case the undertaking does not have a transition plan in place, it shall indicate whether and, if so, when it will adopt a transition plan.	127. In case if the undertaking does not have in place a transition plan for climate change mitigation which includes the key features listed in paragraph 11 (a), in place, it shall <u>disclose this fact and</u> indicate whether and, if so, when it <u>will expect to adopt a transition plan</u>one.	[AMENDED] Amendments made to specify the criterion of having TP 'in place' pursuant to the feedback received. Mixed views were expressed by some stakeholders as to whether this DR should be required, some pointing to assumption that lack of E1-1 disclosure should be sufficient to conclude by users a TP is not in place, others underlining the need to maintain the paragraph for transparency reasons. Undertakings are not required to have a TP, but they are required to be transparent about whether they have one and, if not, whether they plan to develop one.

IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities	<u>Disclosure Requirement E1-2 – Identification of climate-related risks and scenario analysis</u>	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
	<u>13. The objective of this DR is to enable an understanding of how the undertaking identifies and assesses climate-related risks and opportunities for financial materiality.</u>	[NEW] Clarified the objective of the DR.
	<u>14. The undertaking shall explain for each material climate-related risk identified (per ESRS 2 IRO-2, paragraph 37) whether it classifies the risk as a climate-related physical risk or a climate-related transition risk.</u>	[MOVED] Moved from para. 18 (as enacted in 2023). Sentence moved from SBM-1 as this is part of IRO rather than resilience. Alignment with IFRS S2 10(b).

20. The undertaking shall describe the process to identify and assess climate-related impacts, risks and opportunities. This description shall include its process in relation to:	<p>20. The undertaking shall describe the process to identify and assess climate-related impacts, risks and opportunities. This description shall include its process in relation to:</p> <p><u>15. In addition to the disclosure provided in accordance with ESRS 2 IRO-1, the undertaking shall disclose key elements of the methodology used to assess how its assets and business activities in own operations and upstream and downstream value chain may be exposed and be sensitive over the short, medium and long term to:</u></p> <p><u>(a) climate-related hazards; and</u></p> <p><u>(b) climate-related transition events and trends.</u></p>	<p>[AMENDED]</p> <p>The revised text specifies that information is required on both the exposure to climate-related hazards and transition events.</p>
(a) impacts on climate change, in particular, the undertaking's GHG emissions (as required by Disclosure Requirement ESRS E1-6);	(a) impacts on climate change, in particular, the undertaking's GHG emissions (as required by Disclosure Requirement ESRS E1-6);	<p>[DELETED]</p> <p>Streamlined.</p>
<p>(b) climate-related physical risks in own operations and along the upstream and downstream value chain , in particular:</p> <p>i. the identification of climate-related hazards, considering at least high emission climate scenarios; and</p> <p>ii. the assessment of how its assets and business activities may be exposed and are sensitive to these climate-related hazards, creating gross physical risks for the undertaking.</p>	<p>(b) climate-related physical risks in own operations and along the upstream and downstream value chain , in particular:</p> <p>i. the identification of climate-related hazards, considering at least high emission climate scenarios; and</p> <p>ii. the assessment of how its assets and business activities may be exposed and are sensitive to these climate-related hazards, creating gross physical risks for the undertaking.</p>	<p>[MOVED]</p> <p>Moved to amended paragraph 16.</p>
<p>(c) climate-related transition risks and opportunities in own operations and along the upstream and downstream value chain, in particular:</p> <p>i. the identification of climate-related transition events, considering at least a climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot; and</p> <p>ii. the assessment of how its assets and business activities may be exposed to these climate-related transition events,</p>	<p>(c) climate-related transition risks and opportunities in own operations and along the upstream and downstream value chain, in particular:</p> <p>i. the identification of climate-related transition events, considering at least a climate scenario in line with limiting global warming to 1.5°C with no or limited overshoot; and</p> <p>ii. the assessment of how its assets and business activities may be exposed to these climate-related transition events,</p>	<p>[MOVED]</p> <p>Moved to amended paragraph 16 (d).</p>

creating gross transition risks or opportunities for the undertaking.	creating gross transition risks or opportunities for the undertaking.	
21. When disclosing the information required under paragraphs 20 (b) and 20 (c) the undertaking shall explain how it has used climate related scenario analysis , including a range of climate scenarios, to inform the identification and assessment of physical risks and transition risks and opportunities over the short-, medium- and long-term.	21-16. If climate-related scenario analysis is used, When disclosing the information required under paragraphs 20 (b) and 20 (c) the undertaking shall <u>disclose explain how it has used climate-related scenario analysis, including (a) the range of climate scenarios, including (i) whether for, to inform the identification and assessment of physical climate risks at least one high-emission scenario was used, and (ii) whether for and climate transition risks at least one scenario in line with limiting global warming to 1.5°5 with no or limited overshooting was used, and (iii) the associated global average temperature projection of the scenarios and why they are considered relevant; (b) the scope of operations used (e.g. operating locations, business units); (c) the key assumptions made (e.g. policies, macroeconomic trends, national or regional variables, energy use and mix, technology developments); (d) the time period when it was carried out. and opportunities over the short-, medium- and long-term.</u>	[AMENDED] Added to rephrase AR 13 (as enacted in 2023), specifying the type of information required and aligning it with IFRS 22(b). For the avoidance of doubt, it has been clarified upfront that this paragraph applies only if climate-related scenario analysis is used. Some content from para. 20 (b) and 20 (c) (as enacted in 2023) has been merged here.

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	<u>E1-3 - Resilience in relation to climate change</u>	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
	17. The objective of this DR is to enable provide an understanding of the extent to which the undertaking's strategy and business model are prepared for, and can adapt to, climate-related risks.	[NEW] Clarified the objective of the DR
18. The undertaking shall explain for each material climate-related risk it has identified whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk .	18. The undertaking shall explain for each material climate-related risk it has identified whether the entity considers the risk to be a climate-related physical risk or climate-related transition risk.	[MOVED] Moved to E1-2 – <i>Identification of cClimate-related risks and scenario analysis</i> , amended para. 14. This DP is required for alignment with S2.10(b).

19. The undertaking shall describe the resilience of its strategy and business model in relation to climate change. This description shall include:	18.19. In addition to the disclosure in ESRS 2 SBM-3, the undertaking shall <u>disclose the following information on describe the resilience of its strategy and business model to the climate-related risks in relation to climate change.</u> This description shall include:	[AMENDED] The main text is now aligned with IFRS S2.22.
(a) the scope of the resilience analysis;	(a) <u>the results of its analysis of climate resilience in relation to climate-related risks. The undertaking shall explain: (i) the implications of the assessment, if any, on its strategy and business model; (ii) how the effects identified through the climate-related scenario analysis, if used, inform the undertaking's potential response to climate-related risks; (iii) how its transition plan, if existent, and its current and planned mitigation and adaptation actions (ESRS E1-5) contribute to its resilience to climate-related risks</u> the scope of the resilience analysis;	[AMENDED] Alignment with IFRS S2.22.
(b) how and when the resilience analysis has been conducted, including the use of climate scenario analysis as referenced in the Disclosure Requirement related to ESRS 2 IRO-1 and the related application requirement paragraphs; and	(b) <u>significant areas of uncertainty in the assessment of its climate resilience how and when the resilience analysis has been conducted, including the use of climate scenario analysis as referenced in the Disclosure Requirement related to ESRS 2 IRO-1 and the related application requirement paragraphs; and</u>	[AMENDED] Alignment with IFRS S2.22.
(c) the results of the resilience analysis including the results from the use of scenario analysis.	(c) <u>its capacity to adjust or adapt its strategy and business model to climate change over the short-, medium- and long-term. the results of the resilience analysis including the results from the use of scenario analysis.</u>	[AMENDED] Alignment with IFRS S2.22.

Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation	Disclosure Requirement E1- 42 – Policies related to climate change mitigation and adaptation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
22. The undertaking shall describe its <i>policies</i> adopted to manage its material <i>impacts, risks and opportunities</i> related to <i>climate change mitigation and adaptation</i> .	22. The undertaking shall describe its <i>policies</i> adopted to manage its material <i>impacts, risks and opportunities</i> related to <i>climate change mitigation and adaptation</i>.	[DELETED] Simplified and consolidated with paragraph 24 of ESRS E1 (as enacted in 2023) (amended paragraph 19).

23. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or remediation of its material climate change mitigation and adaptation impacts, risks and opportunities .	23. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or remediation of its material climate change mitigation and adaptation impacts, risks and opportunities.	[DELETED] Objective deleted in alignment with EFRAG's approach to not include objectives for PATs under topical standards.
24. The disclosure required by paragraph 22 shall contain the information on the policies the undertaking has in place to manage its material impacts, risks and opportunities related to climate change mitigation and adaptation in accordance with ESRS 2 MDR-P <i>Policies adopted to manage material sustainability matters</i> .	Disclosure Requirement 24. The disclosure required by paragraph 22 shall contain the information on the policies the undertaking has in place to manage its climate change material impacts, risks and opportunities related to <u>19</u>. The undertaking shall disclose its climate change mitigation and climate change adaptation policies in accordance with the provisions of ESRS 2 MDR-P. Policies adopted to manage material sustainability matters.	[AMENDED] Simplified and consolidated with paragraph 2 of ESRS E1 (as enacted in 2023). Specification maintained across topical standards to highlight the interaction with Amended ESRS 2, addressing the feedback received from stakeholders. Added a clear distinction between climate change mitigation and climate change adaptation as requested by stakeholders.
25. The undertaking shall indicate whether and how its policies address the following areas: a. climate change mitigation ; b. climate change adaptation ; c. energy efficiency; d. renewable energy deployment; and e. other	25. The undertaking shall indicate whether and how its policies address the following areas: b. climate change mitigation; c. climate change adaptation; d. energy efficiency; f. renewable energy deployment; and e. other	[DELETED] Following simplification methodology. General specifications of this nature are addressed under Amended ESRS 2 GDR paragraph 40 (a).

Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies	Disclosure Requirement E1- 3 – Actions and resources in relation to climate change <u>mitigation and adaptation</u> policies	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	

26. The undertaking shall disclose its <i>climate change mitigation</i> and <i>adaptation</i> actions and the resources allocated for their implementation.	26. The undertaking shall disclose its <i>climate change mitigation</i> and <i>adaptation</i> actions and the resources allocated for their implementation.	[DELETED] Simplified and consolidated into paragraph 28 of ESRS E1 (as enacted in 2023) (now paragraph 20).
27. The objective of this Disclosure Requirement is to provide an understanding of the key actions taken and planned to achieve climate-related policy objectives and targets .	27. The objective of this Disclosure Requirement is to provide an understanding of the key actions taken and planned to achieve climate-related policy objectives and targets.	[DELETED] Objective deleted in alignment with EFRAG's approach to not include objectives for PATs under topical standards.
28. The description of the actions and resources related to climate change mitigation and adaptation shall follow the principles stated in ESRS 2 MDR-A <i>Actions and resources in relation to material sustainability matters</i> .	Disclosure Requirement 28. The description of the <u>20. The undertaking shall disclose its key climate change mitigation and climate change adaptation actions and resources allocated to their implementation, related to climate change mitigation and adaptation shall follow the principles stated in accordance with the provisions of ESRS 2 MDR-A <i>Actions and resources in relation to material sustainability matters</i>.</u>	[AMENDED] Simplified and consolidated with paragraph 26 of ESRS E1 (as enacted in 2023). Specification maintained across topical standards to highlight the interaction with Amended ESRS 2, addressing the feedback received from stakeholders. Added a clear distinction between climate change mitigation and climate change adaptation as requested by stakeholders.
29. In addition to ESRS 2 MDR-A, the undertaking shall:	Disclosure Requirement 29. 21. In addition to ESRS 2 MDR-A, when disclosing current and planned actions, the undertaking shall:	[AMENDED] Added a reference to MDR-A actions.
a. when listing key actions taken in the reporting year and planned for the future, present the climate change mitigation actions by decarbonisation lever including the nature- based solutions;	(a) when listing key actions taken in the reporting year and planned for the future, present <u>its key the climate change mitigation actions by decarbonisation lever including the nature- based solutions; and</u>	[AMENDED] Streamlined and amended to align with language of GDR (key actions).
b. when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions ; and	(b) when describing the outcome of the actions for climate change mitigation, include disclose the achieved and expected GHG emission reductions by <u>decarbonisation lever</u>; and	[AMENDED] Stakeholders pointed out to the need of maintaining the provision, . Disaggregation was limited to decarbonisation levers, instead of actions.
c. relate significant monetary amounts of CapEx and OpEx required to implement the actions taken or planned to: i. the relevant line items or notes in the financial statements;	(c) relate significant monetary amounts of CapEx and OpEx required to implement the actions taken or planned to: i. the relevant line items or notes in the financial statements; i. the key performance indicators required under Commission Delegated Regulation (EU) 2021/2178; and	[DELETED] Streamlined.

<ul style="list-style-type: none"> ii. the key performance indicators required under Commission Delegated Regulation (EU) 2021/2178; and iii. if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178. 	<ul style="list-style-type: none"> ii. if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178. 	
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Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation	Disclosure Requirement E1-64 – Targets related to climate change mitigation and adaptation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
30. The undertaking shall disclose the climate-related targets it has set.	30. The undertaking shall disclose the climate-related targets it has set.	[DELETED] Simplified and consolidated into paragraph 32 of ESRS E1 (as enacted in 2023).
31. The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has set to support its climate change mitigation and adaptation policies and address its material climate-related impacts, risks and opportunities.	31. The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has set to support its climate change mitigation and adaptation policies and address its material climate-related impacts, risks and opportunities.	[DELETED] Objective deleted in alignment with EFRAG's approach to not include objectives for PATs under topical standards.
32. The disclosure of the targets required in paragraph 30 shall contain the information required in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets.	32.22. The disclosure of the undertaking shall disclose its <u>climate change targets</u> required in accordance with the provisions of paragraph 30 shall contain the information required in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets.	[AMENDED] Simplified and consolidated with paragraph 30 of ESRS E1 (as enacted in 2023). Specification maintained across topical standards to highlight the interaction with Amended ESRS 2, addressing the feedback received from stakeholders.
33. For the disclosure required by paragraph 30, the undertaking shall disclose whether and how it has set GHG emissions reduction targets and/or any other targets to manage material climate-related impacts, risks and opportunities, for example, renewable energy deployment, energy efficiency, climate change adaptation, and physical or transition risk mitigation.	33. For the disclosure required by paragraph 30, the undertaking shall disclose whether and how it has set GHG emissions reduction targets and/or any other targets to manage material climate-related impacts, risks and opportunities, for example, renewable energy deployment, energy efficiency, climate change adaptation, and physical or transition risk mitigation.	[DELETED] This paragraph has been deleted as it is redundant with ESRS 2 GDR-T (which is mentioned in amended para. 22).
34. If the undertaking has set GHG emission reduction targets [39], ESRS 2 MDR-T and the following requirements shall apply: [39] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 (SFDR) because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #4 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Investments in companies without carbon emission reduction	34.23. The undertaking shall disclose the <u>GHG emission reduction targets</u> it has set, including if the undertaking has set GHG emission reduction targets [39], ESRS 2 MDR-T and the following requirements shall apply:	[AMENDED] Amended to simplify the wording.

initiatives”); and is aligned with the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Article 6.		
(a) GHG emission reduction targets shall be disclosed in absolute value (either in tonnes of CO ₂ eq or as a percentage of the emissions of a base year) and, where relevant, in intensity value;	(a) <u>absolute GHG emission reduction targets for scopes 1, 2 and 3, either separately or combined, shall be disclosed in absolute value (either in tonnes of CO₂eq or as a percentage of the emissions of a base year) and, where relevant, in intensity value.</u> The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission scopes (1, 2 and/or 3) are covered by the target and the share related to each respective GHG emission scope;	[AMENDED] The disclosure on absolute target has been kept as requested by data users. Current market practice confirms that undertakings calculate their global targets in considerations to the relevant GHG emission Scopes. For transparency reasons, for the case of combined GHG reduction targets, the requirement to disclose the share of related targets was maintained. Incorporation of some content from para. 34(b) (as enacted in 2023), in relation to disclosures for combined GHG targets – see below.
(b) Scope 1, 2, and 3 GHG emissions, either separately or combined. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered by the target, the share related to each respective GHG emission Scope and which GHGs are covered. The undertaking shall explain how the consistency of these targets with its GHG inventory boundaries is ensured (as required by Disclosure Requirement E1-6). The GHG emission reduction targets shall be gross targets, meaning that the undertaking shall not include GHG removals, carbon credits or avoided emissions as a means of achieving the GHG emission reduction targets;	(b) <u>Scope 1, 2, and 3 GHG emissions, either separately or combined. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered by the target, the share related to each respective GHG emission Scope if the scope (geography, GHGs covered, entities included) of the GHG emission reduction target diverges from the scope of the GHG inventory (reported under ESRS E1-8), the percentages for scopes 1, 2 and 3 covered by the target, as well as and which GHGs are covered, and.</u>	[AMENDED, MOVED] The first two sentences have been consolidated above in amended para. 23(a), with the exception of ‘which GHGs are covered’ which has been maintained here in amended para. 23(b) and applicable only if the scope of the target differs to the scope of the GHG inventory boundary. The reason for this is to avoid duplication with E1-8 - <i>Gross scope 1, 2, 3 GHG emissions</i> (see amended AR 21), GDR-M and GDR-T where undertakings would report the GHGs covered by their inventory. Similarly, a general explanation on the consistency of targets with the inventory boundary has been amended with the requirement to now provide specific information only if the target diverges from the GHG inventory boundary (incorporation of content from AR 24 (as enacted in 2023)). The last sentence has been moved to amended AR 11 as it represents an application requirement. Additionally, the wording used in relation to the scope of the target (in parenthesis) reflects that used in the ISSB’s IFRS S2 provisions on climate-related targets, in particular S2.33(c) and S2.36(a).

(c) the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction targets after every five-year period thereafter. The undertaking may disclose the past progress made in meeting its targets before its current base year provided that this information is consistent with the requirements of this Standard;	(c) the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction targets after every five-year period thereafter. The undertaking may disclose the past progress made in meeting its targets before its current base year provided that this information is consistent with the requirements of this Standard;	[DELETED] Deleted due to feedback from public survey on allowing more flexibility on the base year, however noting that some feedback indicated it was relevant and useful for comparability, suggesting the provision should be maintained.
(d) GHG emission reduction targets shall at least include target values for the year 2030 and, if available, for the year 2050. From 2030, target values shall be set after every 5-year period thereafter;	(d) GHG emission reduction targets shall at least include target values for the year 2030 and, if available, for the year 2050. From 2030, target values shall be set after every 5-year period thereafter;	[DELETED] Deleted due to feedback from public survey on allowing more flexibility on the base year.
(e) the undertaking shall state whether the GHG emission reduction targets are science- based and compatible with limiting global warming to 1.5°C. The undertaking shall state which framework and methodology has been used to determine these targets including whether they are derived using a sectoral decarbonisation pathway and what the underlying climate and policy scenarios are and whether the targets have been externally assured. As part of the critical assumptions for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g., changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its GHG emissions and emissions reductions; and	(c) a statement on (e) the undertaking shall state whether the GHG emission reduction targets are science- based and compatible with limiting global warming to 1.5°C. The undertaking shall state which framework and methodology has been used to determine these targets including whether they are derived using a sectoral decarbonisation pathway, and what the underlying climate and policy scenarios are and whether the targets have been externally assured. As part of the critical assumptions used for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g., changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its GHG emissions and emissions reductions; and	[AMENDED] Revised articulation while keeping the key content (compatibility with 1.5°C).
(f) the undertaking shall describe the expected decarbonisation levers and their overall quantitative contributions to achieve the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy , phase out or substitution of product and process).	(f) the undertaking shall describe the expected decarbonisation levers and their overall quantitative contributions to achieve the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy , phase out or substitution of product and process).	[DELETED] Some stakeholder feedback suggested this requirement was overly granular, calling for it to be deleted or made voluntary. Others commented that it should be maintained for credibility. As a compromise it was decided to move it to AR as a presentation provision.

Disclosure Requirement E1-5 – Energy consumption and mix	Disclosure Requirement E1-75 – Energy consumption and mix	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
35. The undertaking shall provide information on its energy consumption and mix.	35. The undertaking shall provide information on its energy consumption and mix.	[DELETED] Streamlined
36. The objective of this Disclosure Requirement is to provide an understanding of the undertaking's total energy consumption in absolute value, improvement in energy efficiency, exposure to coal, oil and gas-related activities, and the share of renewable energy in its overall energy mix.	36. The objective of this Disclosure Requirement is to provide an understanding of the undertaking's total energy consumption in absolute value, improvement in energy efficiency, exposure to coal, oil and gas-related activities, and the share of renewable energy in its overall energy and mix.	[AMENDED] Merging from paragraph 35 (as enacted in 2023).
37. The disclosure required by paragraph 35 shall include the total energy consumption in MWh related to own operations disaggregated by:	2537. The disclosure required by paragraph 35 undertaking shall include disclose the its total energy consumption in megawatt hours (MWh) related to its own operations, disaggregated by:	[AMENDED] [AR 18 contains related guidance for para. 25] Streamlined, changes were made to limiting it to fuel consumed by large electricity and heat-generating units and energy purchases and resales for the largest entities. No longer further disaggregation of renewable energy into (c)(i)(ii)(iii) due to complexity and lack of data, simplification was achieved by refining the amount of breakdown datapoints required under environmental metrics.
(a) total energy consumption from fossil sources [40]; [40] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Share of non-renewable energy consumption and production"). The breakdown serves as a reference for an additional indicator related to principal adverse impacts as set out by indicator #5 in Table II of the same Annex ("Breakdown of energy consumption by type of non-renewable sources of energy").	(a) total energy consumption from fossil sources [240]; [240] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts, as set out by Indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Share of non- renewable energy consumption and production'). The breakdown serves as a reference for an additional indicator related to principal adverse impacts as set out by Indicator #5 in Table II of the same Annex ('Breakdown of energy consumption by type of non-renewable sources of energy').	[UNCHANGED]

(b) total energy consumption from nuclear sources;	(b) total energy consumption from nuclear sources; <u>and</u>	[UNCHANGED]
(c) total energy consumption from renewable sources disaggregated by:	(c) total energy consumption from renewable sources, disaggregated by:	[AMENDED] No disaggregation.
i. fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources [41], etc.;	i. fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources [41], etc.;	[DELETED] Streamlined.
ii. consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources; and	i. — consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources; and	[DELETED] Streamlined.
iii. consumption of self-generated non-fuel renewable energy.	iii. consumption of self-generated non-fuel renewable energy	[DELETED] Streamlined.
38. The undertaking with operations in high climate impact sectors [42] shall further disaggregate their total energy consumption from fossil sources by: [42] High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288).	38.26. The undertaking with operations in high climate impact sectors [42] shall further disaggregate their <u>its</u> total energy consumption from fossil sources by: [42] High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288)	[AMENDED] Stakeholders during public consultation suggested adding back the restriction of energy consumption to HCIS, which was previously deleted in the Exposure Draft from July 2025, since removing it might have been seen as broadening the scope.
a. fuel consumption from coal and coal products	(a) fuel consumption from coal and coal products;	[UNCHANGED]
b. fuel consumption from crude oil and petroleum products;	(b) fuel consumption from crude oil and petroleum products;	[UNCHANGED]
c. fuel consumption from natural gas;	(c) fuel consumption from natural gas;	[UNCHANGED]
d. fuel consumption from other fossil sources;	(d) fuel consumption from other fossil sources; <u>and</u>	[UNCHANGED]
e. consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources;	(e) consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources;	[UNCHANGED]

