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## **ID 177 – Links between AR16 and Disclosure requirements**

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### Question asked (ID177)

Is there a mapping link between the sustainability matters listed in AR 16 and the disclosure requirements in the topical standards or must judgement be used in deciding the disclosures required for a material sustainability matter?

### Key terms

Correspondence between sustainability material matters and disclosure requirements.

### ESRS reference

ESRS 1 paragraph 30:

*“30. When the undertaking concludes that a sustainability matter is material as a result of its materiality assessment, on which ESRS 2 IRO-1, IRO-2 and SBM-3 set disclosure requirements, it shall:*

- (a) disclose information according to the Disclosure Requirements (including Application Requirements) related to that specific sustainability matter in the corresponding topical and sector-specific ESRS; and*
- (b) disclose additional entity-specific disclosures (see paragraph 11 and AR 1 to AR 5 of this Standard) when the material sustainability matter is not covered by an ESRS or is covered with insufficient granularity.”*

ESRS 1 paragraph 31 – materiality of information:

*“31. The applicable information prescribed within a Disclosure Requirement, including its datapoints, or an entity-specific disclosure, shall be disclosed when the undertaking assesses, as part of its assessment of material information, that the information is relevant from one or more of the following perspectives:*

- (a) the significance of the information in relation to the matter it purports to depict or explain; or*
- (b) the capacity of such information to meet the users’ decision-making needs, including the needs of primary users of general-purpose financial reporting described in paragraph 48 and/or the needs of users whose principal interest is in information about the undertaking’s impacts.”*

ESRS 1 General requirements AR16 (List of sustainability matters (topics, sub-topics or sub-sub-topics) covered in topical standards)

ESRS 1 Appendix E: Flowchart for determining disclosures under ESRS (and related par 33 (on PAT) and 34 (on metrics))

EFRAG IG1 Materiality Assessment paragraphs 77 and 78: approaches to identify actual and potential impacts, risks and opportunities related to sustainability matters

*“77. The process of identification of the potential matters may start with the screening of the list of matters summarised in ESRS 1 paragraph AR 16 and then be complemented with additional entity-specific matters....*

*76. The undertaking may also develop a ‘long’ list of impacts, risks and opportunities relevant to its business model and upstream/downstream value chain and aggregate them following the structure provided in ESRS 1 paragraph AR 16). ...Then, the undertaking could compare the matters identified with the list in ESRS 1 AR16 for completeness. The two approaches may be combined. »*

**Answer**

- 1 Judgment is required to determine the information to be included in the sustainability statement. The first step is the identification of the matters that are material and, as such, to be covered by the reporting. Once these matters have been identified, the undertaking assesses the materiality of the information, i.e. it determines the information to be reported on the material matters (ESRS 1 paragraph 30). The general criteria applied for this judgment are relevance and decision usefulness (ESRS 1 paragraph 11, 31 and 34).
- 2 In particular, if a sustainability matter (i.e., topic, sub-topic or sub-sub-topic) listed in AR16 is assessed as being material, the general filtering process to determine the information to disclose can be described as follows:
  - (a) For policies, actions and targets the undertaking shall include the information required by the corresponding disclosure requirements in topical standards and the information required by ESRS 2 Minimum Disclosure Requirements on policies, actions and targets in compliance with ESRS 1 paragraph 33;
  - (b) For metrics, the undertaking shall assess the materiality of information in compliance with ESRS1 paragraph 31 and 34. Assessing the materiality of information helps determine which metrics (or which datapoints of metrics disclosure requirements) are material and as such should be disclosed. For example:
    - (i) if an environmental impact is assessed as being material, this does not automatically trigger the disclosure “Anticipated financial effect”<sup>1</sup> to be disclosed; this is because the matter may not be financially material even if it is a material impact;
    - (ii) if a disclosure requirement of metrics is structured to cover a list of specific datapoints, the undertaking may conclude that one or more of those datapoints are not material as not applicable given its specific facts and circumstances,
- 3 To support the application of paragraph 34, this explanation articulates the relationship between the sustainability matters described in ESRS 1 AR16 and the disclosure requirements in the topical standards. In addition to disclosing information from topical ESRS, the undertaking shall also include entity-specific information when this is necessary (ESRS 1 paragraph 11).
- 4 This explanation includes a flowchart, narrative content and mapping tables.
- 5 The mapping tables cover the topical standards for E, S and G topics. They do not include:
  - (a) ESRS 1 *General Requirements*, as ESRS1 does not set specific disclosures;
  - (b) ESRS 2 *General Disclosures*, as ESRS2 disclosures are to be disclosed irrespective of the outcome of the materiality assessment [ESRS 1 par. 29]. By extension, it does not include the ESRS 2 related disclosures that are included in the topical standards (for example, ESRS S1 SBM-3), for which the treatment specified in ESRS 2 paragraph 2 is applicable;

