

 EXPOSURE DRAFT

ESRS E1

CLIMATE CHANGE

 JULY 2025

UNAPPROVED DRAFT

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The questionnaire for submitting comments is available [here](#) in both online and PDF formats. Comments must be received by end of day CEST on 29 September 2025. All comments will be on the public record and posted on our website at www.efrag.org unless the respondent requests confidentiality.

About EFRAG

EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting. In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards ('ESRS') elaborated under a robust due process and supports the effective implementation of the ESRS. EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.



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Revised structure and drafting conventions

As compared to ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined.

- All the ‘shall disclose/shall include/shall report/shall describe/shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.
- Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options — which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.
- All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).
- A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.
- The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (*topic*), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.
- The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets — for example, ‘4. (24)’ or ‘4 (24 amended)’ in paragraph [Draft] Amended ESRS 1.
- In accordance with the recommendation of the EC representatives, EFRAG did not clarify the meaning of ‘compatibility with 1.5 degrees’ for the Transition Plans disclosure (ESRS E1), pending developments of level 1 regulation, despite this being an area of frequent implementation questions.

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG SRB. The paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

UNAPPROVED [Draft] ESRS E1 *Climate Change*

November 2025 – V.1

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UNAPPROVED DRAFT

Objective

1. When reporting in accordance with the ESRS, the 1. The **sustainability statement** shall coverinclude information in relation to [Draft] Amended-ESRS E1 *Climate change*, when Change, if this **topic** relates to **material impacts, risks and opportunities**. The disclosure on the material impacts, risks and opportunities is expected to cover **policies, actions and targets** (if in place), **dependencies** when relevant, **metrics** and **financial effects**.
 2. The objective all the reporting areas listed in paragraph 5 of this Standard is to specify Disclosure Requirements ('DRs') in relation to the items of information mentioned in paragraph 1, that are not covered in [Draft] Amended-ESRS 2.
- ESRS 1. When only one of the particular sub-topics covered topic prescribed by this Standard is material, the undertaking shall report only on that sub-topic. paragraph 30 of ESRS 1 applies.
2. The objective of this Standard is to specify Disclosure Requirements (DRs) in relation to the reporting areas mentioned in paragraph 1 that are not covered in [Draft] ESRS 2 *General Disclosures*. This Standard shall be applied in conjunction with ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*.
 3. In this Standard, each DR is introduced by a disclosure objective except for **policies, actions and targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant DRs.
 4. This Standard sets out DRs related to climate change and in particular, particularly with respect to the following sub-topics: **climate change mitigation, climate change adaptation** and energy.
 5. **Climate change mitigation** relates to the undertaking's endeavour efforts to the general process of limiting limit 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 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 DRs on to how the undertaking addresses its **GHG emissions** as well as the associated **transition risks**.
 6. **Climate change adaptation** relates to the undertaking's process of adjustment to actual and expected 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.
 3. This Standard covers DRs 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.
 7. The DRs related to energy cover all types of energy production and consumption.
 4. 8. The undertaking shall apply the provisions of [Draft] Amended-ESRS 2 paragraphs 29 to 32 and GDR-P, GDR-A, GDR-T and GDR-M. In particular:
 - (a) if the undertaking has not adopted **policies, actions and targets** E1 Climate Change standard relates to reflects contextual alignment with reference to a **topic** related to material **impacts, risks and opportunities**, it shall disclose this fact;
 - (b) the undertaking may present the description of its material impacts, risks and opportunities, in accordance with [Draft] Amended-ESRS 2 IRO-2, alongside information about its policies, actions, targets and **metrics** through which it addresses them, to avoid duplication and support a coherent narrative.
 5. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions and targets**, for which the provisions in GDR-P, GDR-A and GDR-T provide the necessary framing for the EU regulatory frameworks and other relevant DRs.

The ~~DRs of this Standard consider the requirements of related EU legislation and regulation. These include frameworks, including the~~ EU Climate Law, ~~the~~ Climate Benchmark Standards Regulation, ~~the~~ Sustainable Finance Disclosure Regulation (SFDR), ~~EU~~ the Taxonomy Regulation and ~~EBA so-called~~ ‘Pillar 3 ~~DRs~~’ disclosures under the Capital Requirements Regulation.

Interaction with other ESRS

9. Social and environmental **topics** closely interact with each other. The main points of interaction between ~~{Draft} Amended~~ ESRS E1 and the ~~different ESRS~~ other topical standards are the following:

- (a) This Standard covers, but is not limited to, the seven GHGs: ~~carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).~~ ~~{Draft} Amended~~ ESRS E2 Pollution addresses 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 {Draft} Amended ESRS E2.~~
- (b) **Climate change mitigation** and **adaptation** are closely related to **topics** addressed in particular in ~~{Draft} Amended~~ ESRS E3 Water and ~~{Draft} Amended~~ ESRS E4 Biodiversity and ~~e~~ Ecosystems. This Standard addresses, among ~~others~~ other things, acute and chronic physical risks which arise from the water and ocean-related hazards. This Standard also addresses **GHG emissions** from the use of ~~resource~~ natural resources, land-use and **land-use change** as well as removals of GHG from the atmosphere, for example through **nature-based solutions** which may entail co-benefits ~~for the water~~, biodiversity and ecosystems. **Biodiversity loss** and ecosystem degradation caused or accelerated by climate change are addressed in ~~{Draft} Amended~~ ESRS E4 Biodiversity and ~~e~~ Ecosystems.
- (c) **Impacts** on people that may arise from the transition to a climate-neutral economy are covered under ~~{Draft} Amended~~ ESRS S1 Own ~~workforce~~, ~~{Draft} Amended~~ Workforce, ESRS S2 Workers in the ~~value chain~~, ~~{Draft} Amended~~ Value Chain, ESRS S3 Affected ~~e~~ Communities and ~~{Draft} Amended~~ ESRS S4 Consumers and ~~e~~ End-users.

Disclosure Requirements

Strategy

Disclosure Requirement E1-1 – Transition plan for climate change mitigation

- 10. (15 amended) The objective of this DR 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 limiting global warming to 1.5°C in line with the Paris Agreement and the objectives of the European Climate Law (Regulation (EU) 2021/1119), including achieving climate neutrality by 2050.
- 11. (16 amended) The information about the **transition plan for climate change mitigation** shall include:
 - (a) a description of its key features. This includes **GHG emission reduction targets**, the **decarbonisation levers**, key **actions**, ~~financial and investment planning, the role of 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~~ will be compatible, pursuant to the implementation of the plan, with the limiting of global warming to 1.5°C in line with the Paris Agreement and with the EU’s objective of achieving climate neutrality by 2050;

- (b) disclosure of ~~significant~~ CapEx amounts invested during the reporting period related to coal, oil and gas economic activities¹, if the undertaking has them;
- (c) information about key assumptions used and dependencies on which the ~~transition~~ plan relies, ~~including~~;
- (d) a qualitative assessment and explanation of how potential **locked-in GHG emissions** from key physical assets and products may jeopardise the achievement of the plan and drive **transition risk**; and
- (e) an explanation of the undertaking's progress in implementing the transition plan.