<p>39. In addition, where applicable, the undertaking shall disaggregate and disclose separately its non-renewable energy production and renewable energy production in MWh [43].</p> <p>[43] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (“Share of non-renewable energy consumption and production”).</p>	<p>39.27 In addition, where applicable, if the undertaking produces energy, it shall also disaggregate and disclose separately its non-renewable energy production and renewable energy production in MWh [43].</p> <p>[43] This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by Indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (‘Share of non-renewable energy consumption and production’).</p>	<p>[AMENDED]</p> <p>Simplified for clarity reasons.</p>
<p>Energy intensity based on net revenue [44]</p> <p>40. The undertaking shall provide information on the energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors.</p>	<p>Energy intensity based on net revenue [44]</p> <p>40. The undertaking shall provide information on the energy intensity (total energy consumption per net revenue) associated with activities in high climate impact sectors.</p>	<p>[DELETED]</p> <p>The disclosure requirement was deleted due to the difficulty in disclosing it. To add to this, this specific metric had low levels of disclosure in practice, further supporting its removal.</p>
<p>41. The disclosure on energy intensity required by paragraph 40 shall only be derived from the total energy consumption and net revenue from activities in high climate impact sectors.</p>	<p>41. The disclosure on energy intensity required by paragraph 40 shall only be derived from the total energy consumption and net revenue from activities in high climate impact sectors.</p>	<p>[DELETED]</p> <p>Conditional upon deletion of energy intensity.</p>
<p>42. The undertaking shall specify the high climate impact sectors that are used to determine the energy intensity required by paragraph 40.</p>	<p>42. The undertaking shall specify the high climate impact sectors that are used to determine the energy intensity required by paragraph 40.</p>	<p>[DELETED]</p> <p>Same as above</p>
<p>43. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amount from activities in high climate impact sectors (the denominator in the calculation of the energy intensity required by paragraph 40).</p>	<p>43. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amount from activities in high climate impact sectors (the denominator in the calculation of the energy intensity required by paragraph 40).</p>	<p>[DELETED]</p> <p>Same as above</p>

Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Disclosure Requirement E1- 86 – Gross s Scopes 1, 2, 3 and Total GHG emissions	Comment/Explanation
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ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
44. The undertaking shall disclose in metric tonnes of CO ₂ eq its [45]:	44 ²⁹ . The undertaking shall disclose <u>absolute gross GHG emissions generated during the reporting period, expressed in metric tonnes of CO₂eq its [45] classified as:</u>	[AMENDED] Minor edits on the original text.
(a) gross Scope 1 GHG emissions;	(a) gross Scope 1 GHG emissions ; <u>including, the percentage of scope 1 GHG emissions from the EU Emission Trading System (EU ETS) if it has emissions from this system</u>	[AMENDED] Streamlined. The datapoint on percentage from regulated emissions trading schemes (48(b) (as enacted in 2023)) was incorporated here. Pursuant to public consultation, scope of disclosure was limited to EU ETS only.
(b) gross Scope 2 GHG emissions;	(b) gross Scope 2 GHG emissions <u>(location-based and market-based); and</u>	[AMENDED] Streamlined. Paragraph 49 (as enacted in 2023) was consolidated and incorporated here. Stakeholder feedback revealed suggestions to allow optional reporting of market-based scope 2, however some highlighted the importance of keeping both location- and market-based approach in line with the GHG Protocol, which would also allow for transparency across different jurisdictions. As a result, this has been maintained here.
(c) gross Scope 3 GHG emissions; and	(c) gross Scope 3 GHG emissions ; <u>from each significant scope 3 category as a total and per category and</u>	[AMENDED] 32(c) incorporates the requirement for each significant scope 3 category (brought up from former para. 51 for simplicity) and aligns with IFRS S2.29a(vi).
(d) total GHG emissions.	(d) total GHG emissions.	[DELETED] Removal of requirement to report total emissions to align with international reporting standards (not required by GHG Protocol, IFRS S2 or ISO). Feedback received questioned the need and comparability of summing all emissions. Other feedback was keen to maintain it. It can be calculated by users if required.
	<u>30. The undertaking shall disclose its direct biogenic CO₂ emissions from the combustion or biodegradation of biomass separately from scope 1 GHG emissions.</u>	[NEW] Integrated from AR 43(c), AR 45(e) and AR 46(j) (as enacted in 2023)

		<p>Combined disclosure for biogenic emissions from CO2 brought up into this section (simplification) – avoids repeating the DR for each scope.</p> <p>Pursuant to feedback from public consultation, limited only to direct biogenic emissions.</p>
<p>45. The objective of the Disclosure Requirement in paragraph 44 in respect of:</p> <p>a. gross Scope 1 GHG emissions as required by paragraph 44 (a) is to provide an understanding of the direct impacts of the undertaking on climate change and the proportion of its total GHG emissions that are regulated under emission trading schemes.</p> <p>b. gross Scope 2 GHG emissions as required by paragraph 44 (b) is to provide an understanding of the indirect impacts on climate change caused by the undertaking's consumed energy whether externally purchased or acquired.</p> <p>c. gross Scope 3 GHG emissions as required by paragraph 44 (c) is to provide an understanding of the GHG emissions that occur in the undertaking's upstream and downstream value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of their GHG inventory and are an important driver of the undertaking's transition risks.</p> <p>d. total GHG emissions as required by paragraph 44 (d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the upstream and downstream value chain. This disclosure is a prerequisite for measuring progress towards reducing GHG emissions in accordance with the undertaking's climate-related targets and EU policy goals. The information from this Disclosure Requirement is also needed to understand the undertaking's climate-related transition risks.</p>	<p><u>2845. The objective of this DR is to enable an understanding of the undertaking's direct and indirect impacts on climate change as a result of activities in its own operations and from within its upstream and downstream value chain.</u></p> <p>Disclosure Requirement in paragraph 44 in respect of:</p> <p>a. gross Scope 1 GHG emissions as required by paragraph 44 (a) is to provide an understanding of the direct impacts of the undertaking on climate change and the proportion of its total GHG emissions that are regulated under emission trading schemes.</p> <p>b. gross Scope 2 GHG emissions as required by paragraph 44 (b) is to provide an understanding of the indirect impacts on climate change caused by the undertaking's consumed energy whether externally purchased or acquired.</p> <p>c. gross Scope 3 GHG emissions as required by paragraph 44 (c) is to provide an understanding of the GHG emissions that occur in the undertaking's upstream and downstream value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of their GHG inventory and are an important driver of the undertaking's transition risks.</p> <p>d. total GHG emissions as required by paragraph 44 (d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the upstream and downstream value chain. This disclosure is a prerequisite for measuring progress towards reducing GHG emissions in accordance with the undertaking's climate-related targets and EU policy goals.</p>	<p>[AMENDED]</p> <p>Streamlined objectives considerably, ensuring consistency with objectives in other DRs.</p>

	The information from this Disclosure Requirement is also needed to understand the undertaking's climate related transition risks.	
46. When disclosing the information on GHG emissions required under paragraph 44, the undertaking shall refer to ESRS 1 paragraphs from 62 to 67. In principle, the data on GHG emissions of its associates or joint ventures that are part of the undertaking's upstream and downstream value chain (ESRS 1 Paragraph 67) are not limited to the share of equity held. For its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), the undertaking shall include the GHG emissions in accordance with the extent of the undertaking's operational control over them.	46. When disclosing the information on GHG emissions required under paragraph 44, the undertaking shall refer to ESRS 1 paragraphs from 62 to 67. In principle, the data on GHG emissions of its associates or joint ventures that are part of the undertaking's upstream and downstream value chain (ESRS 1 Paragraph 67) are not limited to the share of equity held. For its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), the undertaking shall include the GHG emissions in accordance with the extent of the undertaking's operational control over them.	[AMENDED, MOVED] Moved to amended AR 19.
47. In case of significant changes in the definition of what constitutes the undertaking and its upstream and downstream value chain, the undertaking shall disclose these changes and explain their effect on the year-to-year comparability of its reported GHG emissions (i.e., the effect on the comparability of current versus previous reporting period GHG emissions).	47. In case of significant changes in the definition of what constitutes the undertaking and its upstream and downstream value chain, the undertaking shall disclose these changes and explain their effect on the year-to-year comparability of its reported GHG emissions (i.e., the effect on the comparability of current versus previous reporting period GHG emissions).	[DELETED] Removed (streamlining). Some feedback suggested this was key for comparability and that it should be maintained, however it is expected to be captured by ESRS 1, 7.1 <i>Presenting comparative information</i> , as well as ESRS 2 GDR-M on the requirement to explain significant changes.
48. The disclosure on gross Scope 1 GHG emissions required by paragraph 44 (a) shall include: a. the gross Scope 1 GHG emissions in metric tonnes of CO ₂ eq; and	48. The disclosure on gross Scope 1 GHG emissions required by paragraph 44 (a) shall include: a. the gross Scope 1 GHG emissions in metric tonnes of CO₂eq; and	[DELETED] Redundant with amended 32(a).
b. the percentage of Scope 1 GHG emissions from regulated emission trading schemes.	b. the percentage of Scope 1 GHG emissions from regulated emission trading schemes.	[MOVED] Moved to amended 32(a).
49. The disclosure on gross Scope 2 GHG emissions required by paragraph 44 (b) shall include: a. the gross location-based Scope 2 GHG emissions in metric tonnes of CO ₂ eq; and b. the gross market-based Scope 2 GHG emissions in metric tonnes of CO ₂ eq.	49. The disclosure on gross Scope 2 GHG emissions required by paragraph 44 (b) shall include: a. the gross location-based Scope 2 GHG emissions in metric tonnes of CO₂eq; and b. the gross market-based Scope 2 GHG emissions in metric tonnes of CO₂eq.	[MOVED] Incorporated both (a) and (b) in amended para. 32(b), streamlining the requirements on Scope 2 emissions reporting. See above para. 32 for further context.

<p>50. For Scope 1 and Scope 2 emissions disclosed as required by paragraphs 44 (a) and (b) the undertaking shall disaggregate the information, separately disclosing emissions from:</p> <p>a. the consolidated accounting group (the parent and subsidiaries); and</p> <p>b. investees such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), for which it has operational control.</p>	<p>50. For Scope 1 and Scope 2 emissions disclosed as required by paragraphs 44 (a) and (b) the undertaking shall disaggregate the information, separately disclosing emissions from:</p> <p>a. the consolidated accounting group (the parent and subsidiaries); and</p> <p>b. investees such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), for which it has operational control.</p>	<p>[AMENDED]</p> <p>Moved and rephrased in amended AR 19.</p>
<p>51. The disclosure of gross Scope 3 GHG emissions required by paragraph 44 (c) shall include GHG emissions in metric tonnes of CO₂eq from each significant Scope 3 category (i.e. each Scope 3 category that is a priority for the undertaking).</p>	<p>51. The disclosure of gross Scope 3 GHG emissions required by paragraph 44 (c) shall include GHG emissions in metric tonnes of CO₂eq from each significant Scope 3 category (i.e. each Scope 3 category that is a priority for the undertaking).</p>	<p>[MOVED]</p> <p>Incorporated in amended 32(c).</p>
<p>52. The disclosure of total GHG emissions required by paragraph 44 (d) shall be the sum of Scope 1, 2 and 3 GHG emissions required by paragraphs 44 (a) to (c). The total GHG emissions shall be disclosed with a disaggregation that makes a distinction of:</p> <p>a. the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the location-based method; and</p> <p>b. the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the market-based method.</p>	<p>52. The disclosure of total GHG emissions required by paragraph 44 (d) shall be the sum of Scope 1, 2 and 3 GHG emissions required by paragraphs 44 (a) to (c). The total GHG emissions shall be disclosed with a disaggregation that makes a distinction of:</p> <p>a. the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the location-based method; and</p> <p>b. the total GHG emissions derived from the underlying Scope 2 GHG emissions being measured using the market-based method.</p>	<p>[DELETED]</p> <p>With total emissions reporting now deleted this is no longer applicable. Refer to para. 44(d) (as enacted in 2023) for further rationale.</p>
<p>GHG Intensity based on net revenue [46]</p> <p>53. The undertaking shall disclose its GHG emissions intensity (total GHG emissions per net revenue).</p>	<p>GHG Intensity based on net revenue [46]</p> <p>53. The undertaking shall disclose its GHG emissions intensity (total GHG emissions per net revenue).</p>	<p>[DELETED]</p> <p>Deleted from mandatory content.</p> <p>Feedback indicated challenges on revenue-based metrics as a comparable performance measure and asked for more flexibility to reflect what entities are already reporting.</p>

54. The disclosure on GHG intensity required by paragraph 53 shall provide the total GHG emissions in metric tonnes of CO2eq (required by paragraph 44 (d)) per net revenue.	54. The disclosure on GHG intensity required by paragraph 53 shall provide the total GHG emissions in metric tonnes of CO2eq (required by paragraph 44 (d)) per net revenue.	[DELETED] With the amendment to para. 53 (as enacted in 2023) (refer to rationale above), this is no longer relevant.
55. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amounts (the denominator in the calculation of the GHG emissions intensity required by paragraph 53).	55. The undertaking shall disclose the reconciliation to the relevant line item or notes in the financial statements of the net revenue amounts (the denominator in the calculation of the GHG emissions intensity required by paragraph 53).	[DELETED] Same as above

Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	Disclosure Requirement E1-9 – GHG removals and GHG mitigation projects financed through carbon credits	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
56. The undertaking shall disclose:	56. The undertaking shall disclose:–	[DELETED] It was deemed redundant given the requirements are stated in para. 58 and para. 59 (as enacted in 2023).
a. GHG removals and storage in metric tonnes of CO2eq resulting from projects it may have developed in its own operations, or contributed to in its upstream and downstream value chain; and	(a) GHG removals and storage in metric tonnes of CO2eq resulting from projects it may have developed in its own operations, or contributed to in its upstream and downstream value chain; and–	[MOVED] Moved to amended 32. Redundant with para. 58 (as enacted in 2023), merged to simplify.
b. the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed or intends to finance through any purchase of carbon credits.	(b) the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed or intends to finance through any purchase of carbon credits.	[DELETED] Redundant with para. 59 (as enacted in 2023).
57. The objective of this Disclosure Requirement is:	31. 57. The objective of this DR is to enable an understanding of the undertaking's actions to reduce and permanently remove GHGs from the atmosphere and of the amount and quality of carbon credits it has purchased or intends to purchase from the voluntary market.	[AMENDED] Specific comments pertaining this objective were not identified, but it was streamlined to support the overall simplification of E1-9.
a. to provide an understanding of the undertaking's actions to permanently remove or actively support the removal of GHG from the	(a) to provide an understanding of the undertaking's actions to permanently remove or actively support the	[MERGED] Merged to objective paragraph.

atmosphere, potentially for achieving net-zero targets (as stated in paragraph 60).	removal of GHG from the atmosphere, potentially for achieving net-zero targets (as stated in paragraph 60).—	
b. to provide an understanding of the extent and quality of carbon credits the undertaking has purchased or intends to purchase from the voluntary market, potentially for supporting its GHG neutrality claims (as stated in paragraph 61).	(b) to provide an understanding of the extent and quality of carbon credits the undertaking has purchased or intends to purchase from the voluntary market, potentially for supporting its GHG neutrality claims (as stated in paragraph 61).—	[MERGED] Merged to objective paragraph.
58. The disclosure on GHG removals and storage required by paragraph 56 (a) shall include, if applicable:	32.58. The disclosure on If it has implemented GHG removals and storage projects, the undertaking shall <u>disclose information about the projects it has developed in its own operations or contributed to in its upstream and downstream value chain, including:</u> required by paragraph 56 (a) shall include, if applicable:—	[AMENDED] Moved from para. 56(a) (as enacted in 2023) Minor edits highlighting the disclosure conditionality.
	<u>(a) a brief description of the GHG removal and storage projects;</u>	[MOVED] Alignment with GRI, integrating the content from para. 62(a) and 62(b) and AR 57 (as enacted in 2023)
(a) the total amount of GHG removals and storage in metric tonnes of CO ₂ eq disaggregated and separately disclosed for the amount related to the undertaking's own operations and its upstream and downstream value chain, and broken down by removal activity; and	(ba) the total amount of GHG removals and storage resulting from each project; in metric tonnes of CO₂eq disaggregated and separately disclosed for the amount related to the undertaking's own operations and its upstream and downstream value chain, and broken down by removal activity; and	[AMENDED] Language was simplified.
(b) the calculation assumptions, methodologies and frameworks applied by the undertaking.	(b) the calculation assumptions, methodologies and frameworks applied by the undertaking.—	[DELETED] Streamlined, based on the assumption this content is covered by GDR.
	<u>(c) how the risk of non-permanence is managed, including assumptions and determining and monitoring leakage and reversal events if applicable; and</u>	[MOVED] Moved AR 57(d) (as enacted in 2023).
	<u>(d) disclose any reversals (in tCO₂eq) that may have occurred in the reporting period and decrease the amount of CO₂ removed and stored by the same amount.</u>	[MOVED] Moved from AR 58 (g) (as enacted in 2023).

59. The disclosure on carbon credits required by paragraph 56 (b) shall include, if applicable:	33.59. The disclosure undertaking shall disclose information about any projects outside its own operations and its upstream and downstream value chain that it has financed or intends to finance through any purchase of or carbon credits , required by paragraph 56 (b) shall include, if applicable including:	[AMENDED] Streamlined (a) and (b) to avoid repetition and simplify language, in response to feedback raised.
(a) the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO ₂ eq that are verified against recognised quality standards and cancelled in the reporting period; and	(a) the total amount of carbon credits in tCO ₂ eq outside the undertaking's value chain in metric tonnes of CO ₂ eq that are verified against recognised quality standards for carbon credits and cancelled in the reporting period; and	[AMENDED] Minor edits to support the overall simplification, para 59 (a) (as enacted in 2023).
(b) the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO ₂ eq planned to be cancelled in the future and whether they are based on existing contractual agreements or not.	(b) the total amount of carbon credits in tCO ₂ eq outside the undertaking's value chain in metric tonnes of CO ₂ eq planned to be cancelled in the future and whether they are based on existing contractual agreements or not purchased in the reporting period and not cancelled yet; and	[AMENDED] Integrated from para. 59 (b) (as enacted in 2023), the amendment enhances the alignment with GRI. Additionally streamlined to support the overall simplification.
	(c) the share of carbon credits from removal projects (percentage of total carbon credit volume), with an explanation of whether they are from nature-based or technological sinks.	[MOVED] Moved from AR 62 (b) and 62 (b) (as enacted in 2023). Amended for further alignment with GRI.
60. In the case where the undertaking discloses a net-zero target in addition to the gross GHG emission reduction targets in accordance with Disclosure Requirement E1-4, paragraph 30, it shall explain the scope, methodologies and frameworks applied and how the residual GHG emissions (after approximately 90-95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) are intended to be neutralised by, for example, GHG removals in its own operations and upstream and downstream value chain.	60. In the case where the undertaking discloses a net-zero target in addition to the gross GHG emission reduction targets in accordance with Disclosure Requirement E1-4, paragraph 30, it shall explain the scope, methodologies and frameworks applied and how the residual GHG emissions (after approximately 90-95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) are intended to be neutralised by, for example, GHG removals in its own operations and upstream and downstream value chain.	[AMENDED, MOVED] This provision was proposed for deletion at the Exposure Draft ESRS stage, however stakeholder feedback during the public consultation called for the reintroduction of the term 'net zero target'. Feedback indicated and the need to specify whether and how undertakings with existing net-zero targets could disclose such information. It was therefore decided to amend and reinstate the provision as an AR under disclosure on targets (refer E1-6, amended AR 11).
61. In the case where the undertaking may have made public claims of GHG neutrality that involve the use of carbon credits , it shall explain:	61. In the case where the undertaking may have has made public claims of GHG neutrality that involve the use of carbon credits , it shall explain:	[AMENDED] Minor edits in language.

a. whether and how these claims are accompanied by GHG emission reduction targets as required by Disclosure requirement ESRS E1-4;	(a) whether and how these claims are accompanied by GHG emission reduction targets as required by Disclosure requirement ESRS E1-4;	[DELETED] Deleted due to redundancy with E1-4 (as enacted in 2023).
b. whether and how these claims and the reliance on carbon credits neither impede nor reduce the achievement of its GHG emission reduction targets [47], or, if applicable, its net zero target; and	(ab) whether and how these claims and the reliance on carbon credits neither <u>hinder nor undermine</u> impede nor reduce the achievement of its GHG emission reduction targets [47], or, if applicable, its net zero target; and	[AMENDED] Maintained para. 61 (as enacted in 2023) as it relates to an undertaking's targets but simplified in language.
c. the credibility and integrity of the carbon credits used, including by reference to recognised quality standards.	(be) the credibility and integrity of the carbon credits used, <u>by referring to recognised quality standards for carbon credits and any other factors necessary to understand the credibility and integrity of the carbon credits the undertaking plans to use.</u> including by reference to recognised quality standards.	[AMENDED] Additionally amended para. 61 (as enacted in 2023) to reflect language used in IFRS S2, specifically para. 36(e)(iv).

Disclosure Requirement E1-8 – Internal carbon pricing	Disclosure Requirement E1-10 – Internal carbon pricing	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
62. The undertaking shall disclose whether it applies internal carbon pricing schemes , and if so, how they support its decision making and incentivise the <i>implementation of climate-related policies and targets</i> .	62. The undertaking shall disclose whether it applies internal carbon pricing schemes, and if so, how they support its decision making and incentivise the implementation of climate-related policies and targets.	[DELETED] Streamlined.
	35. The objective of this DR is to enable an understanding of the role of internal carbon pricing in guiding the undertaking's strategic and operational decision-making to reduce GHG emissions .	[NEW] The disclosure in ESRS (as enacted in 2023) did not contain the objective. The provision was added to harmonise with ESRS architecture.
63. The information required in paragraph 62 shall include:	63 36. The undertaking shall disclose information related to its use of internal carbon pricing schemes , namely: information required in paragraph 62 shall include:	[AMENDED] Streamlined.
(a) the type of internal carbon pricing scheme, for example, the shadow prices applied for CapEX or research	(a) the type of internal carbon pricing scheme, for example, the shadow prices applied for CapEX or research and development (R&D) investment decision making, internal carbon fees or internal carbon funds;	[DELETED] Streamlined, considering low reporting practices.

and development (R&D) investment decision making, internal carbon fees or internal carbon funds;		
(b) the specific scope of application of the carbon pricing schemes (activities, geographies, entities, etc.);		[DELETED] Streamlined, considering low reporting practices.
(c) the carbon prices applied according to the type of scheme and critical assumptions made to determine the prices, including the source of the applied carbon prices and why these are deemed relevant for their chosen application. The undertaking may disclose the calculation methodology of the carbon prices including the extent to which these have been set using scientific guidance and how their future development is related to science-based carbon pricing trajectories; and	(ae) the carbon prices applied according to the type of scheme and critical assumptions made to determine the prices, including the source of the applied carbon prices and why these are deemed relevant for their chosen application. The undertaking may disclose the calculation methodology of the carbon prices including the extent to which these have been set using scientific guidance and how their future development is related to science-based carbon pricing trajectories; and an explanation of whether and how the undertaking applies carbon pricing in decision-making (for example, investment decisions, transfer pricing and scenario analysis) and the consistency of the prices used versus the prices used in the financial statement for impairment tests; and	[AMENDED] For simplification and further alignment with IFRS S2, para. 29 (f)(i).
(d) the current year approximate gross GHG emission volumes by Scopes 1, 2 and, where applicable, Scope 3 in metric tonnes of CO ₂ eq covered by these schemes, as well as their share of the undertaking's overall GHG emissions for each respective Scope.	(bd) the current year approximate gross average carbon price per metric tonne of GHG emissions volumes by Scopes 1, 2 and, where applicable, Scope 3 in metric tonnes of CO₂eq covered by these schemes, as well as their share of the undertaking's overall GHG emissions for each respective Scope internal pricing scheme.	[AMENDED] For simplification and further alignment with IFRS S2, para. 29 (f)(ii).