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<sup>1</sup> ESRS E1-9, ESRS E2-6, ESRS E3-5, ESRS E4-6, ESRS E5-6,

- (c) The entity specific (and sector specific) matters whereby undertaking shall add metrics if it concludes that “an impact, risk or opportunity is not covered or not covered with sufficient granularity by an ESRS but is material due to specific facts and circumstances” (refer to ESRS 1 para 11 and 30 (b)).
- 6 The mapping is aimed at supporting undertakings in determining the Disclosure Requirements (including Application Requirements) related to a specific material sustainability matter in the corresponding topical ESRS as required in ESRS 1 paragraph 30.
- 7 For metrics, there is no systematic “one-to-one” relationship between a matter (as captured by AR16) and a topical disclosure requirement. This means that in general all the disclosure requirements in a topical standard are applicable to all the matters covered by the topical standards, however there are exception to this rule. Given the specificities in the architecture of the topical standards, the list of possible scenarios is detailed below.
- 8 Some metric disclosure requirements are likely to be relevant when any of the related sub-topic or sub-sub-topic in a topical standard are assessed to be material. This is the case for instance for S1-6 and S1-7 characteristics of own workforce in cases where own workforce or any related sub-topics or sub-sub-topics is assessed to be material.
- 9 Some metric disclosure requirements are directly related to one specific sub-topic, or sub-sub-topic. This is the case for instance for:
- (a) G1-6 Payment practice, which is related to the sub-topic “Management of relationships with suppliers including payment practices “;
  - (b) many sub-sub-topics of ESRS S1 which are directly covered by specific the disclosure requirements. For instance, the sub-sub-topic health & safety is directly related to the disclosure requirement S1-14 Health and Safety;
  - (c) the sub-topic “micro plastics” for which the relevant metric is embedded in the broader Disclosure Requirement ESRS E2-4 Pollution of air, water and soil.
- 10 The social standards ESRS S2 to S4 do not have standardised metrics beyond the disclosure requirements of policies, actions and targets (i.e., MDR-P, MDR-A, MDR-T).
- 11 Due to these differences of structure between topical standards, the answer to this ID differs by topic and the mapping in this document evidences the direct links that exist between matters and disclosure requirements or datapoints, where such direct links exist. When this direct link does not exist, the general rule applies.
- 12 The mapping of AR16 with DRs does not link matters listed in AR16 to datapoints, except in the case where sub-topics or sub-sub-topics are directly mentioned in a datapoint (and not in the title of the Disclosure requirements). This is the case for instance for microplastics in ESRS E2, for water withdrawals and water discharges in ESRS E3 or for waste in ESRS E5.

### Disclaimers

- 13 This explanation is not intended to be used as a tool to support the assessment of the materiality of sustainable topics (or matters), but it can be helpful once the material matters have been determined, to support preparers to identify the DR and datapoints that are linked to the matters (topics, sub-topics and sub-sub-topics) assessed as being material.
- 14 AR 16 shall be considered when performing the materiality assessment, but the materiality of each sub-topic or sub-sub-topic should not necessarily be assessed.
- 15 If the undertaking has assessed entity specific matters not listed in AR16 as material, ESRS1 paragraphs 11, 30(b) and AR1 to 5 and ESRS1 chapter 10.1 apply<sup>2</sup>.
- 16 The mapping in this explanation does not imply any automatism relating to the conclusion on materiality of a metric when the related matter has been deemed material. It is still possible for the undertaking to conclude that a disclosure requirement of metrics or a datapoint of disclosure requirement of metrics are not material (or not applicable) to the undertaking, despite they pertain to a material matter. Judgment must be exercised to determine the Disclosure Requirements and datapoints to be disclosed once the materiality assessment has been performed and the materiality of information should be assessed.
- 17 The mapping in this explanation is based on the assumption that the relationships between sustainability matters across two different topical ESRS (for instance, the relationship of Climate Change and Biodiversity, the relationship between Biodiversity and Affected communities) or the relationships between sustainability matters within one topic (for instance the relationship between Climate change adaptation and Energy – which are both covered by ESRS E1, or the relationship of Collective Bargaining and adequate wages – which are both covered by ESRS S1) have been evidenced by the undertaking at the level of the materiality assessment and that such interrelations will be reflected when assessing materiality of information. For example, if an undertaking has identified material negative impacts related to ESRS S3 Affected Communities due to negative material impacts on ESRS E4 Biodiversity connected to the undertaking, this relationship would be identified when performing the materiality assessment described in ESRS 2 IRO-1. Another example is where pollution of water (ESRS E2) limits the availability of clean water (ESRS E3) and poses a threat to the state of ecosystems (ESRS E4) and water and sanitation access of communities (ESRS S3). Those links may influence the preparers approach to identifying interrelated disclosure requirements when performing the materiality assessment as per ESRS 2 IRO-1.