12. (17 amended) If the undertaking does not have a **transition plan for climate change mitigation** which includes the key features listed in paragraph 11 (a) in place, it shall disclose this fact, and indicate whether and, if so, when it ~~will~~expects to adopt one.

APPLICATION REQUIREMENTS

<p>AR 1 for para. 14<u>11</u></p> <p>(Transition plan for climate change mitigation)</p>	<p><u>(AR 1 amended)</u> A transition plan for climate change mitigation sets out how the undertaking intends to transform its strategy and business model to ensure compatibility with the transition to a sustainable economy. It is a specific type of action plan, distinguished by its direct implications for the undertaking's strategic direction and business model. According to {Draft} Amended ESRS E1, paragraph 14(a), the undertaking shall disclose the key features of their transition plan for climate change mitigation. In doing so, the undertaking shall apply the qualitative characteristics of information (Appendix B of {Draft} Amended ESRS 1) to the disclosure on transition plan for climate change mitigation ({Draft} Amended ESRS E1-1) as a whole. This is particularly important given the complexity of transition plans, which bring together multiple sustainability aspects of the undertaking's business, and it includes the key features listed out in paragraph 11. 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 reflect this fact and cross-refer to the information provided in accordance with E1-3 and E1-5.</p>
<p>AR 2 for para. 14<u>11</u>(a)</p> <p>(Transition plan for climate change mitigation) <u>(Key features description)</u></p>	<p>The (New) <u>In disclosing the</u> key features referred to in paragraph 14<u>11</u>(a), the undertaking shall refer, <u>if applicable</u> to disclosures on policies, actions, resources and targets made elsewhere (e.g. {Draft} Amended ESRS E1-5 and E1-6 as well as {Draft} Amended ESRS 2) <u>without necessarily duplicating content but by consolidating them</u>). <u>The transition plan disclosure consolidates the key features of the undertaking's plan into a coherent narrative description</u> that demonstrates how these elements<u>they</u> are strategically aligned to drive business transformation. The relevant disclosures for this paragraph are:</p> <p>with reference to targets, <u>(a)</u> <u>(AR 2 amended)</u> a statement on whether the GHG emission reduction targets are science-based and compatible with limiting global warming to 1.5°C ({Draft} Amended ESRS E1-6). The</p>

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 ~~and/or~~ heat generation), (e) D.46.81 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels).

	<p>explanation of how the targets are compatible with limiting global warming to 1.5°C in line with the Paris Agreement is done by benchmarking the target value against a 1.5°C reference target value (in accordance with the provisions in [Draft] Amended ESRS E1-6, AR 17) and/or by providing validation through an independent third party, including information on the third party, the methodology/standard applied and the trajectory used; (with reference to ESRS E1-6 paragraph 23 and associated application requirements).</p> <p>with reference to actions, the key actions and an explanation of the (b) (16(b) amended) decarbonisation levers identified ([Draft] Amended (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, or the upstream and/or downstream value chain;</p> <p>with reference to (c) (16(c) amended) amount of significant financial resources, the disclosure of the investment and financial planning (including the short and medium term financial and investment plan) and financial resources supporting the (operational or capital expenditure), allocated or expected to be allocated for the implementation and strategic ambition of its transition plan for climate change mitigation, including quantitative short and medium term CapEx, and/or OpEx figures, as well as anticipated long-term CapEx and/or OpEx ranges ([Draft] Amended an indicative range of future financial resources expected (with reference to ESRS E1-5 and ESRS 2 GDR-A, [Draft] Amended ESRS E1-5). This disclosure can be limited to (a) the announced key actions and action plans to which it has contractually committed to, and (b) the planned funding sources for implementing those actions (ESRS 2 AR 41).</p> <p>While this information helps demonstrate (New) The disclosure required by paragraph 11(a) focuses on providing the key, audited elements necessary for demonstrating the coherence and credibility of the transition plan, there is no expectation that the undertaking's transition plan for climate change mitigation. It shall not be understood as a requirement to disclose all detailed internal information used to manage the plan undertaking's transition plan for climate change mitigation beyond the scope of this disclosure.</p>
<p>AR 3 for para. 14 11(c)</p> <p>(Transition plan for climate change mitigation)</p> <p>(Key assumptions and dependencies)</p>	<p>(New) Information on dependencies relate to, e.g. deployment of certain technologies, market demand workforce availability or policies. The DR shall include an explanation of ability to implement changes in the plans to manage – e.g. by transforming, decommissioning or phasing out – its GHG-intensive and energy intensive assets and products. Where relevant, it value chain. If applicable, the undertaking shall also include information in line with [Draft] Amended ESRS 2, GDR-A, regarding dependencies of future financial resources and other resources and how these may constrain the ability to implement the transition plan for climate change mitigation actions.</p> <p>The qualitative locked-in emission assessment seeks to ensure that these emissions were adequately considered by the undertaking in its transition plan explaining how the magnitude of the locked-in emissions can potentially put at risk – or not – the eventual implementation of the climate mitigation transition plan. Information on assumptions relate to, e.g. expectations about</p>

	<u>regulatory requirements or the ability of an entity to implement planned changes within its value chain.</u>
<u>AR 4 for para. 11(d)</u> <u>(Locked-in emission assessment)</u>	<u>(AR 3 amended) 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 transition plan.</u>
<u>AR 45 for para. 14(d)(11(e))</u> <u>(Transition plan for climate change mitigation) (Progress explanation)</u>	<u>(New) When explaining its progress in implementing the transition plan for climate change mitigation, the undertaking shall describe <u>quantitative and qualitative components such as</u> the deployment of resources, the actions taken and the GHG emission reductions achieved or expected to be achieved. Information on progress shall include, where appropriate<u>applicable</u>, sector-specific metrics that can be used to track progress against specific climate targets the undertaking may have set, using recognised sectoral decarbonisation standards.</u>

Disclosure Requirement E1-2 – ~~Climate~~Identification of climate-related risks and scenario analysis