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Disclosure Requirement E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
64. The undertaking shall disclose its:	64. The undertaking shall disclose its:	[DELETED] Each DR on the metric starts with the objective (see para. 65 (as enacted in 2023)).
(a) anticipated financial effects from material physical risks;	(a) anticipated financial effects from material physical risks;	[DELETED] Same as above
(b) anticipated financial effects from material transition risks; and	(b) anticipated financial effects from material transition risks; and	[DELETED] Same as above
(c) potential to benefit from material climate-related opportunities.	(c) potential to benefit from material climate-related opportunities.	[DELETED] Same as above
65. The information required by paragraph 64 is in addition to the information on current financial effects required under ESRS 2 SBEM-3 para 48 (d). The objective of this Disclosure Requirement related to:	4037. 65. The information required by paragraph 64 is in addition to the information on current financial effects required under ESRS 2 SBEM-3 para 48 (d). The objective of this DR is to enable an understanding of how the identified climate-related material physical and transition risks and climate-related opportunities are expected to affect the undertaking's financial position and future performance. Paragraphs 38 and 41 of this Standard add topical specifications to ESRS 2 SBM 3. The information required for this DR is part of the information on current and anticipated financial effects required under ESRS 2 SBM-3. – 27. Disclosure Requirement related to:	[AMENDED] Amended to reflect the link with IRO analysis and ESRS 2 SBM-3.
(a) anticipated financial effects due to material physical risks and transition risks is to provide an understanding of how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows, over the short-, medium and long- term. The results of scenario	(a) anticipated financial effects due to material physical risks and transition risks is to provide an understanding of how these risks have (or could reasonably be expected to have) a material influence on the undertaking's financial position, financial performance and cash flows, over the short-, medium and long- term. The results of scenario	[DELETED] Deleted as redundant with the amended para. 39.

analysis used to conduct resilience analysis as required under paragraphs AR 10 to AR 13 should inform the assessment of anticipated financial effects from material physical and transition risks.	analysis used to conduct resilience analysis as required under paragraphs AR 10 to AR 13 should inform the assessment of anticipated financial effects from material physical and transition risks.	
(b) potential to pursue material climate-related opportunities is to enable an understanding of how the undertaking may financially benefit from material climate-related opportunities. This disclosure is complementary to the key performance indicators to be disclosed in accordance with Commission Delegated Regulation (EU) 2021/2178.	(b) potential to pursue material climate-related opportunities is to enable an understanding of how the undertaking may financially benefit from material climate-related opportunities. This disclosure is complementary to the key performance indicators to be disclosed in accordance with Commission Delegated Regulation (EU) 2021/2178.	[DELETED] Deleted and replaced by the amended para. 41 to strengthen the alignment with IFRS S2.
66. The disclosure of anticipated financial effects from material physical risks required by paragraph 64 (a) shall include [48]:	3841.66. The undertaking shall disclose the disclosure of <i>anticipated financial effects</i> from <i>material physical risks</i> , including required by paragraph 64 (a) shall include [48]:	[AMENDED] Amended to simplify the wording.
(a) the monetary amount and proportion (percentage) of assets at material physical risk over the short-, medium and long-term before considering climate change adaptation actions; with the monetary amounts of these assets disaggregated by acute and chronic physical risk [49];	(a) the monetary-carrying amount and proportion (percentage) of assets at material physical risk over the short-, medium and long-term before considering <i>climate change adaptation actions</i> , including the relevant time horizons; with the monetary amounts of these assets disaggregated by acute and chronic physical risk [49];	[AMENDED] Amended to keep alignment with IFRS S2 29 (c) and to keep the primary data requested by banks (66(a)) Deletion of the split between chronic and acute as not in the DRAFT Pillar 3. Clarification that the undertaking shall indicate if it considers the risk in short, medium or long term.
(b) the proportion of assets at material physical risk addressed by the climate change adaptation actions;	(b) the percentage of the (carrying amount of) proportion of assets at material physical risk addressed by the climate change-adaptation <i>actions</i> <u>at the reporting date; and</u>	[AMENDED] Amended to keep the primary data requested by banks (66(b)). Percentage has been clarified.
(c) the location of significant assets at material physical risk [50]; and	(c) the location of significant assets at material physical risk [50]; and	[DELETED] Deleted as considered challenging by the respondents of the public consultation. Can be disclosed with the methodology if considered relevant as detailed in amended AR 32.
(d) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk over the short-, medium- and long-term.	(c) the monetary amount and proportion (percentage) of net revenue from its business activities at material physical risk , <u>including the relevant time horizons</u> , over the short-, medium- and long-term.	[AMENDED] Amended to keep the primary data requested by banks. To keep alignment with IFRS S2 29 (c) and to keep the primary data requested by banks (66(d)).

		More flexibility on the approach (gross or net). Clarification that the undertaking shall indicate if it considers the risk in short, medium or long term.
67. The disclosure of anticipated financial effects from material transition risks required by paragraph 64 (b) shall include:	3942.67–The undertaking shall disclose the disclosure of anticipated financial effects from material transition risks, including required by paragraph 64 (b) shall include:	[AMENDED] Moved from AR 72(a) (as enacted in 2023). Integration from AR 73(a) (as enacted in 2023). Amended to simplify the wording.
(a) the monetary amount and proportion (percentage) of assets at material transition risk over the short-, medium and long-term before considering climate mitigation actions;	(a) the carrying monetary amount and proportion (percentage) of assets at material transition risk, including the relevant time horizons, and a range of estimated potential stranded assets from the reporting year until the mid-term and long-term time horizons based on a scenario aligned with limiting climate change to 1.5°C, over the short-, medium and long-term before considering climate mitigation actions;	[AMENDED] Amended to keep the primary data requested by banks (67(a)). Stranded assets disclosure moved from AR 69 and 72 (as enacted in 2023). More flexibility on the approach (gross or net). Clarification that the undertaking shall indicate if it considers the risk in short, medium or long term.
(b) the proportion of assets at material transition risk addressed by the climate change mitigation actions;	(b) the percentage proportion of the (carrying amount of) assets at material transition risk addressed by the climate change mitigation actions;	[AMENDED] Amended to keep alignment with IFRS S2. The percentage has been clarified.
(c) a breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency classes [51];	(c) a breakdown of the carrying value of its the undertaking's real estate assets that have been used as loan collaterals by energy-efficiency classes [51];	[AMENDED] Amended to keep the primary data requested by banks (67(c)).
(d) liabilities that may have to be recognised in financial statements over the short-, medium- and long-term; and	(d) the estimated potential liabilities related to climate transition that do not meet the accounting recognition criteria at the reporting date but that may have to be recognised in financial statements in future periods; and liabilities that may have to be recognised in financial statements over the short-, medium- and long-term; and	[AMENDED] Amended to keep the primary data requested by banks (67(d)).
(e) the monetary amount and proportion (percentage) of net revenue from its business activities at material transition risk over the short-, medium- and long-term including, where relevant, the net revenue from the undertaking's customers operating in coal, oil and gas-related activities.	(e) the monetary amount and proportion (percentage) of net revenue from its business activities at material transition risk and, if applicable, over the short-, medium- and long-term including, where relevant, the net revenue from the undertaking's customers operating in coal, oil- and gas-related activities, including the relevant time horizons.	[AMENDED] Amended to keep the primary data requested by banks (67(e)). More flexibility on the approach (gross or net). Clarification that the undertaking shall indicate if it considers the risk in short, medium or long term.

	<u>40. The undertaking shall disclose the methodology applied to quantify the amounts disclosed under paragraphs 38 and 39, including the scope adopted in the calculation, critical assumptions, parameters and limitations, including whether the calculation leverages on the process (e.g. scenario analysis) used to identify and assess transition risks.</u>	[MOVED] Moved from AR 69 and 72 (as enacted in 2023).
68. The undertaking shall disclose reconciliations to the relevant line items or notes in the financial statements of the following:	68. The undertaking shall disclose reconciliations to the relevant line items or notes in the financial statements of the following:	[DELETED]
(a) significant amounts of the assets and net revenue at material physical risk (as required by paragraph 66);	(a) significant amounts of the assets and net revenue at material physical risk (as required by paragraph 66);	[DELETED]
(b) significant amounts of the assets, liabilities, and net revenue at material transition risk (as required by paragraph 67).	(b) significant amounts of the assets, liabilities, and net revenue at material transition risk (as required by paragraph 67).	[DELETED]
69. For the disclosure of the potential to pursue climate-related opportunities required by paragraph 64 (c) the undertaking shall consider [52]:	<u>41. The undertaking shall disclose the amount of assets or revenue from its business activities related with the identified climate-related opportunities, including their associated time horizons.</u> 69. For the disclosure of the potential to pursue climate-related opportunities required by paragraph 64 (c) the undertaking shall consider [52]:	[AMENDED] This content is replacing para. 69 (as enacted in 2023). The language has been aligned with IFRS S2. Clarification that the undertaking shall indicate if it considers the risk in short, medium or long term.
(a) its expected cost savings from climate change mitigation and adaptation actions (Pillar 3); and	(a) its expected cost savings from climate change mitigation and adaptation actions (Pillar 3); and	[DELETED]
(b) the potential market size or expected changes to net revenue from low-carbon products and services or adaptation solutions to which the undertaking has or may have access (Pillar 3).	(b) the potential market size or expected changes to net revenue from low-carbon products and services or adaptation solutions to which the undertaking has or may have access (Pillar 3).	[DELETED]
70. A quantification of the financial effects that arise from opportunities is not required if such a disclosure does not meet the qualitative characteristics of useful information included under ESRS 1 Appendix B Qualitative characteristics of information.	70. A quantification of the financial effects that arise from opportunities is not required if such a disclosure does not meet the qualitative characteristics of useful information included under ESRS 1 Appendix B Qualitative characteristics of information.	[DELETED]

Appendix A Application Requirements		
Strategy		
Disclosure Requirement E1-1 – Transition plan for climate change mitigation	Disclosure Requirement E1-1 – Transition plan for climate change mitigation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 1. A transition plan relates to the undertaking's efforts in climate change mitigation . When disclosing its transition plan, the undertaking is expected to provide a high-level explanation of how it will adjust its strategy and business model to ensure compatibility with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement (or an updated international agreement on climate change) and the objective of achieving climate neutrality by 2050 with no or limited overshoot as established in Regulation (EU) 2021/1119 (European Climate Law), and where applicable, how it will adjust its exposure to coal, and oil and gas-related activities.	<p>AR 1 for para. 11 (Transition plan for climate change mitigation)</p> <p><u>A transition plan for climate change mitigation sets out how the undertaking intends to transform its relates to the undertaking's efforts in climate change mitigation. When disclosing its transition plan, the undertaking is expected to provide a high level explanation of how it will adjust its strategy and business model to ensure compatibility with the transition to a sustainable economy and <u>it includes the key features listed out in paragraph 11.</u> with the limiting of global warming to 1.5°C in line with the Paris Agreement (or an updated international agreement on climate change) and the objective of achieving climate neutrality by 2050 with no or limited overshoot as established in Regulation (EU) 2021/1119 (European Climate Law), and where applicable, how it will adjust its exposure to coal, and oil and gas-related activities.</u> The undertaking's transition plan for climate mitigation can be either standalone or included in a broader transition plan covering both mitigation and adaptation aspects. If the undertaking's transition plan also covers adaptation, the disclosure shall specify this fact and cross-reference the information provided in accordance with ESRS E1-3 and E1-5.</p>	<p>[AMENDED]</p> <p>Streamlined wording and strengthened link to an undertaking's strategy and business model, with reference to amended para. 11.</p> <p>Additional provisions to further clarify the interaction with climate adaptation.</p>
	<p>AR 2 for para. 11(a) (Key features description)</p> <p><u>In disclosing the key features referred to in paragraph 11(a), the undertaking shall refer, if applicable, to disclosures on policies, actions, resources and targets made elsewhere (e.g. ESRS E1-5 and E1-6 as well as ESRS 2 <i>General Disclosures</i>). The transition plan disclosure consolidates the</u></p>	<p>[NEW]</p> <p>Introductory paragraph to clarify the expectations of the disclosures about the TP (each key feature is detailed further in the following rows).</p> <p>This paragraph also clarifies the ability to refer to relevant content within the sustainability statement and avoid</p>

	key features of the undertaking's plan into a coherent description that demonstrates that they are strategically aligned to drive business transformation. The relevant disclosures under this paragraph are:	duplication (addressing stakeholder feedback received on duplication and redundancies in E1-1).
AR 2. Sectoral pathways have not yet been defined by the public policies for all sectors. Hence, the disclosure under paragraph 16 (a) on the compatibility of the transition plan with the objective of limiting global warming to 1.5° C should be understood as the disclosure of the undertaking's GHG emissions reduction target . The disclosure under paragraph 16 (a) shall be benchmarked in relation to a pathway to 1.5°C. This benchmark should be based on either a sectoral decarbonisation pathway if available for the undertaking's sector or an economy-wide scenario bearing in mind its limitations (i.e., it is a simple translation of emission reduction objectives from the state to undertaking level). This AR should be read also in conjunction with AR 26 and AR 27 and the sectoral decarbonisation pathways they refer to.	<p><u>(a) a statement on whether the GHG emission reduction targets are science-based and compatible with limiting global warming to 1.5°C (with reference to ESRS E1-6 paragraph 23, and the associated Application Requirements (ARs)):</u></p> <p>AR 2. Sectoral pathways have not yet been defined by the public policies for all sectors. Hence, the disclosure under paragraph 16 (a) on the compatibility of the transition plan with the objective of limiting global warming to 1.5° C should be understood as the disclosure of the undertaking's GHG emissions reduction target. The disclosure under paragraph 16 (a) shall be benchmarked in relation to a pathway to 1.5°C. This benchmark should be based on either a sectoral decarbonisation pathway if available for the undertaking's sector or an economy-wide scenario bearing in mind its limitations (i.e., it is a simple translation of emission reduction objectives from the state to undertaking level). This AR should be read also in conjunction with AR 26 and AR 27 and the sectoral decarbonisation pathways they refer to.</p>	<p>[AMENDED]</p> <p>Integrated from 16(a) (as enacted in 2023) and simplified. Content on how to demonstrate compatibility, in response to stakeholder feedback was moved to E1-6 and is cross-referenced to avoid the duplication.</p>
	<u>(b) decarbonisation levers identified (with reference to ESRS E1-5), including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, upstream or downstream value chain;</u>	<p>[AMENDED]</p> <p>Integrated from 16(b) (as enacted in 2023) with reference to climate change mitigation and adaptation actions.</p>
AR 4. When disclosing the information required under paragraph 16 (e), the undertaking shall explain how the alignment of its economic activities with the provisions of Commission Delegated Regulation (EU) 2021/2139 is expected to evolve over time to support its transition to a sustainable economy. In doing so, the undertaking shall take account of the key performance indicators required to be disclosed under Article 8 of Regulation (EU)	<u>(c) the amount of significant financial resources (operational or capital expenditure), allocated or expected to be allocated for the implementation of its transition plan for climate change mitigation, including an indicative range of future financial resources expected (with reference to ESRS E1-5 and ESRS 2 GDR-A). This disclosure can be limited to (a) the approved and announced key actions and action plans and (b) the planned funding sources for implementing those actions (ESRS 2 AR 41). AR</u>	<p>[AMENDED]</p> <p>Integrated from 16(c) (as enacted in 2023) with amendments and clarifications, including reference to the disclosure of actions under amended E1-5 and ESRS 2, GDR-A.</p> <p>Amendments acknowledged stakeholder feedback on the challenges associated with quantifying long-term OpEx and CapEx, with some suggesting this be made voluntary</p>

2020/852 (in particular taxonomy-aligned revenue and CapEx and, if applicable, CapEx plans).	4. When disclosing the information required under paragraph 16 (e), the undertaking shall explain how the alignment of its economic activities with the provisions of Commission Delegated Regulation (EU) 2021/2139 is expected to evolve over time to support its transition to a sustainable economy. In doing so, the undertaking shall take account of the key performance indicators required to be disclosed under Article 8 of Regulation (EU) 2020/852 (in particular taxonomy-aligned revenue and CapEx and, if applicable, CapEx plans).	or deleted. Reference to GDR-A and the inclusion of text from ESRS 2, AR 41 specifically seeks to address this concern by outlining the reliefs available when disclosing information on actions and resources.
	<u>The disclosure required by paragraph 11(a) focuses on providing the key elements necessary for demonstrating the coherence and credibility of the undertaking's transition plan for climate change mitigation. The undertaking is not required to disclose detailed internal information used to manage the undertaking's transition plan for climate change mitigation beyond the scope of this disclosure.</u>	[NEW] Concluding sentence in this AR to clarify expectations on what is/is not required in TP disclosure, addressing stakeholder feedback on the need to clarify level of detail disclosed under E1-1.
	<u>AR 3 for para. 11(c) (Key assumptions and dependencies)</u> <u>Information on dependencies relate to, for instance, deployment of certain technologies, workforce availability or ability to implement changes in the value chain. If applicable, the undertaking shall include information in line with ESRS 2 GDR-A regarding dependencies of future financial resources and other resources and how these may constrain the actions of the transition plan for climate change mitigation.</u> <u>Information on assumptions relate to, e.g., expectations about regulatory requirements or the ability of an entity to implement planned changes within its value chain.</u>	[NEW] This AR includes context and guidance for the disclosure of key assumptions and dependencies in relation to amended para. 11(c). The inclusion of the requirement to disclose information about key assumptions and dependencies on which the TP relies upon is aligned with IFRS S2.14(a)(iv). A sentence was also included to refer to GDR-A as it relates to dependencies of future resources (both financial and other).
AR 3. When disclosing the information required under paragraph 16(d) the undertaking may consider: (a) the cumulative locked-in GHG emissions associated with key assets from the reporting year until 2030 and 2050 in tCO2eq. This will be assessed as the sum of the estimated Scopes 1 and 2 GHG emissions over the operating lifetime of the active and firmly planned key	<u>AR 4 for para. 11(d) (Locked-in emission assessment)</u> <u>The qualitative assessment of locked-in emissions seeks to ensure that these emissions are adequately considered by the undertaking in its transition plan for climate change mitigation, explaining how the magnitude of the locked-in emissions can potentially put at risk – or not – the eventual implementation of the climate mitigation</u>	[AMENDED] This AR simplifies AR 3 (as enacted in 2023) and explains the purpose and importance of the qualitative assessment of locked-in emissions.

<p>assets. Key assets are those owned or controlled by the undertaking, and they consist of existing or planned assets (such as stationary or mobile installations, facilities, and equipment) that are sources of either significant direct or energy-indirect GHG emissions. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years.</p> <p>(b) the cumulative locked-in GHG emissions associated with the direct use-phase GHG emissions of sold products in tCO₂eq, assessed as the sales volume of products in the reporting year multiplied by the sum of estimated direct use-phase GHG emissions over their expected lifetime. This requirement only applies if the undertaking has identified the Scope 3 category “use of sold products” as significant under Disclosure Requirement E1-6 paragraph 51; and</p> <p>(c) an explanation of the plans to manage, i.e., to transform, decommission or phase out its GHG-intensive and energy-intensive assets and products.</p>	<p>transition plan. <u>AR 3. When disclosing the information required under paragraph 16(d) the undertaking may consider:</u></p> <p>(a) the cumulative locked-in GHG emissions associated with key assets from the reporting year until 2030 and 2050 in tCO₂eq. This will be assessed as the sum of the estimated Scopes 1 and 2 GHG emissions over the operating lifetime of the active and firmly planned key assets. Key assets are those owned or controlled by the undertaking, and they consist of existing or planned assets (such as stationary or mobile installations, facilities, and equipment) that are sources of either significant direct or energy indirect GHG emissions. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years.</p> <p>(b) the cumulative locked-in GHG emissions associated with the direct use-phase GHG emissions of sold products in tCO₂eq, assessed as the sales volume of products in the reporting year multiplied by the sum of estimated direct use-phase GHG emissions over their expected lifetime. This requirement only applies if the undertaking has identified the Scope 3 category “use of sold products” as significant under Disclosure Requirement E1-6 paragraph 51; and</p> <p>(c) an explanation of the plans to manage, i.e., to transform, decommission or phase out its GHG-intensive and energy-intensive assets and products.</p>	
	<p><u>AR 5 for para. 11(e) (Progress explanation)</u></p> <p><u>When explaining its progress in implementing the transition plan for climate change mitigation, the undertaking shall explain quantitative and qualitative components such as the deployment of resources, the actions taken and the GHG emission reductions achieved or expected to be achieved. Information on progress shall include, where applicable, sector-specific metrics that can be used to track progress against specific climate targets that the undertaking may have set, using recognised sectoral decarbonisation standards.</u></p>	<p>[NEW]</p> <p>This AR provides context and guidance for amended 11(e). The inclusion of sector-specific metrics (where appropriate) acknowledges sector specificities in preparing the TP while remaining sector-agnostic, and in response to stakeholder feedback to ensure metrics are decision-useful and relevant for users.</p>

AR 5. When disclosing the information required under paragraph 16 (g), the undertaking shall state whether or not it is excluded from the EU Paris-aligned Benchmarks in accordance with the exclusion criteria stated in Articles 12(1) (d) to (g) [53] and 12(2) of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation) [54] .	AR 5. When disclosing the information required under paragraph 16 (g), the undertaking shall state whether or not it is excluded from the EU Paris-aligned Benchmarks in accordance with the exclusion criteria stated in Articles 12(1) (d) to (g) [53] and 12(2) of Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Standards Regulation) [54].	[DELETED] This AR is no longer required given the deletion of former 16(g) on the requirement to disclose whether an undertaking is excluded from the EU Paris-aligned Benchmarks.
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IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities	Disclosure Requirement E1-2 – Identification of climate-related risks and scenario analysis	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 9. When disclosing the information on the processes to identify and assess climate impacts as required under paragraph 20 (a), the undertaking shall explain how it has:	AR 9. When disclosing the information on the processes to identify and assess climate impacts as required under paragraph 20 (a), the undertaking shall explain how it has:	[DELETED] Deemed less important for the general purpose of reporting on this disclosure.
a. screened its activities and plans in order to identify actual and potential future GHG emission sources and, if applicable, drivers for other climate-related impacts (e.g., emissions of black carbon or tropospheric ozone or land-use change) in own operations and along the value chain; and	screened its activities and plans in order to identify actual and potential future GHG emission sources and, if applicable, drivers for other climate-related impacts (e.g., emissions of black carbon or tropospheric ozone or land-use change) in own operations and along the value chain; and	[DELETED] Streamlined.
b. assessed its actual and potential impacts on climate change (i.e., its total GHG emissions).	assessed its actual and potential impacts on climate change (i.e., its total GHG emissions).	[DELETED] Streamlined.
AR 10. The undertaking may link the information disclosed under paragraphs 20 (a) and AR 9 to the information disclosed under the following Disclosure Requirements: Disclosure Requirement E1-1, paragraph 16 (d) on locked-in GHG emissions; Disclosure Requirement E1-4 and Disclosure Requirement E1-6.	AR 10. The undertaking may link the information disclosed under paragraphs 20 (a) and AR 9 to the information disclosed under the following Disclosure Requirements: Disclosure Requirement E1-1, paragraph 16 (d) on locked-in GHG emissions; Disclosure Requirement E1-4 and Disclosure Requirement E1-6.	[DELETED] Streamlined.
AR 11. When disclosing the information on the processes to identify and assess physical risks as required under paragraph 20 (b), the undertaking shall explain whether and how:	AR 11. When disclosing the information on the processes to identify and assess physical risks as required under paragraph 20 (b), the undertaking shall explain whether	[AMENDED] Merged with AR 12 (as enacted in 2023).

