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Background complementary information to the cover note (Not for comment)

Break out session SR TEG 02.02.2023 environmental disclosures simplification proposed (reassessed by the secretariat as explained in the cover note)

Disclosure Requirement E1-~~5-2~~– Energy consumption and mix

8. The undertaking shall provide information on its energy consumption and mix.
9. 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.
10. The disclosure required by paragraph 109 shall include the total energy consumption in MWh related to own operations as follows:
 - a. total energy consumption from non-renewable sources for high climate impact⁴ sectors disaggregated by⁵:
 - i. ~~Consumption of fFuels (solid, liquid and gaseous)~~
 - ii. ~~consumption from coal and coal products;~~
 - iii. ~~fuel consumption from crude oil and petroleum products;~~
 - iv. ~~fuel consumption from natural gas;~~
 - v. ~~fuel consumption from other non-renewable sources;~~
 - ii. consumption from nuclear products; and
 - iii. consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources; and
11. In addition, where applicable, the undertaking shall disaggregate and disclose separately its non-renewable energy production and renewable energy production in MWh.⁶

Disclosure Requirement E1-~~36~~– Gross Scopes 1, 2, 3 and Total GHG emissions

1. The undertaking shall disclose its¹:
 - (a) gross Scope 1 GHG emissions;
 - (b) gross Scope 2 GHG emissions;
 - (c) **relevant gross Scope 3 GHG emissions information**; and

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory indicator related to principal adverse impacts as set out by indicators #1 and #2 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (respectively “GHG emissions” and “Carbon footprint”). This information is aligned with the Commission Delegated Regulation (EU) 2020/1818 (Climate Benchmark Regulation), Articles 5 (1), 6 and 8 (1).

(d) total GHG emissions.

2. The objective of the Disclosure Requirement in paragraph 15~~7~~ in respect of:
 - (a) gross Scope 1 GHG emissions as required by paragraph 15 (a) ~~17⁽ⁱⁱⁱ⁾(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.
 - (b) gross Scope 2 GHG emissions as required by paragraph 15 (b) ~~17⁽ⁱⁱⁱ⁾(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.
 - ~~(c)~~ gross Scope 3 GHG emissions as required by paragraph 15~~©~~ ~~17⁽ⁱⁱⁱ⁾(c)~~ is to provide an understanding of the GHG emissions that occur in the undertaking's value chain beyond its Scope 1 and 2 GHG emissions. For many undertakings, Scope 3 GHG emissions may be the main component of the GHG inventory and are an important driver of the undertaking's transition risks.
 - ~~(c)~~
 - ~~(d)~~ total GHG emissions as required by paragraph 1(d) is to provide an overall understanding of the undertaking's GHG emissions and whether they occur from its own operations or the 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
3. The information from this Disclosure Requirement is also needed to understand the undertaking's climate-related transition risks.
4. When disclosing the information on GHG emissions required under paragraph 15, the undertaking shall be consistent with the requirements of defining the reporting undertaking and its value chain under [draft] LSME ESRS section 1 Reporting undertaking and value chain. The undertaking shall explain the accounting for GHG emissions from its associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements in joint arrangements that are not structured through an entity (i.e., jointly controlled operations and assets). These entities and arrangements can be part of the undertaking's value chain. These entities and arrangements can be part of the undertaking's value chain.
5. In case of significant changes in the definition of what constitutes the reporting undertaking and its 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).
6. The disclosure on gross Scope 1 GHG emissions required by paragraph (a) shall include:
 - (a) the gross Scope 1 GHG emissions in metric tonnes of CO₂eq; and
 - (b) the percentage of Scope 1 GHG emissions from regulated emission trading schemes.
7. The disclosure on gross Scope 2 GHG emissions required by paragraph (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.
8. The disclosure of relevant Scope 3 information required by paragraph (b) 15c shall include:
 - (a) Which Scope 3 categories the undertaking has considered relevant (or not) and why, in accordance with the principles of the GHG Protocol Scope 3 standard; and
 - (b) For the relevant categories the Scope 3 GHG emissions in metric tonnes of CO₂eq.