13. (New) The objective of this DR is to enable ~~users~~ an understanding of how the undertaking identifies and assesses climate-related ~~impacts, risks~~ and ~~opportunities~~ for financial **materiality**.
14. (18 amended) The undertaking shall explain for each climate-related material **risk** identified (per ~~{Draft} Amended~~ ESRS 2, paragraph ~~28~~37) whether it classifies the risk as a **climate-related physical risk** or a **climate-related transition risk**.
15. (20 amended) In addition to the disclosure provided in accordance with ~~{Draft} Amended~~ ESRS 2 IRO-1 and IRO-2, 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/or be sensitive over the short, medium and long term to:
- (a) ~~to climate-related hazards (over the short, medium, and long term);~~
 - (b) to climate-related transition events and trends (over the short, medium,
16. (21 amended) If climate-related **scenario analysis** is used the undertaking shall disclose: the ranges of scenarios applied – including for physical climate risks, at least one high-emission scenario, and ~~long-term~~ for climate transition risks, at least one scenario in line with limiting global warming to 1.5°C with no or limited overshooting, the associated global average temperature projection of the scenarios and why they are considered relevant; the scope of operations used (e.g. operating locations, business units); the key assumptions made (e.g. policies, macroeconomic trends, national or regional variables, energy use and mix, technology developments); the time period when it was carried out.
- ~~6. The key elements of the methodology include: the scope of the analysis, the methodologies and/or tools used for the analysis, the ranges of scenarios used, the time period when it was carried out and how the undertaking has used climate-related **scenario analysis**. In addition, for paragraph 18 (a) the undertaking shall include the spatial resolution of the analysis and for paragraph 18 (b) it shall include the type of transition events analysed.~~

APPLICATION REQUIREMENTS

<p>AR 56 for para. 1815</p> <p>(Climate-related physical risk) (Key elements of the methodology)</p>	<p><u>(AR 11 and AR 12 amended)</u> In conducting its climate-related physical risk analysis supported by scenario analysis, the undertaking shall:</p> <p>(a) identify climate-related hazards <u>(for climate-related physical risks) or transition events (for climate-related transition risks)</u> over the short, medium and long term and screening whether its the undertaking's assets and business activities are exposed to these hazards; them; and</p> <p>(a) — <u>(b)</u> assess the extent to which its assets and business activities are exposed and are sensitive to the identified climate-related hazards <u>or transition events</u>, taking into consideration the likelihood, magnitude and duration of the hazards; them, as well as the geospatial coordinates specific to its locations <u>of its assets</u> and supply chains; and</p> <p>base <u>business dependencies in</u> its analysis on at least one high-emission value-chain (for climate-scenario-related hazards).</p>
<p>AR 6 for para. 19</p> <p>(Climate-related transition risk)</p>	<p>In conducting its climate-related transition risk analysis, the undertaking shall:</p> <p>(a) identify transition events over the short, medium and long term and screen whether its assets and business activities are exposed to these events;</p> <p>(b) assess the extent to which its assets and business activities are exposed and are sensitive to the identified transition events, taking into account the likelihood, magnitude and duration of the transition events; and</p> <p>(c) base its analysis on at least one climate scenario in line with limiting global warming to 1.5°C with no, or limited, overshooting.</p>
<p>AR 7 for para. 19</p> <p>(Methodology to assess climate-related hazards and transition events)</p>	<p>The quantification of the exposure of assets and business activities to material climate-related risks is required under DR E1-11 on anticipated financial effects.</p>

Disclosure Requirement E1-3 – Resilience in relation to climate change

17. The objective of this DR is to provide ~~users~~ an understanding of the extent to which the undertaking's strategy and **business model** are prepared for, and can adapt to, climate-related **risks**.
18. (19 amended) In addition to the ~~information disclosed in accordance with [Draft] Amended~~ disclosure in ESRS 2 SBM-3, the undertaking shall disclose the following information ~~related to~~ on the resilience of its strategy and **business model** ~~in response to identified~~ the climate-related **risks**:
- (a) the results of its analysis of climate resilience ~~analysis~~ in relation to climate-related risks, ~~explaining. The undertaking shall explain:~~ i) the implications, if any, of its the assessment of its strategy and business model and; ii) how it would need to respond to the effects identified in through the climate-related scenario analysis, and explaining if used, inform the undertaking's potential response; iii) how its current and planned mitigation and adaptation actions (as per in accordance with DR E1-5) and), including any actions included in the undertaking's transition plans (as per DR E1-1) support, strengthen or impact), if existent, contribute to its resilience towards to climate-related risks;
- (b) significant areas of uncertainty in the assessment of its **climate resilience**; and

- (c) its capacity to adjust or adapt its strategy and business model to climate change over the short-, ~~medium-~~ and long-term.

APPLICATION REQUIREMENTS

<p><u>AR 7 for para. 18</u></p>	<p>The analysis of climate resilience builds upon the identification of climate-related risks reported in 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 carried out specifically for the purpose of assessing climate resilience, the undertaking shall provide the disclosure required in paragraph 18.</p>
<p>AR 8 for para. 20 18 (Resilience of strategy)</p>	<p>When performing a qualitative scenario analysis assessing the climate resilience of its strategy and business model, the undertaking shall consider the implications of the combined-assessments performed according to <u>in accordance with</u> DRs E1-2 (with its assessment of the exposure to different climate hazards and transition events) and E1-11 (anticipated financial effects) for its strategy and business model, including actions required to respond to the climate-related risks and opportunities identified through <u>climate-related scenario analysis</u>.</p>
<p>AR 9 for para. 21 18(a) (Resilience of strategy)</p>	<p><u>(AR 8 amended)</u> When disclosing the results and implications of its <u>analysis of climate resilience analysis according to</u> <u>in accordance with</u> paragraph 2118(a), the undertaking shall provide its assessment of its climate resilience as at the reporting date. <u>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 E1-2), it shall update its analysis of resilience.</u></p> <p><u>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.</u></p>
<p>AR 10 for para. 21 18(c) (Resilience of strategy)</p>	<p><u>(AR 8 amended)</u> When disclosing on its capacity to adjust its strategy and business model according to <u>in accordance with</u> paragraph 2118(c), the undertaking shall consider:</p> <ul style="list-style-type: none"> <u>(a)</u> the availability and flexibility of existing financial resources to manage financial impacts of climate-related risks and to capitalise on climate-related opportunities; <u>(b)</u> its ability to redeploy, repurpose, upgrade or decommission existing assets in response to climate-related changes; <u>(c)</u> the effects of current and planned investments in climate change mitigation, adaptation and transition opportunities on <u>for</u> climate resilience enhancement; <u>(d)</u> <u>cross referencing to its climate change adaptation actions, disclosed in E1-5.</u>

Impact, risk and opportunity management

Disclosure Requirement E1-4 – Policies related to climate change mitigation and adaptation

19. (24 amended) The undertaking shall disclose its **climate change mitigation and climate change adaptation policies** in accordance with the provisions of ~~{Draft} Amended~~ ESRS 2 GDR-P.