	and how: In conducting its climate-related risk analysis, the undertaking shall:	
(a) it has identified climate-related hazards (see table below) over the short-, medium- and long-term and screened whether its assets and business activities may be exposed to these hazards;	<p>(a) it has identified climate-related hazards (see table below for climate-related physical risks) or transition events (for climate-related transition risks) over the short-, medium- and long-term and screened whether its assets and business activities <u>to assess whether they may be</u> exposed to these hazardssm; and</p> <p>(a) identify climate-related hazards (for climate-related physical risks) or transition events (for climate-related transition risks) over the short, medium and long term and screen its assets and business activities to assess whether they are exposed to them; and it has identified climate-related hazards (see table below) over the short, medium- and long-term and screened whether its assets and business activities may be exposed to these hazards;</p>	<p>[AMENDED]</p> <p>Slight change in wording to be less prescriptive and to remove the reference to table, since it has been deleted.</p> <p>Merged with AR 12 (as enacted in 2023).</p>
(b) it has defined short-, medium- and long-term time horizons and how these definitions are linked to the expected lifetime of its assets, strategic planning horizons and capital allocation plans;	(b) it has defined short-, medium- and long-term time horizons and how these definitions are linked to the expected lifetime of its assets, strategic planning horizons and capital allocation plans;	<p>[DELETED]</p> <p>Deleted to reflect the low disclosure practices revealed by information gathering from stakeholders.</p>
(c) it has assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified climate-related hazards, taking into consideration the likelihood, magnitude and duration of the hazards as well as the geospatial coordinates (such as Nomenclature of Territorial Units of Statistics- NUTS for the EU territory) specific to the undertaking's locations and supply chains ; and	<p>(b) it has assessed the extent to which its assets and business activities <u>are</u> may be exposed and are sensitive to the identified climate-related hazards or transition events, taking into consideration the likelihood, magnitude and duration of them, hazards as well as the <u>locations of its assets and business dependencies in its value-chain (for climate-related hazards)</u>. geospatial coordinates (such as Nomenclature of Territorial Units of Statistics- NUTS for the EU territory) specific to the undertaking's locations and supply chains ; and</p> <p>(c) assess the extent to which its assets and business activities are exposed and are sensitive to the identified climate-related hazards or transition events, taking into consideration the likelihood, magnitude and duration of them, as well as the locations of its assets and business dependencies in its value-chain (for climate-related</p>	<p>[AMENDED]</p> <p>Slight change in language to be less prescriptive. The consideration of geospatial coordinates as part of the explanation related to this AR was removed from the revised paragraph to provide flexibility.</p> <p>Merged with AR 12 (as enacted in 2023).</p>

	hazards), it has assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified climate-related hazards, taking into consideration the likelihood, magnitude and duration of the hazards as well as the geospatial coordinates (such as Nomenclature of Territorial Units of Statistics – NUTS for the EU territory) specific to the undertaking’s locations and supply chains ; and	
(d) the identification of climate-related hazards and the assessment of exposure and sensitivity are informed by high emissions climate scenarios , which may, for example, be based on IPCC SSP5-8.5, relevant regional climate projections based on these emission scenarios, or NGFS (Network for Greening the Financial System) climate scenarios with high physical risk such as “Hot house world” or “Too little, too late”. For general requirements regarding climate-related scenario analysis see paragraphs 18, 19, AR 13 to AR 15. [table: Classification of climate-related hazards]	(d) the identification of climate-related hazards and the assessment of exposure and sensitivity are informed by high emissions climate scenarios , which may, for example, be based on IPCC SSP5-8.5, relevant regional climate projections based on these emission scenarios, or NGFS (Network for Greening the Financial System) climate scenarios with high physical risk such as “Hot house world” or “Too little, too late”. For general requirements regarding climate-related scenario analysis see paragraphs 18, 19, AR 13 to AR 15. [table: Classification of climate-related hazards]	[MOVED] Moved to amended para. 16. The table with the Classification of climate-related hazards may be considered in future guidance.
AR 12. When disclosing the information on the processes to identify transition risks and opportunities as required under paragraph 20 (c), the undertaking shall explain whether and how it has:	AR 12. When disclosing the information on the processes to identify transition risks and opportunities as required under paragraph 20 (c), the undertaking shall explain whether and how it has:	[MOVED] Moved to amended AR 6 with minor editorial amendments.
(a) identified transition events (see the table with examples below) over the short-, medium- and long-term and screened whether its assets and business activities may be exposed to these events. In case of transition risks and opportunities, what is considered long-term may cover more than 10 years and may be aligned with climate-related public policy goals;	(a) identified transition events (see the table with examples below) over the short-, medium- and long-term and screened whether its assets and business activities may be exposed to these events. In case of transition risks and opportunities, what is considered long-term may cover more than 10 years and may be aligned with climate-related public policy goals;	[MOVED] Same as above
(b) assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified transition events, taking into consideration the likelihood, magnitude and duration of the transition events;	(b) assessed the extent to which its assets and business activities may be exposed and are sensitive to the identified transition events, taking into consideration the likelihood, magnitude and duration of the transition events;	[MOVED] Same as above

(c) informed the identification of transition events and the assessment of exposure by climate-related scenario analysis, considering at least a scenario consistent with the Paris Agreement and limiting climate change to 1.5°C, for example, based on scenarios of the International Energy Agency (Net zero Emissions by 2050, Sustainable Development Scenario, etc), or NGFS (Network for Greening the Financial System) climate scenarios. For the general requirements related to climate-related scenario analysis see paragraphs 18, 19, AR 13 to AR 15; and	(c) informed the identification of transition events and the assessment of exposure by climate-related scenario analysis, considering at least a scenario consistent with the Paris Agreement and limiting climate change to 1.5°C, for example, based on scenarios of the International Energy Agency (Net zero Emissions by 2050, Sustainable Development Scenario, etc), or NGFS (Network for Greening the Financial System) climate scenarios. For the general requirements related to climate-related scenario analysis see paragraphs 18, 19, AR 13 to AR 15; and	[MOVED] Moved to amended para. 16. Amended to simplify and clarify the wording.
(d) identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy (for example, due to significant locked-in GHG emissions or incompatibility with the requirements for Taxonomy-alignment under Commission Delegated Regulation (EU) 2021/2139). [Examples of climate-related transition events (examples based on TCFD classification)]	(d) identified assets and business activities that are incompatible with or need significant efforts to be compatible with a transition to a climate-neutral economy (for example, due to significant locked-in GHG emissions or incompatibility with the requirements for Taxonomy-alignment under Commission Delegated Regulation (EU) 2021/2139). [Examples of climate-related transition events (examples based on TCFD classification)]	[DELETED] Examples of climate-related transition events may considered in future guidance.
<i>Climate-related scenario analysis</i> AR 13. When disclosing the information required under paragraphs 19, 20, 21, AR 10 and AR 11, the undertaking shall explain how it has used climate-related <i>scenario analysis</i> that is commensurate to its circumstances to inform the identification and assessment of <i>physical</i> and <i>transition risks</i> and <i>opportunities</i> over the short-, medium- and long-term, including:	<i>Climate-related scenario analysis</i> AR 13. When disclosing the information required under paragraphs 19, 20, 21, AR 10 and AR 11, the undertaking shall explain how it has used climate-related <i>scenario analysis</i> that is commensurate to its circumstances to inform the identification and assessment of <i>physical</i> and <i>transition risks</i> and <i>opportunities</i> over the short-, medium- and long-term, including:	[DELETED]
(a) which <i>scenarios</i> were used, their sources and alignment with state-of-the-art science;	a. which <i>scenarios</i> were used, their sources and alignment with state-of-the-art science;	[DELETED]
(b) narratives, time horizons, and endpoints used with a discussion of why it believes the range of scenarios used covers its plausible risks and uncertainties;	b. narratives, time horizons, and endpoints used with a discussion of why it believes the range of	[DELETED]

	scenarios used covers its plausible risks and uncertainties;–	
(c) the key forces and drivers taken into consideration in each scenario and why these are relevant to the undertaking, for example, policy assumptions, macroeconomic trends, energy usage and mix, and technology assumptions; and	a. the key forces and drivers taken into consideration in each scenario and why these are relevant to the undertaking, for example, policy assumptions, macroeconomic trends, energy usage and mix, and technology assumptions; and–	[MOVED] Moved to amended 16. To ensure closer alignment with the related disclosure requirement.
(d) key inputs and constraints of the scenarios, including their level of detail (e.g., whether the analysis of physical climate-related risks is based on geospatial coordinates specific to the undertaking's locations or national- or regional-level broad data).	d. key inputs and constraints of the scenarios, including their level of detail (e.g., whether the analysis of physical climate related risks is based on geospatial coordinates specific to the undertaking's locations or national- or regional level broad data).–	[MOVED] Same as above
AR 14. When conducting scenario analysis , the undertaking may consider the following guidance: TCFD Technical Supplement on “The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities” (2017); TCFD “Guidance on Scenario Analysis for Non-Financial Companies” (2020); ISO 14091:2021 “Adaptation to climate change — Guidelines on vulnerability, impacts and risk assessment”; any other recognised industry standards such as NGFS (Network for Greening the Financial System); and EU, national, regional and local regulations.	AR 14. When conducting scenario analysis, the undertaking may consider the following guidance: TCFD Technical Supplement on “The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities” (2017); TCFD “Guidance on Scenario Analysis for Non-Financial Companies” (2020); ISO 14091:2021 “Adaptation to climate change — Guidelines on vulnerability, impacts and risk assessment”; any other recognised industry standards such as NGFS (Network for Greening the Financial System); and EU, national, regional and local regulations.–	[DELETED]
AR 15. The undertaking shall briefly explain how the climate scenarios used are compatible with the critical climate-related assumptions made in the financial statements.	AR 15. The undertaking shall briefly explain how the climate scenarios used are compatible with the critical climate-related assumptions made in the financial statements.–	[DELETED]

SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	<u>Disclosure Requirement E1-3 - Resilience in relation to climate change</u>	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	

AR6. When disclosing the information on the scope of the resilience analysis as required under paragraph 19 (a), the undertaking shall explain which part of its own operations and upstream and downstream value chain as well as which material physical risks and transition risks may have been excluded from the analysis.	AR6. When disclosing the information on the scope of the resilience analysis as required under paragraph 19 (a), the undertaking shall explain which part of its own operations and upstream and downstream value chain as well as which material physical risks and transition risks may have been excluded from the analysis.	[DELETED]
AR7. When disclosing the information on how the resilience analysis has been conducted as required under paragraph 19 (b), the undertaking shall explain:	AR7. When disclosing the information on how the resilience analysis has been conducted as required under paragraph 19 (b), the undertaking shall explain:	[DELETED]
(a) the critical assumptions about how the transition to a lower-carbon and resilient economy will affect its surrounding macroeconomic trends, energy consumption and mix, and technology deployment assumptions;	(a) the critical assumptions about how the transition to a lower-carbon and resilient economy will affect its surrounding macroeconomic trends, energy consumption and mix, and technology deployment assumptions;	[DELETED]
(b) the time horizons applied and their alignment with the climate and business scenarios considered for determining material physical and transition risks (paragraphs AR 11 to AR 12) and setting GHG emissions reduction targets (reported under Disclosure Requirement E1-4); and	(b) the time horizons applied and their alignment with the climate and business scenarios considered for determining material physical and transition risks (paragraphs AR 11 to AR 12) and setting GHG emissions reduction targets (reported under Disclosure Requirement E1-4); and	[DELETED]
(c) how the estimated anticipated financial effects from material physical and transition risks (as required by Disclosure Requirement E1-9) as well as the mitigation actions and resources (disclosed under Disclosure Requirement E1-3) were considered.	(c) how the estimated anticipated financial effects from material physical and transition risks (as required by Disclosure Requirement E1-9) as well as the mitigation actions and resources (disclosed under Disclosure Requirement E1-3) were considered.	[DELETED]
	AR 7. The analysis of climate resilience builds upon the identification of climate-related risks reported in ESRS E1-2, paragraph 15. Therefore, the scope of the analysis of climate resilience is aligned with that of the undertaking's material climate-related risks and informed by climate-related scenario analysis if performed. If climate-related scenario analysis is used specifically for the purpose of assessing climate resilience, the undertaking shall disclose the information prescribed under paragraph 16 and 18.	[NEW] The relationship between climate-related scenario analysis and analysis of climate resilience has been clarified.
	AR 8. When assessing the climate resilience of its strategy and business model, the undertaking shall consider the implications for its strategy and business model of the assessments performed in accordance with ESRS E1-2 and of	[NEW]

	the exposures at risk disclosed in accordance with ESRS E1-11 (anticipated financial effects), including actions required to respond to the climate-related risks and opportunities identified through climate-related scenario analysis if performed.	Information gathering from stakeholders led to the introduction of the exposure to climate hazards between scenario and AFE. The wording applied has taken into account the provision in IFRS S2.22(a) for closer alignment.
AR 8. When disclosing the information on the results of the resilience analysis as required under paragraph 19 (c), the undertaking shall explain:	AR 98. When disclosing the information on the results and implications of the resilience analysis of climate resilience in accordance with as required under paragraph 211918-(a), the undertaking shall explain:— provide its assessment of its climate resilience as at the reporting date. An undertaking is not required to perform an analysis of climate resilience on an annual basis. If the undertaking has updated its assessment of climate-related impacts, risks and opportunities (per ESRS E1-2), it shall update its analysis of resilience. When disclosing under paragraph 18, financial institutions may leverage on the applicable prudential regulatory framework if it includes references to resilience analysis, or to related concepts such as usage of scenarios in the context of sustainability risk plans.	[AMENDED, MOVED] The ARs have been reorganised, AR 8 (as enacted in 2023) was replaced by amended AR 9 and AR 10 and a portion was moved to amended 21(b) Alignment with IFRS S2.22(a). Clarification brought on financial institutions in the final paragraph was in response to stakeholder feedback.
(a) the areas of uncertainties of the resilience analysis and to what extent the assets and business activities at risk are considered within the definition of the undertaking's strategy, investment decisions, and current and planned mitigation actions;	the areas of uncertainties of the resilience analysis and to what extent the assets and business activities at risk are considered within the definition of the undertaking's strategy, investment decisions, and current and planned mitigation actions;	[MOVED] AR 8(a) (as enacted in 2023) on areas of uncertainties was streamlined and moved to amended 18(b) as the AR has been reorganized to have alignment with IFRS S2.22(a).
(b) the ability of the undertaking to adjust or adapt its strategy and business model to climate change over the short-, medium- and long-term, including securing ongoing access to finance at an affordable cost of capital, the ability to redeploy, upgrade or decommission existing assets, shifting its products and services portfolio, or reskilling its workforce.	AR 10. When disclosing on its capacity the ability of the undertaking to adjust or adapt its strategy and business model in accordance with paragraph 18-(c), the undertaking shall consider: and business model to climate change over the short-, medium- and long-term, including securing ongoing access to finance at an affordable cost of capital, (a) the availability of, and flexibility of, existing financial resources to manage financial effects impacts of climate-	[AMENDED] Amended for stronger alignment with IFRS S2.22(a).

	<p>related risks and to capitalise on climate-related opportunities;</p> <p>(b) the its ability to redeploy, repurpose, upgrade or decommission existing assets <u>in response to climate-related changes</u>;</p> <p>(c) the effect of current and planned investments in climate change mitigation, adaptation and transition opportunities for climate resilience;</p> <p>(d) cross--referencing to its climate change mitigation and climate change adaptation actions, disclosed in E1-5. , shifting its products and services portfolio, or reskilling its workforce.</p>	
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Impact, risk and opportunities		
Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation	Disclosure Requirement E1-42 – Policies related to climate change mitigation and adaptation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 16. Policies related to either climate change mitigation or climate adaptation may be disclosed separately as their objectives, people involved, actions and resources needed to implement them are different.	AR 16. Policies related to either climate change mitigation or climate adaptation may be disclosed separately as their objectives, people involved, actions and resources needed to implement them are different.	[DELETED] Feedback from Q&A (ID 762) and stakeholders highlighted that it remains unclear whether cross-cutting policies should be repeated under each topical ESRS. Provisions removed to leverage cross-cutting disclosure content.
AR 17. Policies related to climate change mitigation address the management of the undertaking's GHG emissions , GHG removals and transition risks over different time horizons, in its own operations and/or in the upstream and downstream value chain . The requirement under paragraph 22 may relate to stand-alone climate change mitigation policies as well as relevant policies on other matters that indirectly support climate change mitigation including training policies, procurement or supply chain policies, investment policies or product development policies.	AR 17. Policies related to climate change mitigation address the management of the undertaking's GHG emissions, GHG removals and transition risks over different time horizons, in its own operations and/or in the upstream and downstream value chain. The requirement under paragraph 22 may relate to stand-alone climate change mitigation policies as well as relevant policies on other matters that indirectly support climate change mitigation including training policies, procurement or supply chain policies, investment policies or product development policies.	[DELETED]

AR 18. Policies related to climate change adaptation address the management of the undertaking's physical climate risks and of its transition risks related to climate change adaptation. The requirement under paragraphs 22 and 25 may relate to stand-alone climate change adaptation policies as well as relevant policies on other matters that indirectly support climate change adaptation including training policies, and emergency or health and safety policies.	AR 18. Policies related to climate change adaptation address the management of the undertaking's physical climate risks and of its transition risks related to climate change adaptation. The requirement under paragraphs 22 and 25 may relate to stand-alone climate change adaptation policies as well as relevant policies on other matters that indirectly support climate change adaptation including training policies, and emergency or health and safety policies.	[DELETED]
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Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies	Disclosure Requirement E1-53 – Actions and resources in relation to climate change policies	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 19. When disclosing the information on actions as required under paragraphs 29 (a) and 29 (b), the undertaking may:	AR 19. When disclosing the information on actions as required under paragraphs 29 (a) and 29 (b), the undertaking may:-	[DELETED] Streamlined to leverage GDR-A.
(a) disclose its key actions taken and/or plans to implement climate change mitigation and adaptation policies in its single or separate actions;	(a) disclose its key actions taken and/or plans to implement climate change mitigation and adaptation policies in its single or separate actions;-	[DELETED] Streamlined.
(b) aggregate types of mitigation actions (decarbonisation levers) such as energy efficiency, electrification, fuel switching, use of renewable energy, products change, and supply-chain decarbonisation that fit the undertakings' specific actions;	(b) aggregate types of mitigation actions (decarbonisation levers) such as energy efficiency, electrification, fuel switching, use of renewable energy, products change, and supply-chain decarbonisation that fit the undertakings' specific actions;-	[DELETED] Streamlined.
(c) disclose the list of key mitigation actions alongside the measurable targets (as required by Disclosure Requirement E1-4) with disaggregation by decarbonisation levers; and	(c) disclose the list of key mitigation actions alongside the measurable targets (as required by Disclosure Requirement E1-4) with disaggregation by decarbonisation levers; and-	[DELETED] Streamlined.

(d) disclose the climate change adaptation actions by type of adaptation solution such as nature-based adaptation, engineering, or technological solutions.	(d) disclose the climate change adaptation actions by type of adaptation solution such as nature-based adaptation, engineering, or technological solutions.	[DELETED] Streamlined
AR 20. When disclosing the information on resources as required under paragraph 29 (c), the undertaking shall only disclose the significant OpEx and CapEx amounts required for the implementation of the actions as the purpose of this information is to demonstrate the credibility of its actions rather than to reconcile the disclosed amounts to the financial statements. The disclosed CapEx and OpEx amounts shall be the additions made to both tangible and intangible assets during the current financial year as well as the planned additions for future periods of implementing the actions. The disclosed amounts shall only be the incremental financial investments directly contributing to the achievement of the undertaking's targets.	AR 20. When disclosing the information on resources as required under paragraph 29 (c), the undertaking shall only disclose the significant OpEx and CapEx amounts required for the implementation of the actions as the purpose of this information is to demonstrate the credibility of its actions rather than to reconcile the disclosed amounts to the financial statements. The disclosed CapEx and OpEx amounts shall be the additions made to both tangible and intangible assets during the current financial year as well as the planned additions for future periods of implementing the actions. The disclosed amounts shall only be the incremental financial investments directly contributing to the achievement of the undertaking's targets.	[DELETED] Stakeholders indicated requiring incremental investment is methodologically complex and no methodology is provided; it is more straightforward to just calculate all investment. Stakeholders pointed out the need for clarification/more guidance.
AR 21. In line with the requirements of ESRS 2 MDR-A, the undertaking shall explain if and to what extent its ability to implement the actions depends on the availability and allocation of resources. Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the undertaking's actions, which include its adjustments to supply/demand changes or its related acquisitions and significant research and development (R&D) investments.	AR 21. In line with the requirements of ESRS 2 MDR-A, the undertaking shall explain if and to what extent its ability to implement the actions depends on the availability and allocation of resources. Ongoing access to finance at an affordable cost of capital can be critical for the implementation of the undertaking's actions, which include its adjustments to supply/demand changes or its related acquisitions and significant research and development (R&D) investments.	[AMENDED, MOVED] Stakeholders indicated concerns over the significant effort involved in collecting and disaggregating data that was ultimately found to be immaterial. Additionally, the dependency on resources for the ability to implement actions has been consolidated with the disclosure requirement in E1-1 amended para. 11(c) which requires undertakings to provide information about dependencies (and key assumptions) on which its TP relies.
AR 22. The amounts of OpEx and CapEx required for the implementation of the actions disclosed under paragraph 29 (c) shall be consistent with the key performance indicators (CapEx and OpEx key performance indicators) and, if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178. The undertaking shall explain any potential differences between the significant OpEx and CapEx amounts disclosed under this Standard and the key performance indicators disclosed under Commission Delegated Regulation (EU) 2021/2178	AR 22. The amounts of OpEx and CapEx required for the implementation of the actions disclosed under paragraph 29 (c) shall be consistent with the key performance indicators (CapEx and OpEx key performance indicators) and, if applicable, the CapEx plan required by Commission Delegated Regulation (EU) 2021/2178. The undertaking shall explain any potential differences between the significant OpEx and CapEx amounts disclosed under this Standard and the key performance indicators disclosed under Commission Delegated Regulation (EU) 2021/2178 due to, for instance, the disclosure of non-eligible	[DELETED]

due to, for instance, the disclosure of non-eligible economic activities as defined in that delegated regulation. The undertaking may structure its actions by economic activity to compare its OpEx and CapEx, and if applicable its OpEx and/or CapEx plans to its Taxonomy-aligned key performance indicators.	economic activities as defined in that delegated regulation. The undertaking may structure its actions by economic activity to compare its OpEx and CapEx, and if applicable its OpEx and/or CapEx plans to its Taxonomy-aligned key performance indicators.	
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Metrics and Targets		
Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation	Disclosure Requirement E1-64 – Targets related to climate change mitigation and adaptation	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
	<p><u>AR 11 for para. 22 (Climate change targets)</u></p> <p>If the undertaking discloses a <i>net-zero target</i> separately to any <i>GHG emission reduction targets</i> it has set, as per ESRS 2 GDR-T, it shall explain how it intends to permanently neutralise any residual GHG emissions.</p>	<p>[AMENDED]</p> <p>The term and provision related to ‘net zero target’, originally anchored in disclosure on carbon removals, was proposed to be deleted at the Exposure Draft (ED) stage. However, the feedback from public consultation demonstrated the need to preserve the content of paragraph 60 from ESRS (as enacted in 2023), as well as the corresponding glossary term. The provision was amended and included here as an AR, while also clarifying that net-zero target disclosure, if done, should be separate to gross GHG emission reduction targets.</p>
	<p><u>AR 12 for para. 23 (GHG emissions reduction targets)</u></p> <p>The <i>GHG emission reduction targets</i> shall be gross targets, meaning that the undertaking shall not include GHG removals, <i>carbon credits</i> or avoided emissions as a means of achieving the GHG emission reduction targets. In accordance with GDR-T, the undertaking shall provide information about the scope and methodologies used to define the target, including the method used to calculate <i>scope 2 GHG emissions</i> (i.e. either the location-based or market-based method).</p>	<p>[AMENDED, MOVED]</p> <p>Last sentence from para. 34(b) (as enacted in 2023) moved here to AR as it represents important methodological guidance.</p> <p>Additionally, the requirement to state which method used for scope 2 targets, which was in AR 24 (as enacted in 2023) has been moved here, with reference to GDR-T reinforcing the requirement to disclose the methodology used to define each target.</p>

<p>AR 23. Under paragraph 34 (a), the undertaking may disclose GHG emission reduction targets in intensity value. Intensity targets are formulated as ratios of GHG emissions relative to a unit of physical activity or economic output. Relevant units of activity or output are referred to in ESRS sector-specific standards. In cases where the undertaking has only set a GHG intensity reduction target, it shall nevertheless disclose the associated absolute values for the target year and interim target year(s). This may result in a situation where an undertaking is required to disclose an increase of absolute GHG emissions for the target year and interim target year(s), for example because it anticipates organic growth of its business.</p>	<p><u>AR 13 for para. 23 (GHG emissions reduction targets)</u> <u>If the undertaking discloses intensity targets, they shall be</u> AR 23. Under paragraph 34 (a), the undertaking may disclose GHG emission reduction targets in intensity value. Intensity targets are formulated as ratios of GHG emissions relative to a unit of physical activity or economic output. Relevant units of activity or output are referred to in ESRS sector-specific standards. In cases where the undertaking has only set a GHG intensity reduction target, it shall nevertheless disclose the associated absolute values for the target year and interim target year(s) – <u>except for financial institutions scope 3, category 15 emissions, as explained below.</u> This may result in a situation where an the undertaking is required to disclose an increase of absolute GHG emissions for the target year and interim target year(s), for example e.g. because it anticipates organic growth of its business.</p> <p><u>Financial institutions are exempted from disclosing absolute values for their scope 3, category 15 emission intensity targets provided they:</u></p> <p><u>(a) use physical or financial measures as denominators for intensity targets and consistently disclose absolute financed emissions for those targets (such as targets for material high-impact sectors); and</u></p> <p><u>(b) provide contextual information (as per GDR-M) for the targets that have been set, describing the key factors influencing expected changes in absolute financed emissions over time and how they relate with the observed trends in the past 3 to 5 years.</u></p>	<p>[AMENDED]</p> <p>The requirement to translate intensity targets into absolute values was the subject of extensive feedback and discussion. Following the public consultation and review feedback received from stakeholders, it was decided to exempt financial institutions from the requirement to translate intensity targets into absolute target for scope 3, category 15 emissions ('financed emissions'). The exemption is subject to conditions, as outlined in this AR. For further details on technical challenges related to this discussion please refer to the Amended ESRS Basis for Conclusions.</p>
<p>AR 24 When disclosing the information required under paragraph 34 (b), the undertaking shall specify the share of the target related to each respective GHG emission Scope (1, 2 or 3).</p> <p>The undertaking shall state the method used to calculate Scope 2 GHG emissions included in the target (i.e., either the location-based or market-based method).</p> <p>If the boundary of the GHG emission reduction target diverges from that of the GHG emissions reported under Disclosure Requirement E1-6, the undertaking shall</p>	<p>AR 24 When disclosing the information required under paragraph 34 (b), the undertaking shall specify the share of the target related to each respective GHG emission Scope (1, 2 or 3). The undertaking shall state the method used to calculate Scope 2 GHG emissions included in the target (i.e., either the location-based or market-based method). If the boundary of the GHG emission reduction target diverges from that of the GHG emissions reported under Disclosure Requirement E1-6, the undertaking shall disclose which gases are covered, the respective percentage of Scope 1, 2, 3 and total GHG emissions</p>	<p>[AMENDED, MOVED]</p> <p>The first and third sentences were moved to amended 23(b) as they represented datapoints.</p> <p>The second sentence on the method used to calculation scope 2 emissions was moved to amended AR 12.</p> <p>The final sentence was deleted for simplicity.</p>

disclose which gases are covered, the respective percentage of Scope 1, 2, 3 and total GHG emissions covered by the target. For the GHG emission reduction targets of its subsidiaries, the undertaking shall analogously apply these requirements at the level of the subsidiary.	covered by the target. For the GHG emission reduction targets of its subsidiaries, the undertaking shall analogously apply these requirements at the level of the subsidiary.	
AR 25. When disclosing the information required under paragraph 34(c) on base year and baseline value:	AR 14 for para. 23 (GHG emissions reduction targets) <u>When applying GDR-T:</u>	[AMENDED] Amended to simplify the wording.
(a) the undertaking shall briefly explain how it has ensured that the baseline value against which the progress towards the target is measured is representative in terms of the activities covered and the influences from external factors (e.g., temperature anomalies in a certain year influencing the amount of energy consumption and related GHG emissions). This can be done by the normalisation of the baseline value, or, by using a baseline value that is derived from a 3-year average if this increases the representativeness and allows a more faithful representation;	(a) the undertaking shall briefly explain how it has ensured that the baseline value against which the progress towards the target is measured is representative in terms of the activities covered and the influences from external factors (e.g., temperature anomalies in a certain year influencing the amount of energy consumption and related GHG emissions). This can be done by the normalisation of the baseline value, or, by using a baseline value that is derived from a 3-year average if this increases the representativeness and allows a more faithful representation;	[DELETED] Deleted as low disclosure practice.
(b) the baseline value and base year shall not be changed unless significant changes in either the target or reporting boundary occur. In such a case, the undertaking shall explain how the new baseline value affects the new target, its achievement and presentation of progress over time. To foster comparability, when setting new targets , the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;	(b) <u>(a) the baseline value and base year are not to be changed unless key changes occur in either the target or reporting boundary; and shall not be changed unless significant changes in either the target or reporting boundary occur. In such a case, the undertaking shall explain how the new baseline value affects the new target, its achievement and presentation of progress over time. To foster comparability, when setting new targets, the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;</u>	[AMENDED] The requirements on the baseline value and base year were amended and clarified by presenting them as two distinct points; the first, (a), addressing requirements on changes to the baseline and base year, and the latter (see row below) addressing criteria to be applied for the selection of the base year. In addition, feedback indicated the sentence on the '3 year' requirement was confusing and overly prescriptive. It was replaced with the requirement that the base year be 'representative' in addition to recent – see AR14 (b) below. The requirement to explain how any new baseline may affect a new target and its achievement/progress over time was deleted due to low disclosure practice.
(c) the undertaking shall update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, the base years chosen by undertakings' may be either the currently applied base year for existing	(be) the undertaking shall select a recent and representative base year update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, t <u>The base years chosen by</u>	[AMENDED] Base year selection criteria were simplified in response to frequent stakeholder feedback requesting increased flexibility on how base years can be chosen. Some

targets or the first year of application of the sustainability reporting requirements as set out in Article 5(2) of Directive (EU) 2022/2464 (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc); and	the undertakings' may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements, as set out in Article 5(2) of Directive (EU) 2022/2464 (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc); and	stakeholders on the contrary were not in favour of deleting the requirement to disclose and synchronise base years and targets from 2030 onwards commenting that it results in a loss of information that would otherwise be valuable for users and for comparability. The limitation to 'before 2030' was removed as it no longer made sense given the deletion of the requirement to update the base year from 2030. Other amendments were made for simplicity.
(d) when presenting climate-related targets, the undertaking may disclose the progress in meeting these targets made before its current base year. In doing so, the undertaking shall, to the greatest extent possible, ensure that the information on past progress is consistent with the requirements of this Standard. In the case of methodological differences, for example, regarding target boundaries, the undertaking shall provide a brief explanation for these differences.	(d) when presenting climate-related targets, the undertaking may disclose the progress in meeting these targets made before its current base year. In doing so, the undertaking shall, to the greatest extent possible, ensure that the information on past progress is consistent with the requirements of this Standard. In the case of methodological differences, for example, regarding target boundaries, the undertaking shall provide a brief explanation for these differences.	[DELETED]
	<u>AR 16 for para. 23 (GHG emissions reduction targets)</u> <u>If the undertaking reports under ESRS E1-8 using an operational control boundary, it may report scope 1 and scope 2 GHG emission reduction targets referring to this organisational boundary.</u>	[NEW] New AR to clarify the reporting boundary that may be used when disclosing targets.
AR 26. When disclosing the information required under paragraphs 34 (d) and 34 (e), the undertaking shall present the information over the target period with reference to a sector- specific, if available, or a cross-sector emission pathway compatible with limiting global warming to 1.5°C. For this purpose, the undertaking shall calculate a 1.5°C aligned reference target value for Scope 1 and 2 (and, if applicable, a separate one for Scope 3) against which its own GHG emission reduction targets or interim targets in the respective Scopes can be compared.	<u>AR 17 for para. 23(c) (GHG emissions reduction targets compatible with 1.5°C)</u> AR 26- When disclosing the information required under paragraph 23(c) s 34 (d) and 34 (e) , the undertaking shall compare its target value(s) present the information over the target period with reference to a sector- specific (if available); or a cross-sector emission pathway compatible with limiting global warming to 1.5°C. For this purpose, the undertaking shall calculate a 1.5°C aligned reference target value for sScope 1 and 2 (and, if applicable, a separate one for sScope 3 if it has scope 3 GHG emissions reduction targets) against which its own GHG emission reduction targets or interim targets in the respective sScopes can be compared. <u>The explanation of how the targets are compatible is done by benchmarking the target value against the</u>	[AMENDED] Simplification through editorial changes. Text on target compatibility and benchmarking (previously in E1-1, AR 2) was amended and incorporated here in the DR on targets, rather than in the DR on TP, to address stakeholder feedback on repetition thus further streamlining the standard. Reference to target validation supports alignment with IFRS S2.34(a) on climate-related targets, and acknowledges feedback received on the fact that undertakings may be having their targets validated by third-parties, although this validation is not a requirement of the standard.

	reference target value. Validation through an independent third party, including information on the third party, the methodology/standard applied and the trajectory used can be valuable inputs to be considered in this explanation.	
AR 27. The reference target value may be calculated by multiplying the GHG emissions in the base year with either a sector-specific (sectoral decarbonisation methodology) or cross-sector (contraction methodology) emission reduction factor. These emission reduction factors can be derived from different sources. The undertaking should ensure that the source used is based on an emission reduction pathway compatible with limiting global warming to 1.5°C.	AR 27. The reference target value may be calculated by multiplying the GHG emissions in the base year with either a sector-specific (sectoral decarbonisation methodology) or cross-sector (contraction methodology) emission reduction factor. These emission reduction factors can be derived from different sources. The undertaking should ensure that the source used is based on an emission reduction pathway compatible with limiting global warming to 1.5°C.	[DELETED] Noting redundancy with the content of amended AR 17 and AR 5.
AR 28. The emission reduction factors are subject to further development. Consequently, undertakings are encouraged to only use updated publicly available information.	AR 28. The emission reduction factors are subject to further development. Consequently, undertakings are encouraged to only use updated publicly available information.	[DELETED]
AR 29. The reference target value is dependent on the base year and baseline emissions of the undertaking's GHG emission reduction target. As a result, the reference target value for undertakings with a recent base year or from higher baseline emissions may be less challenging to achieve than it will be for undertakings that have already taken ambitious past actions to reduce GHG emissions. Therefore, undertakings that have in the past achieved GHG emissions reductions compatible with either a 1.5°C-aligned cross-sector or sector-specific pathway, may adjust their baseline emissions accordingly to determine the reference target value. Accordingly, if the undertaking is adjusting the baseline emissions to determine the reference target value, it shall not consider GHG emission reductions that precede the year 2020 and it shall provide appropriate evidence of its past achieved GHG emission reduction.	AR 29. The reference target value is dependent on the base year and baseline emissions of the undertaking's GHG emission reduction target. As a result, the reference target value for undertakings with a recent base year or from higher baseline emissions may be less challenging to achieve than it will be for undertakings that have already taken ambitious past actions to reduce GHG emissions. Therefore, undertakings that have in the past achieved GHG emissions reductions compatible with either a 1.5°C-aligned cross-sector or sector-specific pathway, may adjust their baseline emissions accordingly to determine the reference target value. Accordingly, if the undertaking is adjusting the baseline emissions to determine the reference target value, it shall not consider GHG emission reductions that precede the year 2020 and it shall provide appropriate evidence of its past achieved GHG emission reduction.	[DELETED]
AR 30. When disclosing the information required under paragraph 34 (f), the undertaking shall explain:	AR 30. When disclosing the information required under paragraph 34 (f), the undertaking shall explain:	[DELETED]

(a) by reference to its climate change mitigation actions, the decarbonisation levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets broken down by each Scope (1, 2 and 3);	(a) by reference to its climate change mitigation actions, the decarbonisation levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets broken down by each Scope (1, 2 and 3);	[MOVED] Elements moved to amended AR 15. See below.
(b) whether it plans to adopt new technologies and the role of these to achieve its GHG emission reduction targets; and	(b) whether it plans to adopt new technologies and the role of these to achieve its GHG emission reduction targets; and	[DELETED]
(c) whether and how it has considered a diverse range of climate scenarios, at least including a climate scenario compatible with limiting global warming to 1.5°C, to detect relevant environmental-, societal-, technology-, market- and policy-related developments and determine its decarbonisation levers.	(c) whether and how it has considered a diverse range of climate scenarios, at least including a climate scenario compatible with limiting global warming to 1.5°C, to detect relevant environmental-, societal-, technology-, market- and policy-related developments and determine its decarbonisation levers.	[DELETED]
AR 31. The undertaking may present its GHG emission reduction targets together with its climate change mitigation actions (see paragraph AR 19) as a table or graphical pathway showing developments over time. The following figure and table provide examples combining targets and decarbonisation levers: [graphics] [table]	<u>AR 15 for para. 23 (Presentation of targets and actions)</u> AR 31 –The undertaking may present its <i>GHG emission reduction targets</i> together with its <i>climate change mitigation actions</i> (see paragraph AR 19 <u>21</u>) as a table or graphical pathway showing developments over time. The following figure and table provide examples combining targets and decarbonisation levers: showing the <i>decarbonisation levers</i> and their quantitative contributions to achieve the GHG emission reduction targets as a table (see, e.g., Figure 1) or graphic over time (see, e.g., Figure 2). <u>[Figure 1: ESRS E1 Climate change – Table 1]</u> <u>[Figure 2: ESRS E1 Climate change – Graphic 1]</u>	[AMENDED] Amended to simplify the wording. Kept as a non-mandatory presentation requirement, based on feedback from the majority of stakeholders during the public consultation, as well as feedback from the SRB and SR TEG, confirming that it serves as useful guidance.

Disclosure Requirement E1-5 – Energy consumption and mix	Disclosure Requirement E1- 7 5 – Energy consumption and mix	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 32 When preparing the information on energy consumption required under paragraph 35, the undertaking shall:	AR 18 <u>32</u> When preparing the information on energy consumption required under paragraph 23 <u>35</u> , the undertaking shall <u>adopt the following calculation approaches</u> :	[AMENDED] Amended for clarity.

(a) only report energy consumed from processes owned or controlled by the undertaking applying the same perimeter applied for reporting GHG Scopes 1 and 2 emissions;	(a) only report energy consumed from processes owned or controlled by the undertaking applying the same perimeter applied for reporting GHG Scopes 1 and 2 emissions;	[DELETED]
(b) exclude feedstocks and fuels that are not combusted for energy purposes. The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures;	(ab) exclude feedstocks and fuels that are not combusted for energy purposes <u>(e.g. natural gas to produce polymers)</u> . The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures;	[AMENDED] Clarification on the type of information that the company should use to reflect its energy consumption, following stakeholders' input. Coming from former [AR 32 (b)].
(c) ensure all quantitative energy-related information is reported in either Mega-Watt- hours (MWh) in Lower Heating Value or net calorific value. If raw data of energy- related information is only available in energy units other than MWh (such as Giga-Joules (GJ) or British Thermal Units (Btu)), in volume units (such as cubic feet or gallons) or in mass units (such as kilograms or pounds), they shall be converted to MWh using suitable conversion factors (see for example Annex II of the Fifth Assessment IPCC report). Conversion factors for fuels shall be made transparent and applied in a consistent manner;	(be) ensure all quantitative energy-related information is reported in either Mega-Watt- hours (MWh) in Lower Heating Value or net calorific value <u>for all quantitative combustion-related information;</u> If raw data of energy- related information is only available in energy units other than MWh (such as Giga-Joules (GJ) or British Thermal Units (Btu)), in volume units (such as cubic feet or gallons) or in mass units (such as kilograms or pounds), they shall be converted to MWh using suitable conversion factors (see for example Annex II of the Fifth Assessment IPCC report). Conversion factors for fuels shall be made transparent and applied in a consistent manner;	[AMENDED] Streamlined the provisions which provide instructions on necessary conversion of the units into MWh. Coming from AR 32 (c) (as enacted in 2023).
(d) ensure all quantitative energy-related information is reported as final energy consumption, referring to the amount of energy the undertaking actually consumes using for example the table in Annex IV of Directive 2012/27 of the European Parliament and of the Council [55] on energy efficiency;	(cd) ensure <u>base</u> all quantitative energy-related information <u>is reported as</u> final energy consumption, <u>therefore</u> referring to the amount of energy the undertaking actually consumes; using for example the table in Annex IV of Directive 2012/27 of the European Parliament and of the Council [55] on energy efficiency;	[AMENDED] Streamlined.
(e) avoid double counting fuel consumption when disclosing self-generated energy consumption. If the undertaking generates electricity from either a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once under fuel consumption;	(de) avoid double counting fuel consumption when disclosing self-generated energy consumption. If the undertaking generates electricity from either a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once under fuel consumption;	[UNCHANGED]

(f) not offset energy consumption even if onsite generated energy is sold to and used by a third party;	(ef) not offset energy consumption even if onsite generated energy is sold to and used by a third party;	[UNCHANGED]
(g) not count energy that is sourced from within the organisational boundary under 'purchased or acquired' energy;	(fg) not count energy that is sourced from within the organisational boundary under 'purchased or acquired' energy;	[UNCHANGED]
(h) account for steam, heat or cooling received as 'waste energy' from a third party's industrial processes under 'purchased or acquired' energy;	(gh) account for steam, heat or cooling received as 'waste energy' from a third party's industrial processes under 'purchased or acquired' energy;	[UNCHANGED]
(i) account for renewable hydrogen [56] as a renewable fuel. Hydrogen that is not completely derived from renewable sources shall be included under 'fuel consumption from other non-renewable sources'; and	(hi) account for renewable hydrogen [56] as a renewable fuel. Hydrogen that is not completely derived from renewable sources shall be included under 'fuel consumption from other non-renewable sources'; and	[UNCHANGED]
<p>(j) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources based on the approach applied to calculate market-based Scope 2 GHG emissions. The undertaking shall only consider these energy consumptions as deriving from renewable sources if the origin of the purchased energy is clearly defined in the contractual arrangements with its suppliers (renewable power purchasing agreement, standardised green electricity tariff, market instruments like Guarantee of Origin from renewable sources in Europe [57] or similar instruments like Renewable Energy Certificates in the US and Canada, etc.).</p> <p>[57] Based on Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.</p>	<p>(ij) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources <u>and indicate whether it derives the fraction of renewables from the</u> based on the approach applied to calculate market-based <u>or location-based approach. Scope 2 GHG emissions.</u> The undertaking <u>that relies on the market-based approach</u> shall only consider these energy consumptions as deriving from renewable sources <u>only if the origin nature of the purchased energy environmental attribute</u> is clearly defined in the contractual arrangements with its suppliers (i.e. renewable power purchasing agreement, standardised green electricity tariff, market instruments like Guarantee of Origin from renewable sources in Europe [457] or similar instruments like Renewable Energy Certificates in the US and Canada, etc.).</p> <p>[457] Based on Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.</p>	<p>[AMENDED]</p> <p>Addition of flexibility on market/location-based approaches to further align with GRI, amended from AR 32 (j) (as enacted in 2023).</p>
AR 33 The information required under paragraph 38 is applicable if the undertaking is operating in at least one high climate impact sector . The information required under paragraph 38 (a) to (e). shall also include energy	AR 33 The information required under paragraph 38 is applicable if the undertaking is operating in at least one high climate impact sector. The information required under paragraph 38 (a) to (e). shall also include energy	[DELETED]

from fossil sources consumed in operations that are not in high climate impact sectors.	from fossil sources consumed in operations that are not in high climate impact sectors.	
AR 34 The information on Energy consumption and mix may be presented using the following tabular format for high climate impact sectors and for all other sector by omitting rows (1) to (5).	AR 34 The information on Energy consumption and mix may be presented using the following tabular format for high climate impact sectors and for all other sector by omitting rows (1) to (5).	[DELETED]
AR 35 The total energy consumption with a distinction between fossil, nuclear and renewable energy consumption may be presented graphically in the sustainability statement showing developments over time (e.g., through a pie or bar chart).	AR 35 The total energy consumption with a distinction between fossil, nuclear and renewable energy consumption may be presented graphically in the sustainability statement showing developments over time (e.g., through a pie or bar chart).	[DELETED]
AR 36 When preparing the information on energy intensity required under paragraph 40, the undertaking shall:	AR 36 When preparing the information on energy intensity required under paragraph 40, the undertaking shall:	[DELETED]
(a) calculate the energy intensity ratio using the following formula: [formula]	(a) calculate the energy intensity ratio using the following formula:	[DELETED]
(b) express the total energy consumption in MWh and the net revenue in monetary units (e.g., Euros);	(b) express the total energy consumption in MWh and the net revenue in monetary units (e.g., Euros);	[DELETED]
(c) the numerator and denominator shall only consist of the proportion of the total final energy consumption (in the numerator) and net revenue (in the denominator) that are attributable to activities in high climate impact sectors. In effect, there should be consistency in the scope of both the numerator and denominator;	(c) the numerator and denominator shall only consist of the proportion of the total final energy consumption (in the numerator) and net revenue (in the denominator) that are attributable to activities in high climate impact sectors. In effect, there should be consistency in the scope of both the numerator and denominator;	[DELETED]
(d) calculate the total energy consumption in line with the requirement in paragraph 37;	(d) calculate the total energy consumption in line with the requirement in paragraph 37;	[DELETED]
(e) calculate the net revenue in line with the accounting standards requirements applicable for the financial statements, i.e., IFRS 15 Revenue from Contracts with Customers or local GAAP requirements.	(e) calculate the net revenue in line with the accounting standards requirements applicable for the financial statements, i.e., IFRS 15 Revenue from Contracts with Customers or local GAAP requirements.	[DELETED]
AR 37 The quantitative information may be presented in the following table [Table]	AR 37 The quantitative information may be presented in the following table	[DELETED]
AR 38 The reconciliation of net revenue from activities in high climate impact sectors to the relevant financial	AR 38 The reconciliation of net revenue from activities in high climate impact sectors to the relevant financial	[DELETED]

statements line item or disclosure (as required by paragraph 43) may be presented either:	statements line item or disclosure (as required by paragraph 43) may be presented either:	
(a) by a cross-reference to the related line item or disclosure in the financial statements; or	(a) by a cross-reference to the related line item or disclosure in the financial statements; or	[DELETED]
(b) If the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.	(a) — (b) If the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.	[DELETED]