Disclosure Requirement E1-5 – Actions and resources in relation to climate change mitigation and adaptation

20. (28 amended) The undertaking shall disclose its key **climate change mitigation and climate change adaptation actions** and resources allocated to their implementation in accordance with the provisions of ~~{Draft} Amended~~ ESRS 2 GDR-A.

21. (29 amended) In addition to ~~{Draft} Amended~~ ESRS 2 GDR-A, when disclosing current and planned **actions**, the undertaking shall:

(a) present its **key climate change mitigation actions** by **decarbonisation lever**;

~~in relation to the outcome of the key climate change mitigation actions, include~~ (b) disclose the achieved and expected **GHG emission reduction**; ~~and~~ by decarbonisation lever.

~~(d) in relation to the type of current and future financial resources and other resources allocated to the key actions as per {Draft} Amended ESRS 2 GDR-A, paragraph 38, include quantitative short- and medium-term CapEx and/or OpEx figures, as well as anticipated long-term CapEx and/or OpEx ranges.~~

Metrics and targets

Disclosure Requirement E1-6 – Targets related to climate change

22. (32 amended) The undertaking shall disclose its **climate change targets** in accordance with the provisions of ~~{Draft} Amended~~ ESRS 2 GDR-T.

23. (34 amended) The undertaking shall disclose the **GHG emission reduction targets** it has set, including:

(a) absolute GHG emission reduction targets for Sscope 1, 2 and 3, either separately or combined and, where relevant, in intensity value. The undertaking shall specify, in case of combined GHG emission reduction targets, which **GHG emission Sscopes** (1, 2 and/or 3) are covered by the target and the share related to each respective GHG emission Sscope;

(b) (AR 24 amended) if the scope (geography, GHGs covered, entities included) of the GHG emission reduction targets diverges from the scope of the GHG inventory ~~boundary emissions~~ (reported under DR E1-8), the percentages for Sscope 1, 2 and 3 covered by the target, as well as which GHGs are covered; and

(c) a statement on 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 the underlying climate and policy scenarios. 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.

APPLICATION REQUIREMENTS

<p><u>AR 11 for para. 22</u> <u>(Climate change targets)</u></p>	<p>(60 amended) If the undertaking discloses a net-zero target separately to any GHG emission reduction targets it has set, it shall do so in accordance with the provisions of ESRS 2 GDR-T and explain how it intends to permanently neutralise any residual GHG emissions.</p>
<p><u>AR 11</u> 12 for para. 26-23 (GHG emissions reduction targets)</p>	<p>(AR 34(b) amended) 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.</p>
<p><u>AR 12</u> 13 for para. 26-23 (GHG emissions reduction targets)</p>	<p>Under paragraph 26(a), (AR 23 amended) If the undertaking can disclose GHG emission reduction targets in discloses intensity value. Intensity targets are, they shall be formulated as ratios of GHG emissions relative to a unit of physical activity or economic output. 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) – except for financial institutions, scope 3, category 15 emissions, as explained below. This may result in a situation where the undertaking is required to disclose an increase of absolute GHG emissions for the target year and interim target year(s), e.g. because it anticipates the organic growth of its business.</p> <p><u>Financial institutions are exempted from converting their scope 3, category 15 emission intensity targets into absolute targets, provided they:</u></p> <ul style="list-style-type: none"> <u>(a) use physical or financial measures as denominators for intensity targets and consistently disclose absolute financed emissions for the targeted sectors (such as material high-impact sectors); and</u> <u>(b) provide contextual information for sectors and emission scopes for which targets 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><u>AR 13</u> 14 for para. 26-23 (GHG emissions reduction targets)</p>	<p>(AR 25(b), AR 25(c) amended) When applying GDR-T (base year and target year, baseline value and target year values):</p> <ul style="list-style-type: none"> (a) the baseline value and base year are not to be changed unless key changes <u>occur</u> in either the target or reporting boundary occur; and (b) the undertaking is to <u>shall</u> select a recent base year that does not precede the first reporting year of the new target period by longer than three years and <u>representative base year</u>. Before 2030, the base year chosen by the undertaking may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements.
<p><u>AR 14</u> 15 for para. 25 <u>23</u></p>	<p>(AR 31 amended) The undertaking may present its GHG emission reduction targets together with its climate change mitigation actions (see paragraph 24 <u>21</u>) showing the decarbonisation levers and their quantitative contributions to achieve the GHG emission reduction targets (e.g. energy or material efficiency and consumption</p>

(Presentation of targets and actions)

reduction, fuel switching, use of ~~renewable energy~~, phase-out or substitution of product and process); as a table (see, e.g. Figure 1) or graphic over time (see, e.g. Figure 2).

(a) as a list of key decarbonisation levers with disaggregation by key climate change mitigation actions (see, e.g. Figure 2); or

(b) as a table (see, e.g. Figure 2) or graphic over time (see, e.g. Figure 1).

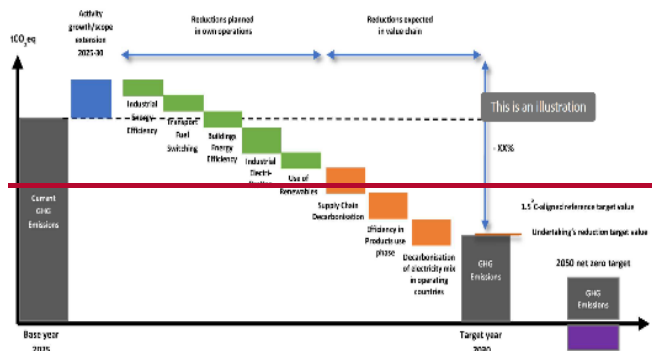


Figure 1: [Draft] Amended

	Base year (e.g., 2025)	2030 target	2035 target	...	Up to 2050 target
GHG emissions (ktCO ₂ e)	100	60	40		
Energy efficiency and consumption reduction	-	-10	-4		
Material efficiency and consumption reduction	-	-5	-		
Fuel switching	-	-2	-		
Electrification	-	-	-10		
Use of renewable energy	-	-10	-3		
Phase out, substitution or modification of product	-	-8	-		
Phase out, substitution or modification of process	-	-5	-3		
Other	-	-	-		