Disclosure Requirement E1-6 – Gross scopes 1, 2, 3 and Total GHG emissions	Disclosure Requirement E1-86 – Gross S scopes 1, 2, 3 and Total GHG emissions	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
	<p>AR 19. Chapter 5 of ESRS 1 General Requirements defines the reporting boundary to be applied. The starting point of that boundary corresponds to financial control as per the GHG Protocol Corporate Accounting and Reporting Standard (2004). In addition, the undertaking applies the provisions in paragraphs 72 (leased assets), 73 (benefit schemes) and AR 35 for paragraph 62 (joint operations) of ESRS 1 General Requirements. When, due to specific facts and circumstances, the information reported in paragraph 29(a)(b) is insufficient to portray the emissions resulting from operated assets that are outside the reporting boundary, the undertaking shall report GHG scope 1 and 2 emissions calculated on the basis of its operational control boundary as defined by the GHG Protocol Corporate Accounting and Reporting Standard (2004).</p>	<p>[MOVED]</p> <p><i>Moved from previous para. 46:</i> Simplified and reworded. Provision on boundary changed to align to the financial control approach in the GHG protocol, removing enhancing the alignment with the GHG Protocol and IFRS S2. Specified how to deal with complex arrangements (operational control). Specification of the static reference to GHGP following the public consultation.</p> <p><i>Moved from para. 50 (as enacted in 2023):</i> A significant amount of wide-ranging feedback was received on the topic of boundary for emissions reporting.</p> <p>Under this revised provision, undertakings shall report an additional metric based on operational control if relevant. This aims to enable ‘fair presentation’ of emissions.</p> <p>EFRAG also considers that the amended provision still supports addressing the issue of orphaned emissions which may arise in context of non-homogenous approach on reporting boundaries.</p> <p>Following public consultation, the wording was further clarified, including improvement of provision on joint ventures.</p>
<p>Calculation guidance</p> <p>AR 39. When preparing the information for reporting GHG emissions as required by paragraph 44, the undertaking shall:</p>	<p>Calculation guidance</p> <p>AR 39. AR 20. When preparing the information for reporting GHG emissions as required by paragraph 44, the undertaking shall:</p>	<p>[AMENDED]</p> <p>Maintained with minor edits.</p>
<p>a. consider the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004). The undertaking may consider Commission Recommendation (EU) 2021/2279 [58] or the requirements stipulated by EN ISO 14064-1:2018. If the undertaking already applies the GHG accounting</p>	<p>(a) consider the principles, requirements and guidance provided by the GHG Protocol Corporate Accounting and Reporting Standard (version 2004). The undertaking may also consider Commission Recommendation (EU) 2021/2279 [58] or the requirements stipulated by EN ISO 14064-1:2018. If the undertaking already applies</p>	<p>[AMENDED]</p> <p>‘Shall consider’ was maintained as final wording, however varying views were received on whether it should be ‘measured in accordance with’, ‘accounted for’, and various other permutations.</p>

<p>methodology of ISO 14064- 1: 2018, it shall nevertheless comply with the requirements of this standard (e.g., regarding reporting boundaries and the disclosure of market-based Scope 2 GHG emissions);</p> <p>[58] Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 471, 30.12.2021, p. 1).</p>	<p>the GHG accounting methodology of ISO 14064- 1: 2018, it shall nevertheless comply with In all cases, the requirements of <u>ESRS take precedence over the of above-mentioned GHG accounting standards</u>this standard (e.g., regarding reporting boundaries and the disclosure of market-based Scope 2 GHG emissions);</p> <p>[58] Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 471, 30.12.2021, p. 1).</p>	<p>Correction of reference and clarification on the prevalence of ESRS rules introduced pursuant to public consultation.</p>
<p>b. disclose the methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions accompanied by the reasons why they were chosen, and provide a reference or link to any calculation tools used;</p>	<p>b. disclose the methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions accompanied by the reasons why they were chosen, and provide a reference or link to any calculation tools used;</p>	<p>[DELETED]</p> <p>Streamlining opportunity, as it is addressed by ESRS 2, GDR-M.</p>
<p>c. include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Additional GHG may be considered when significant; and</p>	<p>(b) include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Additional GHGs may be considered when significant; and</p>	<p>[UNCHANGED]</p> <p>No objections in internal discussions.</p>
<p>d. use the most recent Global Warming Potential (GWP) values published by the IPCC based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases.</p>	<p>(c) use the most recent <i>Global Warming Potential (GWP)</i> values published by the IPCC based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases. <u>If emission factors based on older GWP values are the most suitable or available, the undertaking can use these and explain under [Draft] Amended ESRS 2 GDR-M, paragraph 41, which GWPs the GHG inventory is based on;</u></p>	<p>[AMENDED]</p> <p>Some flexibility was incorporated into the use of GWPs, linking to ESRS 2 GDR-M for an explanation of any deviations, based on feedback from stakeholders that the most recent GWPs are not always the most relevant for certain applications.</p>
	<p><u>(d) not include any removals, any purchased, sold or transferred carbon credits or GHG allowances in the calculation of <i>GHG emissions</i>; and</u></p>	<p>[AMENDED]</p> <p>AR 43(d), AR 45(f), AR 46(k) (as enacted in 2023)</p> <p>The requirement to not include removals/carbon credits was amended and consolidated here with AR 45(f) and AR 46(k) (as enacted in 2023), as one AR, applicable to all emission scopes. Feedback identified this as an area for streamlining.</p> <p>Mirroring amende para. 34(b) (as enacted in 2023)</p> <p>(undertaking shall not include GHG removals, carbon</p>

		credits or avoided emissions as a means of achieving the GHG emission reduction targets).
	<u>(e) do not include biogenic emissions of CO₂ from the combustion or biodegradation of biomass in the scope 1, 2 and 3. The undertaking shall include non-CO₂ GHG emissions, such as CH₄ and N₂O in the relevant scopes.</u>	[AMENDED] AR 43(c), AR 45(e), AR 46(j) (as enacted in 2023) This represents a consolidation of the same requirement applicable to all GHG emission scopes, avoiding repetition. Feedback identified this as an area for streamlining. Pursuant to public consultation, amendment of provision to clarify the application.
AR 40. When preparing the information for reporting GHG emissions from its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements as required by paragraph 50, the undertaking shall consolidate 100% of the GHG emissions of the entities it operationally controls. In practice, this happens when the undertakings holds the license - or permit - to operate the assets from these associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements. When the undertaking has a contractually defined part-time operational control, it shall consolidate 100% the GHG emitted during the time of its operational control.	AR 40. When preparing the information for reporting GHG emissions from its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements as required by paragraph 50, the undertaking shall consolidate 100% of the GHG emissions of the entities it operationally controls. In practice, this happens when the undertakings holds the license - or permit - to operate the assets from these associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements. When the undertaking has a contractually defined part-time operational control, it shall consolidate 100% the GHG emitted during the time of its operational control.	[DELETED] Deleted from mandatory content.
AR 41. In line with ESRS 1 chapter 3.7, the undertaking shall disaggregate information on its GHG emissions as appropriate. For example, the undertaking may disaggregate its Scope 1, 2, 3, or total GHG emissions by country, operating segments, economic activity, subsidiary, GHG category (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , and other GHG considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).	AR 2541. In line with ESRS 1 chapter 3.7, the undertaking shall disaggregate information on its GHG emissions in accordance with the provisions of ESRS 1 General Requirements, Chapter 3.3.2, if applicable as appropriate. For example, it can the undertaking may disaggregate its Scope 1, 2, 3, or total GHG emissions by country or geography, operating segments, economic activity, subsidiary, GHG category (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, and other GHG considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).	[AMENDED] This has been consolidated with elements from AR 41 and AR 49 (as enacted in 2023). Feedback from stakeholders indicated that this could be streamlined or removed, and that the use of 'as appropriate' in the original text was vague. The reference to the provisions in ESRS 1 on the level of disaggregation has also been maintained for context. Further improvement of language was also done pursuant to public consultation.
AR 42. An undertaking might have a different reporting period from some or all of the entities in its value chain. In such circumstances, the undertaking is permitted to measure its GHG emissions in accordance with paragraph	AR 42. An undertaking might have a different reporting period from some or all of the entities in its value chain. In such circumstances, the undertaking is permitted to measure its GHG emissions in accordance with paragraph	[DELETED]

<p>44 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the undertaking's reporting period, on the condition that:</p> <p>a. the undertaking uses the most recent data available from those entities in its value chain to measure and disclose its greenhouse gas emissions;</p> <p>b. the length of the reporting periods is the same; and</p> <p>c. the undertaking discloses the effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose financial statements.</p>	<p>44 using information for reporting periods that are different from its own reporting period if that information is obtained from entities in its value chain with reporting periods that are different from the undertaking's reporting period, on the condition that:</p> <p>a. the undertaking uses the most recent data available from those entities in its value chain to measure and disclose its greenhouse gas emissions;</p> <p>b. the length of the reporting periods is the same; and</p> <p>c. the undertaking discloses the effects of significant events and changes in circumstances (relevant to its GHG emissions) that occur between the reporting dates of the entities in its value chain and the date of the undertaking's general purpose financial statements.</p>	<p>Streamlining opportunity (if applicable, disclosures required under this AR are expected to be captured by ESRS 2, GDR-M).</p>
<p>AR 43. When preparing the information on gross Scope 1 GHG emissions required under paragraph 48 (a), the undertaking shall:</p>	<p>AR 43. When preparing the information on gross Scope 1 GHG emissions required under paragraph 48 (a), the undertaking shall:</p>	<p>[DELETED]</p> <p>With the inclusion of AR requirements that are applicable to all emission scopes, many items in this AR were deemed unnecessary to restate. See below for specific actions taken for each item.</p>
<p>a. calculate or measure GHG emissions from stationary combustion, mobile combustion, process emissions and fugitive emissions; and use suitable activity data that include the non-renewable fuel consumption;</p>	<p>a. calculate or measure GHG emissions from stationary combustion, mobile combustion, process emissions and fugitive emissions; and use suitable activity data that include the non-renewable fuel consumption;</p>	<p>[DELETED]</p> <p>Streamlining opportunity (unnecessary to specify given AR requirements for emissions reporting and link to relevant standards, e.g. the GHG Protocol).</p>
<p>b. use suitable and consistent emission factors;</p>	<p>b. use suitable and consistent emission factors;</p>	<p>[DELETED]</p> <p>Same as above</p>
<p>c. disclose biogenic emissions of CO₂ from the combustion or bio-degradation of biomass separately from the Scope 1 GHG emissions, but include emissions of other types of GHG (in particular CH₄ and N₂O);</p>	<p>c. disclose biogenic emissions of CO₂ from the combustion or bio-degradation of biomass separately from the Scope 1 GHG emissions, but include emissions of other types of GHG (in particular CH₄ and N₂O);</p>	<p>[MOVED]</p> <p>Consolidated in AR together with the same requirement to include non-CO₂ biogenic emissions for scope 2 and scope 3. This complements para.33 which makes it clear that biogenic CO₂ emissions shall be disclosed separately. Feedback identified this as an area for streamlining.</p>
<p>d. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 1 GHG emissions; and</p>	<p>d. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 1 GHG emissions; and</p>	<p>[MOVED]</p> <p>Consolidated in AR together with the same requirement for scope 2 and scope 3. Feedback identified this as an area for streamlining.</p>

e. for activities reporting under the EU ETS, report on Scope 1 emissions following the EU ETS methodology. The EU ETS methodology may also be applied to activities in geographies and sectors that are not covered by the EU ETS.	AR 21.e. For activities covered by reporting under the EU Emissions Trading SchemeSystem (ETS), the undertaking shall report on Scope 1 emissions following the EU ETS methodology. The EU ETS methodology may also be applied to activities in geographies and sectors that are not covered by the EU ETS, provided the methodology is aligned with local jurisdictional rules and relevant for the undertaking.	[AMENDED] Maintained text and moved to an individual AR rather than having it bundled under Scope 1 guidance. This has specific relevance to the EU. Improvement of language following the public consultation.
AR 44. When preparing the information on the percentage of Scope 1 GHG emissions from regulated emission trading schemes required under paragraph 48 (b), the undertaking shall: a. consider GHG emissions from the installations it operates that are subject to regulated Emission Trading Schemes (ETS), including the EU-ETS, national ETS and non-EU ETS, if applicable; b. only include emissions of CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , and NF ₃ ; c. ensure the same accounting period for gross Scope 1 GHG emissions and GHG emissions regulated under the ETS; and d. calculate the share by using the following formula: [% = GHG Emissions in (t CO ₂ eq) from EU ETS installations + national ETS installations + nonEU ETS installations (divided by) Scope 1 GHG emissions (tCO ₂ eq)]	AR 22. AR 44. When preparing the information on the percentage of Scope 1 GHG emissions from regulated emission trading schemes EU ETS required under paragraph 29(a) 48 (b) , the undertaking shall: (a) consider GHG emissions from <u>its emission sources</u> the installations it operates that are subject to regulated Emission Trading Schemes (ETS), including the EU-ETS, national ETS and non-EU ETS, if applicable; b. only include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃; (b)e ensure the same accounting period for gross Scope 1 GHG emissions and GHG emissions regulated under the ETS; and (c) d calculate the share by using the following formula: [% = GHG Emissions in (tCO ₂ eq) from <u>emission sources subject to EU ETS installations + national ETS installations + nonEU ETS installations</u> (divided by) Scope 1 GHG emissions (tCO ₂ eq)]	[AMENDED] Maintained, with the exception of AR 44(b) (as enacted in 2023), which was deemed unnecessary given earlier guidance of the same nature under AR that is applicable to all emissions scopes. Further narrowing the scope to EU ETS only following the feedback from public consultation.
AR 45. When preparing the information on gross Scope 2 GHG emissions required under paragraph 49, the undertaking shall:	AR 24 AR 45. When preparing the information on gross Scope 2 GHG emissions required under paragraph 29 49 , the undertaking shall:	[UNCHANGED] No objections in internal discussions.
a. consider the principles and requirements of the GHG Protocol Scope 2 Guidance (version 2015, in particular the Scope 2 quality criteria in chapter 7.1 relating to contractual instruments); it may also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of indirect	(a) consider the principles and requirements of the GHG Protocol Scope 2 Guidance (version 2015, in particular the Scope 2 quality criteria in chapter 7.1 relating to contractual instruments). <u>The undertaking</u> ; it may also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of	[AMENDED] Minor edits.

GHG emissions from imported energy in EN ISO 14064-1:2018;	indirect GHG emissions from imported energy in EN ISO 14064-1:2018; <u>and</u>	
b. include purchased or acquired electricity, steam, heat, and cooling consumed by the undertaking;	b. include purchased or acquired electricity, steam, heat, and cooling consumed by the undertaking;	[DELETED] Streamlining opportunity (unnecessary to specify given the reference above in amended AR 24(a) to the principles and requirements of Scope 2 reporting standards and guidance).
c. avoid double counting of GHG emissions reported under Scope 1 or 3;	c. avoid double counting of GHG emissions reported under Scope 1 or 3;	[DELETED] As above
d. apply the location-based and market-based methods to calculate Scope 2 GHG emissions and provide information on the share and types of contractual instruments. Location-based method quantifies Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Market-based method quantifies Scope 2 GHG emissions based on GHG emissions emitted by the generators from which the reporting entity contractually purchases electricity bundled with instruments, or unbundled instruments on their own (GHG Protocol, "Scope 2 Guidance", Glossary, 2015); in this case, the undertaking may disclose the share of market-based scope 2 GHG emissions linked to purchased electricity bundled with instruments such as Guarantee of Origins or Renewable Energy Certificates. The undertaking shall provide information about the share and types of contractual instruments used for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims.	(b) d. apply the location-based and market-based methods to calculate Scope 2 GHG emissions and provide information on the share and types of contractual instruments. Location-based method quantifies Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, subnational, or national boundaries (GHG Protocol, "Scope 2 Guidance", Glossary, 2015). Market-based method quantifies Scope 2 GHG emissions based on GHG emissions emitted by the generators from which the reporting entity contractually purchases electricity bundled with instruments, or unbundled instruments on their own (GHG Protocol, "Scope 2 Guidance", Glossary, 2015); in this case, the undertaking may disclose the share of market-based scope 2 GHG emissions linked to purchased electricity bundled with instruments such as Guarantee of Origins or Renewable Energy Certificates. The undertaking shall provide information about in accordance with ESRS 2 GDR-M, provide information about any the share and types of contractual instruments that is necessary to inform users' understanding of the entity's scope 2 market based GHG emissions. used for the sale and purchase of energy bundled with attributes about the energy generation or for unbundled energy attribute claims.	[AMENDED] Stakeholder feedback suggested AR 45(d) (as enacted in 2023) was convoluted and too detailed. Guidance on contractual instruments has been streamlined, maintaining the requirement to report the share and type based on stakeholder feedback received. Following the feedback from public consultation, the wording was further revised to increase clarity.
e. disclose biogenic emissions of CO2 carbon from the combustion or biodegradation of biomass separately from the Scope 2 GHG emissions but include emissions	e. disclose biogenic emissions of CO2 carbon from the combustion or biodegradation of biomass separately from the Scope 2 GHG emissions but include emissions	[MOVED] Consolidated and simplified in amended para. 30, which applies to all emissions scopes and makes it clear that

of other types of GHG (in particular CH4 and N2O). In case the emission factors applied do not separate the percentage of biomass or biogenic CO2, the undertaking shall disclose this. In case GHG emissions other than CO2 (particularly CH4 and N2O) are not available for, or excluded from, location-based grid average emissions factors or with the market-based method information, the undertaking shall disclose this.	of other types of GHG (in particular CH4 and N2O). In case the emission factors applied do not separate the percentage of biomass or biogenic CO2, the undertaking shall disclose this. In case GHG emissions other than CO2 (particularly CH4 and N2O) are not available for, or excluded from, location-based grid average emissions factors or with the market-based method information, the undertaking shall disclose this.	biogenic CO ₂ emissions shall be disclosed separately. Additionally, the requirement to include non-CO ₂ biogenic emissions has been consolidated with the same requirement for Scope 1 and Scope 3 in amended AR 20. Feedback identified this as an area for streamlining.
f. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 2 GHG emissions.	f. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 2 GHG emissions.	[MOVED] Consolidated in amended AR 20(d) together with the same requirement for scope 1 and scope 3. Feedback identified this as an area for streamlining.
AR 46. When preparing the information on gross Scope 3 GHG emissions required under paragraph 51, the undertaking shall:	AR 24. AR 46. When preparing the information on gross <u>scope 3 GHG emissions</u> required under para. 51 <u>29</u> , the undertaking shall:	[AMENDED] Minor edits.
a. consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011); and it may consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of indirect GHG emissions from EN ISO 14064-1:2018;	(a) consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). <u>The undertaking can also, and it may</u> consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of <i>indirect GHG emissions</i> from EN ISO 14064-1:2018;	[AMENDED] Minor edits.
b. if it is a financial institution, consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF), specifically part A “Financed Emissions” (version December 2022);	(f) <u>b.</u> if it is a financial institution, consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF), specifically part A “ <i>Financed Emissions</i> ” (version PCAF December 2022). <u>The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition</u> , if it reports financed emissions; <u>and is a financial institution.</u>	[AMENDED] Minor edits. Reference to PCAF A was maintained. Requests to include reference to PCAF B and C were not incorporated given their nascency, as well as the fact they are not yet endorsed by the GHG Protocol.
c. screen its total Scope 3 GHG emissions based on the 15 Scope 3 categories identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) using appropriate estimates.	(b) <u>e.</u> screen its total scope 3 GHG emissions based on the 15 scope 3 categories identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) using appropriate estimates.	[UNCHANGED] No objections in internal discussions.

Alternatively, it may screen its indirect GHG emissions based on the categories provided by EN ISO 14064-1:2018 clause 5.2.4 (excluding indirect GHG emissions from imported energy);	Alternatively, it may screen <i>its indirect GHG emissions</i> based on the categories provided by EN ISO 14064-1:2018 clause 5.2.4 (excluding indirect GHG emissions from imported energy);	
d. identify and disclose its significant Scope 3 categories based on the magnitude of their estimated GHG emissions and other criteria provided by GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65-68) or EN ISO 14064-1:2018 Annex H.3.2, such as financial spend, influence, related transition risks and opportunities or stakeholder views;	(c)d. identify and disclose its significant Scope 3 categories based on the magnitude of their estimated <i>GHG emissions</i> and other criteria provided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65-68) or EN ISO 14064-1:2018, Annex H.3.2, such as financial spend, influence, related <i>transition risks</i> and <i>opportunities</i> or <i>stakeholder</i> views;	[UNCHANGED] Same as above
e. calculate or estimate GHG emissions in significant Scope 3 categories using suitable emissions factors;	e. calculate or estimate GHG emissions in significant Scope 3 categories using suitable emissions factors;	[DELETED] Streamlining opportunity (unnecessary to specify given AR links to the principle and provisions of relevant standards, e.g. the GHG Protocol).
f. update Scope 3 GHG emissions in each significant category every year on the basis of current activity data; update the full Scope 3 GHG inventory at least every 3 years or on the occurrence of a significant event or a significant change in circumstances (a significant event or significant change in circumstances can, for example, relate to changes in the undertaking's activities or structure, changes in the activities or structure of its upstream and downstream value chain(s), a change in calculation methodology or in the discovery of errors);	(e)f. update Scope 3 GHG emissions in each significant category every year on the basis of current activity data <u>and</u> update the full Scope 3 GHG inventory at least every three years or on the occurrence of a significant event or a significant change in circumstances (a significant event or significant change in circumstances can, for example, relate to changes in the undertaking's activities or structure, changes in the activities or structure of its upstream and downstream value chain(s), a change in calculation methodology or in the discovery of errors);	[AMENDED] Maintained requirement but simplified AR by removing examples of significant event or significant change in circumstances.
g. disclose the extent to which the undertaking's Scope 3 GHG emissions are measured using inputs from specific activities within the entity's upstream and downstream value chain, and disclose the percentage of emissions calculated using primary data obtained from suppliers or other value chain partners.	(d)g. <u>prioritise its inputs and assumptions based on the characteristics of the data (e.g. data that faithfully represents the jurisdiction of, and the technology used for, the upstream and downstream value chain activity and its GHG emissions, and data that has been verified);</u> and disclose the percentage of emissions calculated using primary data obtained from suppliers or other value chain partners.	[AMENDED] This language has been amended to align more closely with IFRS S2.B40 and IFRS S2.B43.