Figure 1: ESRS E1 – Table 1

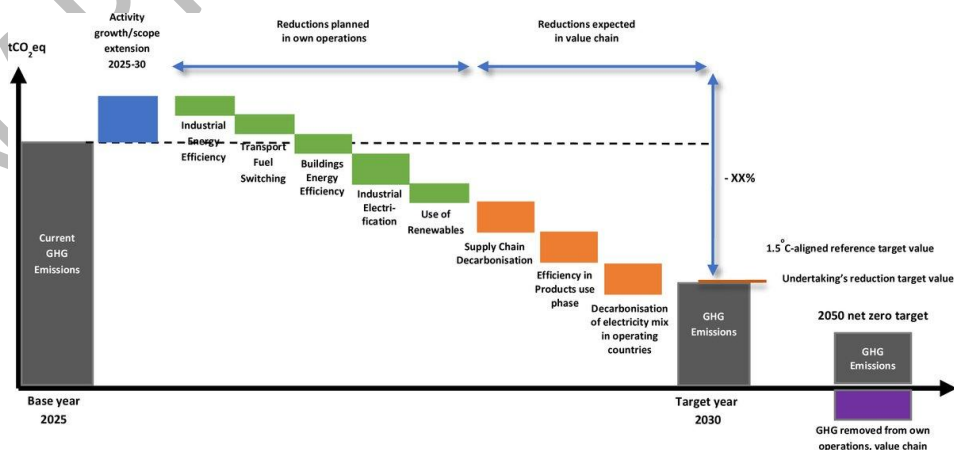


Figure 2: ESRS E1 – Graphic 1

	Base year (e.g., 2025)	2030 target	2035 target	...	Up to 2050 target
GHG emissions (ktCO ₂ eq)	100	60	40		
Energy efficiency and consumption reduction	-	- 10	- 4		
Material efficiency and consumption reduction	-	- 5	-		
Fuel switching	-	- 2	-		
Electrification	-	-	- 10		
Use of renewable energy	-	- 10	- 3		
Phase out, substitution or modification of product	-	- 8	-		
Phase out, substitution or modification of process	-	- 5	- 3		
Other	-	-			

Figure 2: ESRS E1 – Table 1

AR ~~15~~16 for
para. ~~26~~23

(GHG
emissions
reduction
targets)

(New) The undertaking reporting under DR E1-8 using an operational control boundary can report ~~S~~scope 1 and ~~S~~scope 2 GHG emission reduction targets referring to this organisational boundary.

AR ~~16~~17 for
para. ~~26~~23 (c)

(GHG
emissions
reduction
targets
compatible
with 1.5°C)

(AR 26 amended) When disclosing the information required under paragraph ~~26~~23(c), the undertaking shall compare its target value(s) with 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 ~~S~~scope 1 and 2 (and a separate one for ~~S~~scope 3, if it has ~~S~~scope 3 GHG emissions reduction targets) against which its own GHG emission reduction targets or interim targets in the respective ~~S~~scopes can be compared.

The explanation of how the targets are compatible is done by benchmarking the target value against the 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.

Disclosure Requirement E1-7 – Energy consumption and mix

24. (36 amended) The objective of this DR is to provide an understanding of the undertaking's energy consumption and mix.

~~(35 and 25. (37 amended) The undertaking shall disclose information on its energy consumption and mix, namely on its total energy consumption in MWh related to its own operations, disaggregated by:~~

- (a) total energy consumption from fossil sources²;
- (b) total energy consumption from nuclear sources; and
- (c) total energy consumption from renewable sources.

26. (38 amended) The undertaking with operations in high climate impact sectors shall further disaggregate its total energy consumption from fossil sources by:

² 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) fuel consumption from coal and coal products;
- (b) fuel consumption from crude oil and petroleum products;
- (c) fuel consumption from natural gas;
- (d) fuel consumption from other fossil sources; and
- (e) consumption of **purchased or acquired electricity, heat, steam, or cooling** from fossil sources.

27. (39 amended) ~~The~~ if the undertaking produces energy, it shall also disaggregate and disclose separately its **non-renewable energy** production and **renewable energy** production in megawatt hours (MWh)³.

APPLICATION REQUIREMENTS

<p>AR 1718 for para. 2825</p> <p>(Energy consumption and mix)</p>	<p>(AR 32 amended) When preparing the information on energy consumption required under paragraph 2825, the undertaking shall adopt the following calculation approaches:</p> <p>(c) report energy consumed from processes controlled by it applying the same organisational boundary perimeter applied for reporting GHG Scopes 1 and 2 emissions;</p> <p>(a) (AR 32(b) amended) exclude feedstocks and fuels that are not combusted for energy purposes (e.g. natural gas to produce polymers). The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures;</p> <p>ensure all quantitative combustion-related information is reported in (b) (AR 32(c) amended) use megawatt-hour (MWh) in Lower Heating Value or net calorific value <u>for all quantitative combustion-related information</u>;</p> <p>ensure (c) (AR 32(d) amended) base all quantitative energy-related information is reported as on final energy consumption, <u>therefore</u> referring to the amount of energy the undertaking actually consumes;</p> <p>(d) (AR 32(e) amended) 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;</p> <p>(e) (AR 32(f) amended) not offset energy consumption even if onsite generated energy is sold to and used by a third party;</p> <p>(f) (AR 32(g) amended) not count energy that is sourced from within the organisational boundary under ‘purchased or acquired’ energy;</p> <p>(g) (AR 32(h) amended) account for steam, heat or cooling received as ‘waste energy’ from a third party’s industrial processes under ‘purchased or acquired’ energy;</p> <p>(h) (AR 32(i) amended) account for renewable hydrogen 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</p>
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³ 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>(i) (AR 32(i) amended) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources based on and indicate whether it derives the approach applied to calculate fraction of renewables from the market-based, or location-based Scope 2 GHG emissions approach. The undertaking that relies on market-based approach shall only consider these energy consumptions as deriving from renewable sources if the origin <u>nature</u> of the purchased energy <u>environmental attribute</u> 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 Europe⁴ or similar instruments like Renewable Energy Certificates in the US and Canada, etc.).</p>
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Disclosure Requirement E1-8 – Gross ~~S~~scope 1, 2, 3 GHG emissions

28. (45 amended) The objective of this DR is to provide 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.
29. (44 amended) The undertaking shall disclose absolute gross **GHG emissions** generated during the reporting period, expressed as metric tonnes of CO₂eq classified as:
- (a) (44(a) amended) ~~S~~scope 1 GHG emissions, including, the percentage of ~~S~~scope 1 GHG emissions from ~~regulated emission trading schemes, EU Emission Trading System (EU ETS),~~ if it has emissions from such ~~schemes~~ system;
 - (b) (44(b) amended) ~~S~~scope 2 GHG emissions (location-based and market-based); and
 - (c) (44(c) amended) ~~S~~scope 3 GHG emissions from each significant ~~S~~scope 3 **categories** as a total and per category.
30. (AR 43(c), AR 45(e) and AR 46(j) amended) The undertaking shall disclose its direct biogenic CO₂ emissions from the combustion or biodegradation of biomass separately from ~~the emission scopes~~ scope 1 GHG emissions.