<p>h. for each significant Scope 3 GHG category, disclose the reporting boundaries considered, the calculation methods for estimating the GHG emissions as well as if and which calculation tools were applied. The Scope 3 categories should be consistent with the GHGP and include:</p> <p>i. indirect Scope 3 GHG emissions from the consolidated accounting group (the parent and its subsidiaries),</p> <p>ii. indirect Scope 3 GHG emissions from associates, joint ventures, and unconsolidated subsidiaries for which the undertaking has the ability to control the operational activities and relationships (i.e., operational control),</p> <p>iii. Scope 1, 2 and 3 GHG emissions from associates, joint ventures, unconsolidated subsidiaries (investment entities) and joint arrangements for which the undertaking does not have operational control and when these entities are part of the undertaking's upstream and downstream value chain.</p>	<p>h. for each significant Scope 3 GHG category, disclose the reporting boundaries considered, the calculation methods for estimating the GHG emissions as well as if and which calculation tools were applied. The Scope 3 categories should be consistent with the GHGP and include:</p> <p>i. indirect Scope 3 GHG emissions from the consolidated accounting group (the parent and its subsidiaries),</p> <p>ii. indirect Scope 3 GHG emissions from associates, joint ventures, and unconsolidated subsidiaries for which the undertaking has the ability to control the operational activities and relationships (i.e., operational control),</p> <p>iii. Scope 1, 2 and 3 GHG emissions from associates, joint ventures, unconsolidated subsidiaries (investment entities) and joint arrangements for which the undertaking does not have operational control and when these entities are part of the undertaking's upstream and downstream value chain.</p>	<p>[DELETED]</p> <p>This was removed as it relates to reporting boundaries considered and methodologies applied which can be considered captured by ESRS 1, GDR-M. Additionally it is present in the GHG Protocol Value Chain (Scope 3) guidance which is a 'shall consider' under amended AR 24(a).</p>
<p>i. disclose a list of Scope 3 GHG emissions categories included in and excluded from the inventory with a justification for excluded Scope 3 categories;</p>	<p>i. disclose a list of Scope 3 GHG emissions categories included in and excluded from the inventory with a justification for excluded Scope 3 categories;</p>	<p>[DELETED]</p> <p>With amended para. 29(c) requiring the disclosure of Scope 3 emissions per category this AR was deemed redundant. Additionally, the removal of the requirement to justify scope 3 emission category exclusions was based on feedback which suggested this need not be its own disclosure given if it is not disclosed it is typically either not significant, or information is N/A (in which case it is expected the undertaking can apply ESRS 1, 7.3 <i>Use of reasonable and supportable information that is available without undue cost or effort and other reliefs in the calculation of metrics</i>).</p>
<p>j. disclose biogenic emissions of CO₂ from the combustion or biodegradation of biomass that occur in its upstream and downstream value chain separately from the gross Scope 3 GHG emissions, and include emissions of other types of GHG (such as CH₄ and N₂O), and emissions of CO₂ that occur in the life cycle of biomass other than from combustion or biodegradation (such as GHG</p>	<p>j. disclose biogenic emissions of CO₂ from the combustion or biodegradation of biomass that occur in its upstream and downstream value chain separately from the gross Scope 3 GHG emissions, and include emissions of other types of GHG (such as CH₄ and N₂O), and emissions of CO₂ that occur in the life cycle of biomass other than from combustion or biodegradation (such as GHG</p>	<p>[MOVED]</p> <p>Simplified and consolidated in amended AR 20e together with the same requirement to include non-CO₂ biogenic emissions for scope 1 and scope 2. This complements DR33 which makes it clear that biogenic CO₂ emissions shall be disclosed separately. Feedback identified this as an area for streamlining.</p>

emissions from processing or transporting biomass) in the calculation of Scope 3 GHG emissions;	emissions from processing or transporting biomass) in the calculation of Scope 3 GHG emissions;	
k. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 3 GHG emissions;	k. not include any removals, or any purchased, sold or transferred carbon credits or GHG allowances in the calculation of Scope 3 GHG emissions;	[MOVED] Consolidated in amended AR 20(d) together with the same requirement for scope 1 and scope 2. Feedback identified this as an area for streamlining.
	(g) AR 51. If it is material for the undertaking's Scope 3 emissions, it shall, if applicable, disclose the GHG emissions from purchased cloud computing and data centre services as a subset of the overarching Scope 3 category 1 "upstream purchased goods and services".	[MOVED] This represents AR 51 (as enacted in 2023) on emissions from purchased cloud computing and data centre services and has been brought here as it relates to scope 3, rather than having it as a standalone AR.
AR 47. When preparing the information on the total GHG emissions required under paragraph 52, the undertaking shall: a. apply the following formulas to calculate the total GHG emissions: Total GHG emissions location-based (t CO ₂ eq) = Gross Scope 1 + Gross Scope 2location-based + Gross Scope 3 Total GHG emissions market-based (t CO ₂ eq) = Gross Scope 1 + Gross Scope 2market-based + Gross Scope 3 b. disclose total GHG emissions with a distinction between emissions derived from the location-based and market-based methods applied while measuring the underlying Scope 2 GHG emissions.	AR 47. When preparing the information on the total GHG emissions required under paragraph 52, the undertaking shall: a. apply the following formulas to calculate the total GHG emissions: Total GHG emission slocation-based (t CO₂eq) = Gross Scope 1 + Gross Scope 2location-based + Gross Scope 3 Total GHG emissions market-based (t CO₂eq) = Gross Scope 1 + Gross Scope 2market-based + Gross Scope 3 b. disclose total GHG emissions with a distinction between emissions derived from the location-based and market-based methods applied while measuring the underlying Scope 2 GHG emissions.	[DELETED] Redundant with removal of total emissions disclosure. Refer to 44(d) (as enacted in 2023) for related rationale.
AR 48. The undertaking shall disclose its total GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below. [table]	AR 48. AR 26. The undertaking shall may presentdisclose its total GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below, <u>populating the rows as relevant in line with its disclosures under paragraph 29. A comparison of the undertaking's emissions over time may be performed by comparing current year emissions to a meaningful comparative, e.g. a GHG emission reduction target base year, indicating the percentage change (reduction/increase) in the corresponding column.</u>	[AMENDED] Multiple sources of feedback were received from stakeholders on challenges associated with this table, in particular for the columns related to milestones and targets. The table has been modified and simplified, allowing flexibility, and maintaining only emissions-related information, and additional guidance on the use of the table has been included

	[table]	
AR 49. To highlight potential transition risks, the undertaking may disclose its total GHG emissions disaggregated by major countries and, if applicable, by operating segments (applying the same segments for the financial statements as required by the accounting standards, i.e., IFRS 8 Operating Segments or local GAAP). Scope 3 GHG emissions may be excluded from these breakdowns by country if the related data is not readily available.	AR 49. To highlight potential transition risks, the undertaking may disclose its total GHG emissions disaggregated by major countries and, if applicable, by operating segments (applying the same segments for the financial statements as required by the accounting standards, i.e., IFRS 8 Operating Segments or local GAAP). Scope 3 GHG emissions may be excluded from these breakdowns by country if the related data is not readily available.	[MOVED] Moved to AR 25 This AR has been consolidated with AR 40 (as enacted in 2023) and has remained as AR.
AR 50. The Scope 3 GHG emissions may also be presented by according to the indirect emission categories defined in EN ISO 14064-1:2018.	AR 50. The Scope 3 GHG emissions may also be presented by according to the indirect emission categories defined in EN ISO 14064-1:2018.	[DELETED] Redundant with amended AR 24(b) which makes reference to the categories in EN ISO 14064-1:2018.
AR 51. If it is material for the undertaking's Scope 3 emissions, it shall disclose the GHG emissions from purchased cloud computing and data centre services as a subset of the overarching Scope 3 category "upstream purchased goods and services".	AR 51. If it is material for the undertaking's Scope 3 emissions, it shall disclose the GHG emissions from purchased cloud computing and data centre services as a subset of the overarching Scope 3 category "upstream purchased goods and services".	[MOVED] Moved to AR 24(g) To group it with other scope 3 emission ARs, and modified language based on feedback that 'if material' does not need to be stated, rather replaced by 'if significant' in line with language used for scope 3 inventories.
AR 52. The total GHG emissions disaggregated by Scope 1, 2 and 3 GHG emissions may be graphically presented in the sustainability statement (e.g., as a bar or pie chart) showing the split of GHG emissions across the value chain (Upstream, Own operations, Transport, Downstream).	AR 52. The total GHG emissions disaggregated by Scope 1, 2 and 3 GHG emissions may be graphically presented in the sustainability statement (e.g., as a bar or pie chart) showing the split of GHG emissions across the value chain (Upstream, Own operations, Transport, Downstream).	[DELETED] Streamlining opportunity. It was also noted that there was limited disclosure of this by early adopters of ESRS in public reporting as part of benchmarking undertaken.
GHG intensity based on net revenue Calculation guidance AR 53. When disclosing the information on GHG intensity based on net revenue required under paragraph 53, the undertaking shall: a. calculate the GHG intensity ratio by the following formula: Total GHG emissions (t CO ₂ eq) Net revenue (Monetary unit)	GHG intensity based on net revenue Calculation guidance AR 53. When disclosing the information on GHG intensity based on net revenue required under paragraph 53, the undertaking shall: a. calculate the GHG intensity ratio by the following formula: Total GHG emissions (t CO₂eq) Net revenue (Monetary unit)	[DELETED] With the amendment to para. 53 (as enacted in 2023), this is no longer relevant. New guidance aligned with the new voluntary requirement on GHG intensity has been presented together (refer to former [53] above).

<p>b. express the total GHG emissions in metric tonnes of CO2eq and the net revenue in monetary units (e.g., Euros) and present the results for the market-based and location-based method;</p> <p>c. include the total GHG emissions in the numerator and overall net revenue in the denominator;</p> <p>d. calculate the total GHG emissions as required by paragraphs 44 (d) and 52; and</p> <p>e. calculate the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.</p>	<p>b. express the total GHG emissions in metric tonnes of CO2eq and the net revenue in monetary units (e.g., Euros) and present the results for the market-based and location-based method;</p> <p>c. include the total GHG emissions in the numerator and overall net revenue in the denominator;</p> <p>d. calculate the total GHG emissions as required by paragraphs 44 (d) and 52; and</p> <p>e. calculate the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.</p>	
AR 54. The quantitative information may be presented in the following tabular format.	AR 54. The quantitative information may be presented in the following tabular format.	[DELETED] With the amendment to para. 53 (as enacted in 2023) (refer to rationale above in disclosure requirements), this is no longer relevant.
<p>Connectivity of GHG intensity based on revenue with financial reporting information</p> <p>AR 55. The reconciliation of the net revenue used to calculate GHG intensity to the relevant line item or notes in the financial statements (as required by paragraph 55) may be done by either:</p> <p>(a) a cross-reference to the related line item or disclosure in the financial statements; or</p> <p>(b) if the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.</p>	<p>Connectivity of GHG intensity based on revenue with financial reporting information</p> <p>AR 55. The reconciliation of the net revenue used to calculate GHG intensity to the relevant line item or notes in the financial statements (as required by paragraph 55) may be done by either:</p> <p>(a) a cross-reference to the related line item or disclosure in the financial statements; or</p> <p>(b) if the net revenue cannot be directly cross-referenced to a line item or disclosure in the financial statements, by a quantitative reconciliation using the below tabular format.</p>	[DELETED] Same as above

Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits	Disclosure Requirement E1-9 7 – GHG removals and GHG mitigation projects financed through carbon credits	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
<i>GHG removals and storage in own operations and the upstream and downstream value chain</i>	<p><i>GHG removals and storage in own operations and the upstream and downstream value chain</i></p> <p>AR 56. In addition to their GHG emission inventories, undertakings shall provide transparency on how and to</p>	[DELETED] Streamlined.

AR 56. In addition to their GHG emission inventories, undertakings shall provide transparency on how and to what extent they either enhance natural sinks or apply technical solutions to remove GHGs from the atmosphere in their own operations and upstream and downstream value chain. While there are no generally accepted concepts and methodologies for accounting for GHG removals, this Standard aims to increase transparency on the undertaking's efforts to remove GHGs from the atmosphere (paragraphs 56 (a) and 58). The GHG removals outside the value chain that the undertaking supports through the purchase of carbon credits are to be disclosed separately as required by paragraphs 56 (b) and 59.	what extent they either enhance natural sinks or apply technical solutions to remove GHGs from the atmosphere in their own operations and upstream and downstream value chain. While there are no generally accepted concepts and methodologies for accounting for GHG removals, this Standard aims to increase transparency on the undertaking's efforts to remove GHGs from the atmosphere (paragraphs 56 (a) and 58). The GHG removals outside the value chain that the undertaking supports through the purchase of carbon credits are to be disclosed separately as required by paragraphs 56 (b) and 59.	
AR 57. When disclosing the information on GHG removals and storage from the undertaking's own operations and its upstream and downstream value chain required under paragraphs 56 (a) and 58, for each removal and storage activity, the undertaking shall describe:	AR 57. When disclosing the information on GHG removals and storage from the undertaking's own operations and its upstream and downstream value chain required under paragraphs 56 (a) and 58, for each removal and storage activity, the undertaking shall describe:	[MOVED] Moved to amended 32.
(a) the GHGs concerned;	(a) the GHGs concerned;	[DELETED] Streamlined.
(b) whether removal and storage are biogenic or from land-use change (e.g., afforestation, reforestation, forest restoration, urban tree planting, agroforestry, building soil carbon, etc.), technological (e.g., direct air capture), or hybrid (e.g., bioenergy with CO2 capture and storage), and technological details about the removal, the type of storage and, if applicable, the transport of removed GHGs;	(b) whether removal and storage are biogenic or from land-use change (e.g., afforestation, reforestation, forest restoration, urban tree planting, agroforestry, building soil carbon, etc.), technological (e.g., direct air capture), or hybrid (e.g., bioenergy with CO2 capture and storage), and technological details about the removal, the type of storage and, if applicable, the transport of removed GHGs;	[DELETED] Streamlined.
(c) if applicable, a brief explanation of whether the activity qualifies as a nature-based solution; and	(c) if applicable, a brief explanation of whether the activity qualifies as a nature-based solution; and	[DELETED] Streamlined.
(d) how the risk of non-permanence is managed, including determining and monitoring leakage and reversal events, as appropriate.	(d) how the risk of non-permanence is managed, including determining and monitoring leakage and reversal events, as appropriate.	[DELETED] Streamlined.
Calculation guidance	Calculation guidance	[AMENDED]

AR 58. When preparing the information on GHG removals and storage from the undertaking's own operations and its upstream and downstream value chain required under paragraphs 56 (a) and 58, the undertaking shall:	AR 58. When preparing the information on GHG removals and storage include both nature-based solutions as well as technological removals and storage. When preparing the information on its projects, from the undertaking's own operations and its upstream and downstream value chain required under paragraphs 56 (a) and 58, the undertaking shall:	Integrated from AR (58) (as enacted in 2023) related to nature-based solutions. Clarified guidance to capture detail on calculation methodology and assumptions, which supports the streamlining of this section. It also refers to ESRS 2, GDR-M on expectations when reporting metrics under ESRS.
(a)consider, as far as applicable, the GHG Protocol Corporate Standard (version 2004), Product Standard (version 2011), Agriculture Guidance (version 2014), Land use, land-use change , and forestry Guidance for GHG project accounting (version 2006);	(a)consider, as far as applicable, the GHG Protocol Corporate Standard (version 2004), Product Standard (version 2011), Agriculture Guidance (version 2014), Land use, land-use change, and forestry Guidance for GHG project accounting (version 2006);	[DELETED] Streamlined.
(b)apply consensus methods on accounting for GHG removals as soon as they are available, notably the EU regulatory framework for the certification of CO2 removals;	(b)apply consensus methods on accounting for GHG removals as soon as they are available, notably such as the EU Carbon Removals and Carbon Farming Certification (CRCF) Regulation [6] EU regulatory framework for the certification of CO2 removals; [6] Regulation (EU) 2024/3012 of the European Parliament and of the Council of 27 November 2024 establishing a Union certification framework for permanent carbon removals, carbon farming and carbon storage in products	[AMENDED] Specification of the legal reference to CRCF Regulation.
(c) if applicable, explain the role of removals for its climate change mitigation policy ;	(c) if applicable, explain the role of removals for its climate change mitigation policy;	[DELETED] streamlined.
(d)include removals from operations that it owns, controls, or contributes to and that have not been sold to another party through carbon credits;	(b)d)include in the calculation the removals from operations that it owns, controls, or contributes to, and that have not been sold to another party through carbon credits and that are not double counted or reported;	[AMENDED] Minor edits for clarification, from AR 58 (d) (as enacted in 2023).
(e)if applicable, mark those GHG removal activities in own operations or the value chain that have been converted into carbon credits and sold on to other parties on the voluntary market;	(e)if applicable, mark those GHG removal activities in own operations or the value chain that have been converted into carbon credits and sold on to other parties on the voluntary market;	[DELETED] Streamlined.
(f)account for the GHG emissions associated with a removal activity, including transport and storage, under Disclosure Requirement E1-6 (Scopes 1, 2 or 3). To increase transparency on the efficiency of a removal activity, including transport and storage, the undertaking may disclose the GHG emissions associated with this activity (e.g., GHG emissions from electricity consumption	(c)f)account for the GHG emissions associated with a removal activity, including transport and storage, under Disclosure Requirement <u>ESRS E1-86</u> (Scopes 1, 2 or 3). To increase transparency on the efficiency of a removal activity, including transport and storage, the undertaking may disclose the GHG emissions associated with this activity (e.g., GHG emissions from electricity consumption of direct air capture technologies) alongside, but	[AMENDED] Simplified

of direct air capture technologies) alongside, but separately from, the amount of removed GHG emissions;	separately from, the amount of removed GHG emissions; and	
(g) in case of a reversal, account for the respective GHG emissions as an offset for the removals in the reporting period;	(g) in case of a reversal, account for the respective GHG emissions as an offset for the removals in the reporting period;—	[AMENDED, MOVED] This provision has been amended for clarity and moved to amended E1-9 paragraph 32 (d).
(h) use the most recent GWP values published by the IPCC based on a 100-year time horizon to calculate CO ₂ eq emissions of non-CO ₂ gases and describe the assumptions made, methodologies and frameworks applied for calculation of the amount of GHG removals; and	(h) use the most recent GWP values published by the IPCC based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases and describe the assumptions made, methodologies and frameworks applied for calculation of the amount of GHG removals; and—	[DELETED]
(i) consider nature-based solutions .	(i) consider nature-based solutions.	[DELETED]
AR 59. The undertaking shall disaggregate and separately disclose the GHG removals that occur in its own operations and those that occur in its upstream and downstream value chain. GHG removal activities in the upstream and downstream value chain shall include those that the undertaking is actively supporting, for example, through a cooperation project with a supplier . The undertaking is not expected to include any GHG removals that may occur in its upstream and downstream value chain that it is not aware of.	AR 59(d). The undertaking shall disaggregate and separately disclose the GHG <u>include in the calculation the removal activities that occur in its own operations and those that occur in its upstream and downstream value chain.</u> GHG removal activities in the upstream and downstream value chain shall include those that the undertaking is actively supporting <u>contributing to, for example e.g.,</u> through a cooperation project with a supplier . The undertaking is not expected to include any GHG removals that may occur in its upstream and downstream value chain that it is not aware of.	[AMENDED] Editorial amendments for clarity.
AR 60. The quantitative information on GHG removals may be presented by using the following tabular format.	AR 60. The quantitative information on GHG removals may be presented by using the following tabular format. —	[DELETED] Noting limited uptake by stakeholders.
GHG mitigation projects financed through carbon credits AR 61. Financing GHG emission reduction projects outside the undertaking's value chain through purchasing carbon credits that fulfil high-quality standards can be a useful contribution towards mitigating climate change. This Standard requires the undertaking to disclose whether it uses carbon credits separately from the GHG emissions	GHG mitigation projects financed through carbon credits AR 61. Financing GHG emission reduction projects outside the undertaking's value chain through purchasing carbon credits that fulfil high-quality standards can be a useful contribution towards mitigating climate change. This Standard requires the undertaking to disclose whether it uses carbon credits separately from the GHG emissions	[DELETED] Streamlined.

(paragraphs 56 (b) and 59) and GHG emission reduction targets (Disclosure Requirement E1-4). It also requires the undertaking to show the extent of use and which quality criteria it uses for those carbon credits.	(paragraphs 56 (b) and 59) and GHG emission reduction targets (Disclosure Requirement E1-4). It also requires the undertaking to show the extent of use and which quality criteria it uses for those carbon credits.	
AR 62. When disclosing the information on carbon credits required under paragraphs 56 (b) and 59, the undertaking shall disclose the following disaggregation as applicable: -	AR 62. When disclosing the information on carbon credits required under paragraphs 56 (b) and 59, the undertaking shall disclose the following disaggregation as applicable:	[DELETED] Streamlined noting feedback from stakeholders that the former E1-7 was too detailed.
(a) the share (percentage of volume) of reduction projects and removal projects;	(a)the share (percentage of volume) of reduction projects and removal projects;	[MOVED] Moved to amended 33 (c). Streamlined.
(b) for carbon credits from removal projects, an explanation whether they are from biogenic or technological sinks;	(b)for carbon credits from removal projects, an explanation whether they are from biogenic or technological sinks;—	[MOVED] Same as above
(c) the share (percentage of volume) for each recognised quality standard;	(c)the share (percentage of volume) for each recognised quality standard;—	[DELETED] Streamlined.
(d) the share (percentage of volume) issued from projects in the EU; and	(d)the share (percentage of volume) issued from projects in the EU; and—	[DELETED] Streamlined.
(e) the share (percentage of volume) that qualifies as a corresponding adjustment under Article. 6 of the Paris Agreement.	(e)the share (percentage of volume) that qualifies as a corresponding adjustment under Article. 6 of the Paris Agreement.	[DELETED] Streamlined.
Calculation guidance AR 63. When preparing the information on carbon credits required under paragraphs 56 (b) and 59, the undertaking shall:	Calculation guidance AR 2863. When preparing the information on carbon credits required under paragraphs 56 (b) and 59, the undertaking shall:	[AMENDED] Simplified.
a. Consider recognised quality standards ;	(a)consider recognised quality standards for carbon credits.	[AMENDED] Alignment with glossary.
b. if applicable, explain the role of carbon credits in its climate change mitigation policy ;	if applicable, explain the role of carbon credits in its climate change mitigation policy;	[DELETED] Removal of AR 63(b) (as enacted in 2023) considering that, if applicable, it will be captured by relevant policy disclosures (ESRS 2, GDR-P).
c. not include carbon credits issued from GHG emission reduction projects within its value chain as the respective GHG emission reductions shall already be	(be) in order to avoid double counting, not include carbon credits issued from GHG emission reduction projects within its value chain as the respective GHG emission	[AMENDED] Integrated from AR 63(c) (as enacted in 2023), to avoid repetition.

disclosed under Disclosure Requirement E1-6 (Scope 2 or Scope 3) at the time they occur (i.e., double counting is avoided);	reductions shall already be disclosed under Disclosure Requirement E1-6 (Scope 2 or Scope 3) at the time they occur (i.e., double counting is avoided); nor GHG emission removal projects within its own operations or upstream and downstream its value chain; and	
d. not include carbon credits from GHG removal projects within its value chain as the respective GHG removals may already be accounted for under Disclosure Requirement E1-7 at the time they occur (i.e., double counting is avoided);	(d) not include carbon credits from GHG removal projects within its value chain as the respective GHG removals may already be accounted for under Disclosure Requirement E1-7 at the time they occur (i.e., double counting is avoided);	[DELETED] Streamlined.
e. not disclose carbon credits as an offset for its GHG emissions under Disclosure Requirement E1-6 on GHG emissions;	e. not disclose carbon credits as an offset for its GHG emissions under Disclosure Requirement E1-6 on GHG emissions;	[DELETED] Removal of as the requirement in E1-6 (as enacted in 2023) is for 'gross' emissions hence no netting (or offsetting) is implied.
f. not disclose carbon credits as a means to reach the GHG emission reduction targets disclosed under Disclosure Requirement E1-4; and	f. not disclose carbon credits as a means to reach the GHG emission reduction targets disclosed under Disclosure Requirement E1-4; and	[DELETED] Similarly, AR 63(f) (as enacted in 2023) has been removed as it is explicitly stated under <i>Targets related to climate change mitigation and adaptation</i> .
g. calculate the amount of carbon credits to be cancelled in the future, as the sum of carbon credits in metric tonnes of CO ₂ eq over the duration of existing contractual agreements.	(cg) calculate the amount of carbon credits to be cancelled in the future, as the sum of carbon credits in metric tonnes of CO₂eq over the duration of existing contractual agreements.	[UNCHANGED]
AR 64. The information on carbon credits cancelled in the reporting year and planned to be cancelled in the future may be presented using the following tabular formats. -	AR 64. The information on carbon credits cancelled in the reporting year and planned to be cancelled in the future may be presented using the following tabular formats. -	[DELETED] Voluntary tabular format deleted (streamlining). Limited uptake observed by early adopters of ESRS.