APPLICATION REQUIREMENTS

AR 18 for para. 32 (Emissions reporting boundary)	<p>The organisational boundary to be used in disclosing paragraph 32 shall be the reporting undertaking as defined in [Draft] Amended ESRS 1, paragraph 59, which is equivalent to the financial control (consolidation) boundary of the GHG Protocol.</p>
AR 19 for para. 32 (Emissions reporting boundary)	<p>(50 amended) Chapter 5 of ESRS 1 defines the reporting boundary to be applied. <u>The starting point of that boundary corresponds to the 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 34 for para. 62 (joint operations) of ESRS 1.</u></p> <p>When, due to specific facts and circumstances, the information reported in paragraph 32(a)(b) for the reporting undertaking (equivalent to the financial control organisational boundary) fails to convey a fair presentation of <u>is insufficient to portray</u> the emissions deriving <u>resulting</u> from operated assets that</p>

⁴ 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.

	are outside the reporting undertaking <u>boundary</u> , the undertaking shall also separately provide additional information. In these circumstances, it shall disclose its Scope <u>GHG scope</u> 1 and Scope 2 GHG emissions based <u>calculated</u> on the basis of <u>its</u> operational control (consolidation) boundary, as defined in <u>by</u> the GHG Protocol Corporate <u>Accounting and Reporting</u> Standard (2004).
AR 20 for para. 32 (Emissions reporting boundary)	Emissions connected with assets and liabilities of joint operations that are recognised on balance sheets are classified as ‘own operations’ and calculated on the basis of the accounting share of financial risks and rewards.
AR 2120 for paras. 3128 and 3229 (Emissions reporting)	<p>(AR 39 amended) When preparing the information for reporting GHG emissions, the undertaking shall:</p> <ul style="list-style-type: none"> (a) (AR 39(a) amended) consider the GHG Protocol Corporate <u>Accounting and Reporting</u> Standard (2004). The undertaking can also consider Commission Recommendation (EU) 2021/2279⁵ or EN ISO 14064-1:2018. If the undertaking already applies the GHG accounting methodology of ISO 14064-1: 2018, it shall nevertheless comply with<u>In all cases, the requirements of this Standard</u><u>ESRS take precedence over those of abovementioned GHG accounting standards</u> (e.g. regarding reporting boundaries); (b) <u>(AR 39(c) amended)</u> include emissions of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. Additional GHGs may be considered when significant; (c) <u>(AR 39(d) amended)</u> use the most recent Global Warming Potential (GWP) values published by the Intergovernmental Panel on Climate Change (IPCC) based on a 100-year time horizon to calculate CO₂eq emissions of non-CO₂ gases. If emission factors based on older GWP values are the most suitable or available, the undertaking can use these and explain under [Draft] Amended<u>in accordance with</u> ESRS 2 GDR-M, paragraph 41<u>49</u>, which GWPs the GHG inventory is based on; (d) (AR 43(d), AR 45(f) and), AR 46(k) amended) not include any removals, any purchased, sold or transferred carbon credits or <u>any</u> GHG allowances in the calculation of GHG emissions; and (e) (AR 43(c), AR 45(e), AR 46(j) amended) <u>not</u> include biogenic emissions <u>of CO₂ from the combustion or biodegradation of biomass</u> (in particular, the scope 1, 2 and 3. Include non-CO₂ GHG emissions, such as CH₄ and N₂O). <u>in the relevant scopes.</u>
AR 2221 for para. 3229(a)	(AR 43(e) amended) For activities reporting under <u>covered by</u> the EU Emissions Trading Scheme (ETS), the undertaking shall report on S <u>scope</u> 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 ₂ .

⁵ 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).

(Scope 1 EU ETS emissions)	provided the methodology is aligned with local jurisdictional rules and relevant for the undertaking.
<p>AR 2322 for para. 3229(a)</p> <p>(Scope 1 emissions reporting)</p>	<p>(AR 44 amended) When preparing the information on the percentage of Scope 1 GHG emissions from regulated emission trading schemes EU ETS required under paragraph 3229 (a), the undertaking shall:</p> <p>(a) consider GHG emissions from the installations it operates its emission sources that are subject to regulated ETS, including the EU ETS, national ETS and non-EU ETS, if it operates such installations;</p> <p>(b) ensure the same accounting period for gross Scope 1 GHG emissions and GHG emissions regulated under the ETS; and</p> <p>(c) calculate the share by using the following formula:</p> $\text{GHG Emissions in (tCO}_2\text{eq) from EU ETS installations + national ETS installations + non-EU ETS installations (divided by) Scope 1 GHG emissions (tCO}_2\text{eq)}\% = \frac{\text{GHG emissions (tCO}_2\text{eq) from emission sources subject to EU ETS}}{\text{Scope 1 GHG emissions (tCO}_2\text{eq)}}$
<p>AR 2423 for para. 3229(b)</p> <p>(Scope 2 emissions reporting)</p>	<p>(AR 45 amended) When preparing the information on gross Scope 2 GHG emissions required under paragraph 3229, the undertaking shall:</p> <p>(a) (AR 45(a) amended) take into account the principles and requirements of consider the GHG Protocol Scope 2 Guidance (Version 2015), particularly the Scope 2 quality criteria in Chapter 7.1 relating to contractual instruments). The undertaking can also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of indirect GHG emissions from imported energy in EN ISO 14064-1:2018; and</p> <p>(b) (AR 45(d) amended) reflect the share and types of in accordance with GDR-M provisions, provide information about any contractual instruments it has used that is necessary to purchase energy or to claim specific attributes about it in its Scope inform users' understanding of the entity's Scope 2 market-based figure, taking also [Draft] Amended ESRS E1-7, AR 18(j), into account. GHG emissions.</p>
<p>AR 2524 for para. 3229(c)</p> <p>(Scope 3 emissions reporting)</p>	<p>(AR 46 amended) When preparing the information on gross Scope 3 GHG emissions required under paragraph 3229, the undertaking shall adopt the following calculation approaches:</p> <p>(a) (AR 46(a) amended) consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). The undertaking can also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of indirect GHG emissions from EN ISO 14064-1:2018;</p> <p>(b) (AR 46(c) amended) 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 relevant estimates. Alternatively, the undertaking may screen its indirect GHG emissions based on the</p>