Disclosure Requirement E1-8 – Internal carbon pricing	Disclosure Requirement E1-108 – Internal carbon pricing	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 65 When disclosing the information required under paragraphs 62 and 63, if applicable, the undertaking shall	AR 65 When disclosing the information required under paragraphs 62 and 63, if applicable, the undertaking shall	[MOVED]

briefly explain whether and how the carbon prices used in internal carbon pricing schemes are consistent with those used in financial statements. This shall be done in respect of the internal carbon prices used for,	briefly explain whether and how the carbon prices used in internal carbon pricing schemes are consistent with those used in financial statements. This shall be done in respect of the internal carbon prices used for,	Moved to amended 36 (a)
(a) the assessment of the useful life and residual value of its assets (intangibles, property, plant and equipment);	(a) the assessment of the useful life and residual value of its assets (intangibles, property, plant and equipment);	[DELETED] Streamlined.
(b) the impairment of assets; and	(b) the impairment of assets; and	[DELETED] Streamlined.
(c) the fair value measurement of assets acquired through business acquisitions.	(c) the fair value measurement of assets acquired through business acquisitions.	[DELETED] Streamlined.
AR 66. The information may be presented by using the following table:	AR 66. The information may be presented by using the following table:	[DELETED] Streamlined.

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Disclosure Requirement E1-119 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Comment/Explanation
ESRS E1 as enacted in 2023	Draft Amended ESRS E1	
AR 67. Material climate-related physical risks and transition risks may affect the undertaking's financial position (e.g., owned assets, financially-controlled leased assets, and liabilities), performance (e.g., potential future increase/decrease in net revenue and costs due to business interruptions, increased supply prices resulting in potential margin erosions), and cash flows. The low probability, high severity and long-term time horizons of some climate-related physical risk exposures and the uncertainty arising from the transition to a sustainable economy mean that there will be associated material anticipated financial effects that are outside the scope of the requirements of applicable accounting standards	AR 67. Material climate-related physical risks and transition risks may affect the undertaking's financial position (e.g., owned assets, financially-controlled leased assets, and liabilities), performance (e.g., potential future increase/decrease in net revenue and costs due to business interruptions, increased supply prices resulting in potential margin erosions), and cash flows. The low probability, high severity and long-term time horizons of some climate-related physical risk exposures and the uncertainty arising from the transition to a sustainable economy mean that there will be associated material anticipated financial effects that are outside the scope of the requirements of applicable accounting standards	[DELETED]
AR 68. Currently, there is no commonly accepted methodology to assess or measure how material physical risks and transition risks may affect the undertaking's future financial position, financial, performance and cash flows. Therefore, the disclosure of the financial effects (as required by paragraphs 64, 66 and 67) will depend on the undertaking's internal methodology and the exercise of significant judgement in determining the inputs, and assumptions needed to quantify their anticipated financial effects.	AR 68. Currently, there is no commonly accepted methodology to assess or measure how material physical risks and transition risks may affect the undertaking's future financial position, financial, performance and cash flows. Therefore, the disclosure of the financial effects (as required by paragraphs 64, 66 and 67) will depend on the undertaking's internal methodology and the exercise of significant judgement in determining the inputs, and assumptions needed to quantify their anticipated financial effects.	[DELETED]
Calculation guidance - Anticipated financial effects from material physical risks AR 69. When disclosing the information required under paragraphs 64 (a) and 66, the undertaking shall explain whether and how:	Calculation guidance – Anticipated financial effects from material physical risks AR 29–69 . When disclosing the information required under paragraphs 38 to 41 to 44 <u>64 (a) and 66</u> , the undertaking shall adopt the following calculation approaches <u>explain whether and how:</u>	[AMENDED] Integration from AR 73(b) (as enacted in 2023) Amended to enhance the alignment with IFRS. Clarifications on the carrying amount and net revenue as requested by the public consultation.

	<p>(a) consider the time horizons (short-, medium- and long-term) over which the effects of <i>climate-related risk and opportunities</i> could reasonably be expected to occur;</p> <p>(b) include all of the types of the undertaking's own physical assets, including finance-lease / the underlying asset of the right-of-use assets;</p> <p>(c) present the monetary amounts (or percentages) as either a single amount or range;</p> <p>(d) present the carrying amount of assets as of the reporting date and the net revenue as those related to the reporting period;</p> <p>(e) for paragraph 39(c), present the energy efficiency class in terms of either ranges of energy consumption in kWh/m2 or the Energy Performance Certificate (EPC) label class. If the undertaking cannot obtain this information without undue cost and effort, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates; and</p> <p>(f) disclose net revenue and the carrying amount of assets, making it consistent with the financial statements.</p>	
	AR 30. When disclosing on paragraph 38(c), 39(a) and 39(e), the undertaking shall explain whether the amount is assessed before or after mitigation <i>actions</i> .	[NEW] As more flexibility is granted in the gross vs net approach, the undertaking shall specify the approach they considered.
	AR 31. If the undertaking discloses the information prescribed under 39(d) in its financial statement, it shall refer to it.	[NEW] Clarification on the link between the financial statement and the estimated potential liability, as requested by the public consultation.
	AR 32. When disclosing the methodology applied to quantify the amounts disclosed under paragraphs 38 and 39, the undertaking shall include where relevant the	[NEW] As the datapoint of location of assets has been deleted (request from the public consultation), the information

	location of its assets at material physical risks aggregated in a way that support faithful representation of its risks.	can be disclosed if considered relevant under the methodology.
(a) it assessed the anticipated financial effects for assets and business activities at material physical risk, including the scope of application, time horizons, calculation methodology, critical assumptions and parameters and limitations of the assessment; and	(a) it assessed the anticipated financial effects for assets and business activities at material physical risk, including the scope of application, time horizons, calculation methodology, critical assumptions and parameters and limitations of the assessment; and	[DELETED] Content moved to amended para. 40
(b) the assessment of assets and business activities considered to be at material physical risk relies on or is part of the process to determine material physical risk as required under paragraphs 20 (b) and AR 11 and to determine climate scenarios as required under paragraphs 19 and AR 13 to AR 14. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.	(b) the assessment of assets and business activities considered to be at material physical risk relies on or is part of the process to determine material physical risk as required under paragraphs 20 (b) and AR 11 and to determine climate scenarios as required under paragraphs 19 and AR 13 to AR 14. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.	[DELETED]
AR 70. When preparing the information on assets at material physical risk that is required to be disclosed under paragraph 66 (a), the undertaking shall:	AR 70. When preparing the information on assets at material physical risk that is required to be disclosed under paragraph 66 (a), the undertaking shall:	[DELETED]
(a) Calculate the assets at material physical risk in terms of monetary amount and as a proportion (percentage) of total assets at the reporting date (i.e., the proportion is an estimate of the carrying value of assets at material physical risk divided by total carrying value as stated in the statement of financial position or balance sheet). The estimate of assets at material physical risk shall be derived starting from the assets recognised in the financial statements. The estimate of monetary amounts and proportion of assets at physical risk may be presented as either a single amount or range.	(a) Calculate the assets at material physical risk in terms of monetary amount and as a proportion (percentage) of total assets at the reporting date (i.e., the proportion is an estimate of the carrying value of assets at material physical risk divided by total carrying value as stated in the statement of financial position or balance sheet). The estimate of assets at material physical risk shall be derived starting from the assets recognised in the financial statements. The estimate of monetary amounts and proportion of assets at physical risk may be presented as either a single amount or range.	[DELETED] Content clarified in amended AR 29(c).
(b) All types of assets including finance-lease / right-of-use assets shall be considered when determining the assets at material physical risk.	(b) All types of assets including finance-lease / right-of-use assets shall be considered when determining the assets at material physical risk.	[DELETED] Content clarified in amended AR 29(b).

<p>(c) To contextualise this information, the undertaking shall:</p> <p>i. disclose the location of its significant assets at material physical risk. Significant assets located [59] in the EU territory shall be aggregated by NUTS codes 3 level digits (Nomenclature of Territorial Units for Statistics). For significant assets located outside EU territory, the breakdown by NUTS code will only be provided where applicable.</p> <p>ii. disaggregate the monetary amounts of assets at risk by acute and chronic physical risk [60].</p>	<p>(c) To contextualise this information, the undertaking shall:</p> <p>i. disclose the location of its significant assets at material physical risk. Significant assets located [59] in the EU territory shall be aggregated by NUTS codes 3 level digits (Nomenclature of Territorial Units for Statistics). For significant assets located outside EU territory, the breakdown by NUTS code will only be provided where applicable.</p> <p>ii. disaggregate the monetary amounts of assets at risk by acute and chronic physical risk [60].</p>	<p>[DELETED]</p> <p>Streamlined and moved to amended AR 32</p>
<p>(d) calculate the share of assets at material physical risk resulting from paragraph 66 (a) that is addressed by the climate change adaptation actions based on the information disclosed under Disclosure Requirement E1-3. This aims at approximating net risks.</p>	<p>(d) calculate the share of assets at material physical risk resulting from paragraph 66 (a) that is addressed by the climate change adaptation actions based on the information disclosed under Disclosure Requirement E1-3. This aims at approximating net risks.</p>	<p>[DELETED]</p> <p>Streamlined and moved to amended para. 38(b)</p>
<p>AR 71. When preparing the information required under paragraph 64 (a) and 66 (d), the undertaking may assess and disclose the share of net revenue from business activities at physical risk. This disclosure</p>	<p>AR 71. When preparing the information required under paragraph 64 (a) and 66 (d), the undertaking may assess and disclose the share of net revenue from business activities at physical risk. This disclosure</p>	<p>[DELETED]</p>
<p>(a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.</p>	<p>(a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.</p>	<p>[DELETED]</p>
<p>(b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of total net revenue, the risk factors (hazards, exposure and sensitivity) and, if possible, the magnitude of the anticipated financial effects in terms of margin erosion over the short-, medium- and long-term time horizons. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.</p>	<p>(b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of total net revenue, the risk factors (hazards, exposure and sensitivity) and, if possible, the magnitude of the anticipated financial effects in terms of margin erosion over the short-, medium- and long-term time horizons. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.</p>	<p>[DELETED]</p>
<p>Calculation guidance - Anticipated financial effects from transition risk</p>	<p>Calculation guidance - Anticipated financial effects from transition risk</p>	<p>[DELETED]</p>

AR 72. When disclosing the information required under paragraphs 64 (b) and 67 (a), the undertaking shall explain whether and how:	AR 72. When disclosing the information required under paragraphs 64 (b) and 67 (a), the undertaking shall explain whether and how:	
(a) it has assessed the potential effects on future financial performance and position for assets and business activities at material transition risk, including the scope of application, calculation methodology, critical assumptions and parameters, and limitations of the assessment; and	(a) it has assessed the potential effects on future financial performance and position for assets and business activities at material transition risk, including the scope of application, calculation methodology, critical assumptions and parameters, and limitations of the assessment; and	[DELETED] Moved to amended para. 40
(b) the assessment of assets and business activities considered to be at material transition risk relies on or is part of the process to determine material transition risks as described under paragraphs 20 (c) and AR 11 and to determine scenarios as required under paragraphs AR 12 to AR 13. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.	(b) the assessment of assets and business activities considered to be at material transition risk relies on or is part of the process to determine material transition risks as described under paragraphs 20 (c) and AR 11 and to determine scenarios as required under paragraphs AR 12 to AR 13. In particular, it shall explain how it has defined medium- and long-term time horizons and how these definitions are linked to the expected lifetime of the undertaking's assets, strategic planning horizons and capital allocation plans.	[MOVED] Streamlined with amended AR 29(a)
AR 73. When disclosing the information on assets at material transition risk as required under paragraphs 67 (a) and (b):	AR 73. When disclosing the information on assets at material transition risk as required under paragraphs 67 (a) and (b):	[DELETED]
<p>(a) the undertaking shall at the very least include an estimate of the amount of potentially stranded assets (in monetary amounts and as a proportion/percentage) from the reporting year until 2030 and from 2030 to 2050.</p> <p>Stranded assets are understood as the active or firmly planned key assets of the undertaking with significant locked-in GHG emissions over their operating lifetime. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years. The amount may be expressed as a range of asset values based on different climate and policy scenarios, including a scenario aligned with limiting climate change to 1.5°C.</p>	<p>(a) the undertaking shall at the very least include an estimate of the amount of potentially stranded assets (in monetary amounts and as a proportion/percentage) from the reporting year until 2030 and from 2030 to 2050.</p> <p>Stranded assets are understood as the active or firmly planned key assets of the undertaking with significant locked-in GHG emissions over their operating lifetime. Firmly planned key assets are those that the undertaking will most likely deploy within the next 5 years. The amount may be expressed as a range of asset values based on different climate and policy scenarios, including a scenario aligned with limiting climate change to 1.5°C.</p>	<p>[MOVED] Moved to amended 39(a)</p> <p>The definition of stranded assets has been brought to the glossary.</p>

(b) the undertaking shall disclose a breakdown of the carrying value of its real estate assets, including rights-of-use assets, by energy efficiency classes. The energy efficiency shall be represented in terms of either the ranges of energy consumption in kWh/m ² or the EPC [61] (Energy Performance Certificate) [62] label class. If the undertaking cannot obtain this information on a best-effort basis, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates.	(b) the undertaking shall disclose a breakdown of the carrying value of its real estate assets, including rights-of-use assets, by energy efficiency classes. The energy efficiency shall be represented in terms of either the ranges of energy consumption in kWh/m² or the EPC [61] (Energy Performance Certificate) [62] label class. If the undertaking cannot obtain this information on a best-effort basis, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates.	[MOVED] The content has been simplified and moved to amended AR 29(e).
(c) the undertaking shall calculate the proportion (percentage) of total assets (including finance lease/right-of-use assets) at material transition risk addressed by the climate change mitigation actions based on the information disclosed under Disclosure Requirement E1-3. The total assets amount is the carrying amount on the balance sheet at the reporting date.	(c) the undertaking shall calculate the proportion (percentage) of total assets (including finance lease/right-of-use assets) at material transition risk addressed by the climate change mitigation actions based on the information disclosed under Disclosure Requirement E1-3. The total assets amount is the carrying amount on the balance sheet at the reporting date.	[MOVED] Streamlined and moved to amended AR 29 for clarification purposes.
AR 74. When disclosing the information on potential liabilities from material transition risks required under paragraph 67(d):	AR 74. When disclosing the information on potential liabilities from material transition risks required under paragraph 67(d):	[DELETED] Deleted from mandatory content
(a) undertakings that operate installations regulated under an emission trading scheme may include a range of potential future liabilities originating from these schemes;	(a) undertakings that operate installations regulated under an emission trading scheme may include a range of potential future liabilities originating from these schemes;	[DELETED] Same as above
(b) undertakings subject to the EU ETS, may disclose the potential future liabilities that relate to their allocation plans for the period before and until 2030. The potential liability may be estimated on the basis of: i. the number of allowances held by the undertaking at the beginning of the reporting period; ii. the number of allowances to be purchased in the market yearly, i.e., before and until 2030; iii. the gap between estimated future emissions under various transition scenarios and free allocations of allowances that are known for the period until 2030, and	(b) undertakings subject to the EU ETS, may disclose the potential future liabilities that relate to their allocation plans for the period before and until 2030. The potential liability may be estimated on the basis of: i. the number of allowances held by the undertaking at the beginning of the reporting period; ii. the number of allowances to be purchased in the market yearly, i.e., before and until 2030; iii. the gap between estimated future emissions under various transition scenarios and free allocations of allowances that are known for the period until 2030, and	[DELETED] Same as above

iv. the estimated yearly cost per tonne of CO2 for which an allowance needs to be purchased;	iv. the estimated yearly cost per tonne of CO2 for which an allowance needs to be purchased;	
(c) In assessing its potential future liabilities, the undertaking may consider and disclose the number of Scope 1 GHG emission allowances within regulated emission trading schemes and the cumulative number of emission allowances stored (from previous allowances) at the beginning of the reporting period;	(c) In assessing its potential future liabilities, the undertaking may consider and disclose the number of Scope 1 GHG emission allowances within regulated emission trading schemes and the cumulative number of emission allowances stored (from previous allowances) at the beginning of the reporting period;	[DELETED] Same as above
(d) undertakings disclosing volumes of carbon credits planned to be cancelled in the near future (Disclosure Requirement E1-7) may disclose the potential future liabilities associated with those based on existing contractual agreements;	(d) undertakings disclosing volumes of carbon credits planned to be cancelled in the near future (Disclosure Requirement E1-7) may disclose the potential future liabilities associated with those based on existing contractual agreements;	[DELETED] Same as above
(e) the undertaking may also include its monetised gross Scope 1, 2 and total GHG emissions (in monetary units) calculated as follows: i. monetised Scope 1 and 2 GHG emissions in the reporting year by the following formula: (a) [formula] ii. monetised total GHG emissions in the reporting year by the following formula: (b) [formula] iii. by use of a lower, middle and upper cost rate [63] for GHG emissions (e.g., market carbon price and different estimates for the societal costs of carbon) and reasons for selecting them.	(e) the undertaking may also include its monetised gross Scope 1, 2 and total GHG emissions (in monetary units) calculated as follows: i. monetised Scope 1 and 2 GHG emissions in the reporting year by the following formula: (a) XXX ii. monetised total GHG emissions in the reporting year by the following formula: (b) XXX iii. by use of a lower, middle and upper cost rate [63] for GHG emissions (e.g., market carbon price and different estimates for the societal costs of carbon) and reasons for selecting them.	[DELETED] Same as above
AR 75. Other approaches and methodologies may be applied to assess how transition risks may affect the future financial position of the undertaking. In any case, the disclosure of anticipated financial effects shall include a description of the methodologies and definitions used by the undertaking.	AR 75. Other approaches and methodologies may be applied to assess how transition risks may affect the future financial position of the undertaking. In any case, the disclosure of anticipated financial effects shall include a description of the methodologies and definitions used by the undertaking.	[DELETED] Same as above
AR 76. When preparing the information required under paragraph 67 (e), the undertaking may assess and disclose the share of net revenue from business activities at transition risks. This disclosure:	AR 76. When preparing the information required under paragraph 67 (e), the undertaking may assess and disclose the share of net revenue from business activities at transition risks. This disclosure:	[DELETED]

(a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.	(a) shall be based on the net revenue in line with the requirements in accounting standards applied for financial statements, i.e., IFRS 15 or local GAAP.	[DELETED]
(b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of current net revenue, risk factors (events and exposure), and when possible, the anticipated financial effects related to margin erosion over the short-, medium- and long-term. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.	(b) may include a breakdown of the undertaking's business activities with the corresponding details of the associated percentage of current net revenue, risk factors (events and exposure), and when possible, the anticipated financial effects related to margin erosion over the short-, medium- and long-term. The nature of business activities may also be disaggregated by operating segments if the undertaking has disclosed the contribution of margins by operational segments in its segment reporting in the financial statements.	[DELETED] Deleted from mandatory content
Connectivity with financial reporting information AR 77. The reconciliation of the significant amount of assets, liabilities, and net revenue (vulnerable to either material physical risks or transition risks) to the relevant line item or disclosure (e.g., in segment reporting) in the financial statements (as required by paragraph 68) may be presented by the undertaking as follows: (a) as a cross-reference to the related line item or disclosure in the financial statements if these amounts are identifiable in the financial statements; or (b) If these cannot be directly cross-referenced, as a quantitative reconciliation of each to the relevant line item or disclosure in the financial statement using the below tabular format: Carrying amount of assets or liabilities or net revenue vulnerable to either material physical or transition risks Adjusting items Assets or liabilities or net revenue in the financial statement.	Connectivity with financial reporting information AR 77. The reconciliation of the significant amount of assets, liabilities, and net revenue (vulnerable to either material physical risks or transition risks) to the relevant line item or disclosure (e.g., in segment reporting) in the financial statements (as required by paragraph 68) may be presented by the undertaking as follows: (a) as a cross-reference to the related line item or disclosure in the financial statements if these amounts are identifiable in the financial statements; or (b) If these cannot be directly cross-referenced, as a quantitative reconciliation of each to the relevant line item or disclosure in the financial statement using the below tabular format: Carrying amount of assets or liabilities or net revenue vulnerable to either material physical or transition risks Adjusting items Assets or liabilities or net revenue in the financial statement.	[DELETED]
AR 78. The undertaking shall ensure the consistency of data and assumptions to assess and report the anticipated financial effects from material physical risks and transition risks in the sustainability statement with the corresponding data and assumptions used for the financial statements (e.g., carbon prices used for assessing impairment of assets, the useful life of assets, estimates and provisions). The undertaking shall explain the reasons for any inconsistencies (e.g., if the full financial	AR 78. The undertaking shall ensure the consistency of data and assumptions to assess and report the anticipated financial effects from material physical risks and transition risks in the sustainability statement with the corresponding data and assumptions used for the financial statements (e.g., carbon prices used for assessing impairment of assets, the useful life of assets, estimates and provisions). The undertaking shall explain the reasons for any inconsistencies (e.g., if the full financial implications of climate-related risks are still under	[DELETED]

implications of climate-related risks are still under assessment or are not deemed material in the financial statements).	assessment or are not deemed material in the financial statements).	
AR 79. For potential future effects on liabilities (as required by paragraph 67 (d)), if applicable, the undertaking shall cross-reference the description of the emission trading schemes in the financial state.	AR 79. For potential future effects on liabilities (as required by paragraph 67 (d)), if applicable, the undertaking shall crossreference the description of the emission trading schemes in the financial state.	[DELETED]
Climate-related opportunities AR 80. When disclosing the information under paragraph 69 (a), the undertaking shall explain the nature of the cost savings (e.g., from reduced energy consumption), the time horizons and the methodology used, including the scope of the assessment, critical assumptions, and limitations, and whether and how scenario analysis was applied.	Climate-related opportunities AR 80. When disclosing the information under paragraph 69 (a), the undertaking shall explain the nature of the cost savings (e.g., from reduced energy consumption), the time horizons and the methodology used, including the scope of the assessment, critical assumptions, and limitations, and whether and how scenario analysis was applied.	[DELETED] Deleted from mandatory content
AR 81. When disclosing the information required under paragraph 69 (b), the undertaking shall explain how it has assessed the market size or any expected changes to net revenue from low-carbon products and services or adaptation solutions including the scope of the assessment, the time horizon, critical assumptions, and limitations and to what extent this market is accessible to the undertaking. The information on the market size may be put in perspective to the current taxonomy-aligned revenue disclosed under the provisions of Regulation (EU) 2020/852. The entity may also explain how it will pursue its climate-related opportunities and, where possible, this should be linked to the disclosures on policies, targets and actions under Disclosure Requirements E1-2, E1-3 and E1-4.	AR 81. When disclosing the information required under paragraph 69 (b), the undertaking shall explain how it has assessed the market size or any expected changes to net revenue from low-carbon products and services or adaptation solutions including the scope of the assessment, the time horizon, critical assumptions, and limitations and to what extent this market is accessible to the undertaking. The information on the market size may be put in perspective to the current taxonomy-aligned revenue disclosed under the provisions of Regulation (EU) 2020/852. The entity may also explain how it will pursue its climate-related opportunities and, where possible, this should be linked to the disclosures on policies, targets and actions under Disclosure Requirements E1-2, E1-3 and E1-4.	[DELETED] Deleted from mandatory content.



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