	<p>categories provided by EN ISO 14064-1:2018, Clause 5.2.4 (excluding indirect GHG emissions from imported energy);</p> <p>(c) (AR 46(d) amended) identify and disclose its significant Sscope 3 categories based on the magnitude of their estimated GHG emissions 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 transition risks and opportunities or stakeholder views;</p> <p>(d) (AR 46(g) amended) prioritise direct measurement of Scope 3 GHG emissions and, where this is not possible, further prioritise theirinputs and assumptions based on the characteristics of the data (e.g. data from specific activities within the entity’s upstream and downstream value chain, timely 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);</p> <p>(e) (AR 46(e) amended) update Sscope 3 GHG emissions in each significant category every year on the basis of current activity data and update the full Sscope 3 GHG inventory at least every three years or on the occurrence of a significant event or a significant change in circumstances;</p> <p>(f) (AR 46(b) amended) if it reports financed emissions, consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financials (PCAF), specifically Part A <i>Financed Emissions</i> (Version December 2022); <u>if it is a financial institution;</u> and</p> <p>(g) (AR 51 amended) if significant<u>applicable</u>, disclose GHG emissions from purchased cloud computing and data centre services as a subset of the overarching Sscope 3 category 1 ‘upstream purchased goods and services’.</p>								
AR 2625 for paras. 3128 and 3229 (Emissions disaggregation)	<p>(AR 41 and AR 49 amended) The undertaking shall disaggregate information on its GHG emissions in accordance with the provisions of {Draft} Amended ESRS 1, Chapter 3.7, for common and relevant categories used for disaggregation of 3.2, if applicable. For example, it can disaggregate its GHG emissions, which include reporting by country or geography, operating segments, economic activity, subsidiary, GHG (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, and other GHGs considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).</p>								
AR 2726 for paras. 3128 and 3229 (Emissions disaggregation)	<p>(AR 4852 amended) The undertaking may present its GHG emissions disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below, populating the rows as relevant in line with its disclosures under paragraph 3229. 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.</p> <table><tr><td></td><td></td><td></td><td></td></tr><tr><td></td><td>Comparative</td><td>Current Year</td><td>% Change</td></tr></table>						Comparative	Current Year	% Change
	Comparative	Current Year	% Change						

	Year	Emissions	Emissions	
Scope 1 GHG emissions				
Gross S scope 1 GHG emissions (tCO ₂ eq)				
Percentage of S scope 1 GHG emissions from regulated emission trading schemes (%)				
Scope 2 GHG emissions				
Gross location-based S scope 2 GHG emissions (tCO ₂ eq)				
Gross market-based S scope 2 GHG emissions (tCO ₂ eq)				
Significant scope 3 GHG emissions				
Total gross indirect (S scope 3) GHG emissions (tCO ₂ eq)				
1. Purchased goods and services				
[Optional sub-category: Cloud computing and data centre services]				
2. Capital goods				
3. Fuel and energy-related activities (not included in S scope 1 or S scope 2)				
4. Upstream transportation and distribution				
5. Waste generated in operations				
6. Business traveling				
7. Employee commuting				
8. Upstream leased assets				

9. Downstream transportation				
10. Processing of sold products				
11. Use of sold products				
12. End-of-life treatment of sold products				
13. Downstream leased assets				
14. Franchises				
15. Investments				
Direct biogenic scope 1 emissions				

Disclosure Requirement E1-9 – GHG removals and GHG mitigation projects financed through carbon credits

- [31.](#) (57 amended) The objective of this DR is to provide an understanding of ~~-(1)~~ the undertaking's **actions** to reduce and permanently remove GHGs from the atmosphere; ~~;~~ and ~~(2)~~ of the ~~extent~~amount and quality of **carbon credits** it has purchased or intends to purchase from the voluntary market.
- [32.](#) (58 amended) If it has implemented **GHG removal and storage** projects, the undertaking shall disclose information about ~~GHG removal~~the projects it has developed in its own operations or contributed to in its upstream and downstream value chain, including:
- (a) ~~(AR 57 amended)~~ a brief description of the GHG removal and storage projects;
 - (b) ~~(58(a) amended)~~ the amount of GHG removals and storage resulting from ~~those projects~~each project;
 - (c) ~~the assumptions regarding permanence and~~(AR 57(d) amended) how the risk of non-permanence is managed, including assumptions and determining and monitoring leakage and reversal events ~~as appropriate if applicable~~; and
 - (d) ~~(AR 60 amended)~~ 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.
- [33.](#) (59 amended) The 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 the purchase of **carbon credits**, ~~if it has financed such projects~~, including:
- (a) ~~(59 (a) amended)~~ the amount of carbon credits that are verified against **recognised quality standards** for carbon credits and cancelled in the reporting period;
 - (b) ~~(59 (b) amended)~~ the amount of carbon credits ~~planned to be purchased in the reporting period and not~~ cancelled ~~in the future yet~~; and
 - (c) (AR 62(a)(b) amended) the share (percentage of volume) of removal projects, with an explanation of whether they are from nature-based or technological sinks.

34. (61 amended) In the case where the undertaking has made public claims of **GHG neutrality** that involve the use of **carbon credits**, it shall explain:

- (a) whether and how these claims and the reliance on carbon credits neither ~~impede~~hinder nor ~~reduce~~undermine the achievement of its **GHG emission reduction targets**; ~~and~~
- (b) the credibility and integrity of the carbon credits used, ~~namely~~ 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.

APPLICATION REQUIREMENTS

<p>AR 28<u>27</u> for para. 35<u>32</u></p> <p>(GHG removals and storage)</p>	<p>(AR 58 amended) GHG removals and storage include both nature-based solutions as well as technological removals and storage. When preparing the information on its projects, the undertaking shall:</p> <ul style="list-style-type: none"> (a) <u>(AR 58(b) amended)</u> 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) Regulation⁶; (b) <u>(AR 58(d) amended)</u> include in the calculation the removals from operations that it owns, controls or contributes to, that have not been sold to another party through carbon credits and that are not double counted or reported; (c) <u>(AR 58 (f) amended)</u> account for the GHG emissions associated with a removal activity, including transport and storage, under DR E1-8; <u>and</u> <u>(d)</u> (AR 59 amended) include in the calculation the removal activities in the upstream and downstream value chain that the undertaking is actively supporting<u>contributing to</u>, e.g., through a cooperation project with a supplier.
<p>AR 29<u>28</u> for para. 36<u>33</u></p> <p>(Carbon credits)</p>	<p>(AR 62 and AR 63 amended) When preparing the information on carbon credits, the undertaking shall:</p> <ul style="list-style-type: none"> (a) <u>(AR 63(a) amended)</u> consider recognised quality standards <u>for carbon credits</u>; (b) <u>(AR 63(c) amended)</u> <u>in order to avoid double counting</u>, not include carbon credits issued from GHG emission reduction projects and<u>nor</u> GHG emission removal projects within its own operations <u>or</u>, upstream and downstream value chain to avoid double counting; and (c) <u>(AR 63(g) amended)</u> 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.

Disclosure Requirement E1-10 – Internal carbon pricing

~~(6235. (New) The objective of this DR is to provide an understanding of the role of internal carbon pricing in guiding the undertaking's strategic and operational decision-making to reduce GHG emissions.~~

36. (63 amended) The undertaking shall disclose information related to its use of **internal carbon pricing schemes**, namely:

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

- (a) an explanation of whether and how the entity is applying a carbon pricing in decision-making (for example, investment decisions, transfer pricing and **scenario analysis**) and the consistency of the prices used with the prices used in the financial statement for impairment tests; and
- (b) the average carbon price per metric tonne of **GHG emissions** for each internal pricing scheme.

Disclosure Requirement E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

~~[THE OPTIONS 1 AND 2 ON RELIEF FOR FINANCIAL EFFECTS EQUALLY APPLY TO THIS DISCLOSURE]~~

37. (64 amended) The objective of this DR is to provide an understanding of how the identified climate-related material ~~impacts~~, physical and transition risks and climate-related opportunities are expected to affect the undertaking's financial position and future performance. The information required for this DR is in addition to the information on current and anticipated financial effects required under ~~{Draft} Amended~~ ESRS 2 SBM-3, paragraphs ~~23~~25 and ~~24~~27.

38. (66 amended) The ~~disclosure about~~undertaking shall disclose the **anticipated financial effects** from **material physical risks** ~~shall include, including:~~

- ~~(d) (a) the monetary carrying amount and percentage of assets at material physical risk, before considering climate change adaptation actions;~~
- ~~(e) the location of key assets at material physical risks;~~
- the reporting date;
- (b) the percentage of the (carrying amount of) assets at material physical risk addressed by the climate change adaptation actions; at the reporting date; and
- (c) the monetary amount and percentage of revenue from its business activities at material physical risk before considering climate change adaptation actions;
- ~~(f) the methodology applied to quantify the amounts disclosed under paragraphs 40(a)–(c), including the scope of application, time horizons, critical assumptions, parameters and limitations and whether the calculation leverages on the process used to identify and assess physical risks.~~

39. (67 amended) The undertaking shall disclose the **anticipated financial effects** from material **transition risks**, including:

- (a) the monetary carrying amount and percentage of assets at material transition risk before considering, 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 mitigation actions; to 1.5°C
- (b) the percentage of the (carrying amount of) assets at material transition risk addressed by the climate change mitigation actions; at the reporting date;
- (c) a breakdown of the carrying amount of its real estate assets that have been used as loan collaterals by energy-efficiency classes;
- (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, by reference to the financial statements if they are presented in those statements;
- (e) the monetary amount and percentage of net revenue from its business activities at material transition risk and, where relevant if applicable, the net revenue from its customers operating in coal, oil and gas-related activities; and
- ~~(g) an estimate of the amount of potential stranded assets from the reporting year until the mid-term~~40. (AR 69 and long term time horizons as a single value or as a range of values based on

different climate and policy scenarios, including a ~~scenario~~ aligned with limiting climate change to 1.5°C; and

AR 72 amended) The undertaking shall disclose the methodology applied to quantify the amounts disclosed under paragraphs ~~41(a)-(f)~~, 38 and 39, including the scope of application, time horizons, critical assumptions, parameters and limitations, including whether the calculation leverages on the process (e.g. scenario analysis) used to identify and assess transition risks.

41. (69 amended) The undertaking shall disclose the amount ~~and percentage~~ of assets or revenue ~~derived~~ from its business activities ~~aligned~~ related with ~~the identified~~ climate-related opportunities, including the associated time horizons.

APPLICATION REQUIREMENTS

<p>AR 3029 for paras. 40-4238-41</p> <p>(Anticipated financial effects)(Calculation approaches)</p>	<p>(AR 69 amended AR 69) When disclosing the information required under paragraphs 4038 to 4241, the undertaking shall adopt the following calculation approaches:</p> <ul style="list-style-type: none"> (a) consider the time horizons (short, medium and long-term) over which the effects of <i>climate-related risks and opportunities</i> could reasonably be expected to occur; (b) include all types of <u>the undertaking's own physical</u> assets including finance-lease / <u>the underlying asset of the</u> right-of-use assets; (c) <u>present the monetary amounts (or percentages) as either a single amount or range;</u> <u>(d) for paragraph 4139(c), present the energy efficiency class in terms of either ranges of energy consumption in kWh/m² or the EPC</u> (Energy Performance Certificate) <u>(‘EPC’)</u> label class. If the undertaking cannot obtain this information based on its best efforts <u>without undue cost and effort</u>, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates; <u>and</u> (d)<u>(e) the disclosure on (net) revenue and the carrying amount of assets shall be consistent with the financial statement.</u>
<p>AR 30 for paras. 38 (c), 39 (a) and 39 (e)</p> <p>(Gross vs net)</p>	<p><u>When disclosing on paragraph 38 (c), 39 (a) and 39 (e), the undertaking shall disclose whether the amount is assessed before or after mitigation <i>actions</i>.</u></p>
<p>AR 31 for paras. 40</p> <p>(Analysis of resilience)</p>	<p><u>The results of scenario analysis used as an input to analysis of the climate resilience of the undertaking business model should inform the assessment of anticipated financial effects from material physical and transition risks.</u></p>
<p>AR 32 for paras. 40</p> <p>(Location of assets)</p>	<p><u>When disclosing the methodology applied to quantify the amounts disclosed under paragraphs 38 and 39, the undertaking shall include where relevant the location of its assets at <i>material physical risks</i>, aggregated in accordance with ESRS 1, paragraph 54.</u></p>