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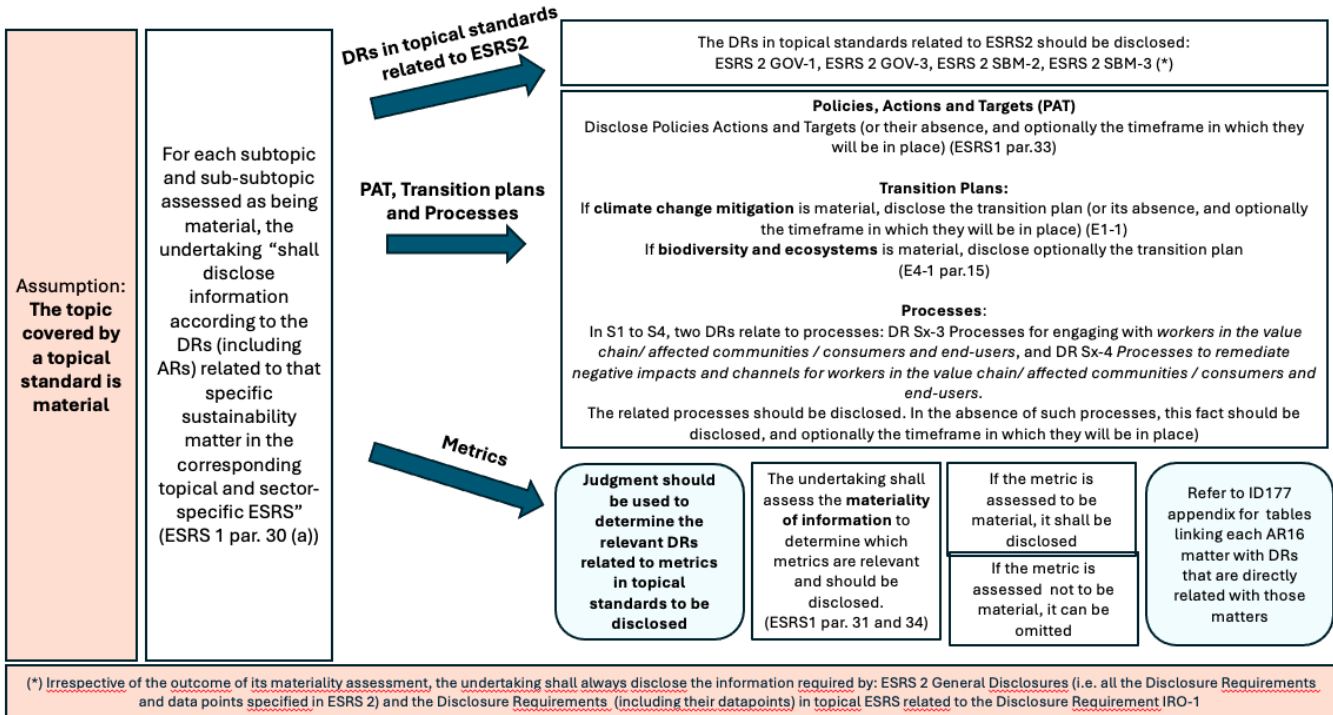
<sup>2</sup> See also EFRAG IG1 Materiality Assessment chapter 4 How can other sources be leveraged?

**Flowchart**

18 Fig 1 describes the process for determining the DRs to be disclosed once the material matters from AR16 have been identified

Fig 1: Flowchart for determining the DRs to be disclosed once the material matters from AR16 have been identified

**Flowchart for determining the DRs to be disclosed once the material matters from AR16 have been determined**



19 The appendix links, for all topics, each matter from AR16 to the relevant Disclosure requirements.

## Mapping tables

### E1 Climate Change

- 20 Judgment shall be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Climate change listed in AR16 has been assessed as being material.
- 21 However, the following can be noted:
- (a) Since the sub-topics of energy and climate change mitigation are closely linked, it is expected that for undertakings for which one of both is material, the other is as well material;
  - (b) E1-1 Transition plan relates to climate change mitigation;
  - (c) Disclosure requirements or datapoints regarding resilience relate to climate change mitigation;
  - (d) DR E1-7 GHG removals and GHG mitigation projects financed through carbon credits is not expected to be disclosed unless the undertaking uses such financing tools. Even in such case, the materiality of information should be assessed;
  - (e) DR E1-8 Internal carbon pricing is not expected to be disclosed unless the undertaking has implemented such mechanism. Even in such case, the materiality of information should be assessed;
  - (f) Since the sub-topics of energy and climate change mitigation are closely linked, it is expected that undertakings for which one of both is material, the other is as well;
  - (g) DR E1-9 Anticipated financial effects is not expected to be disclosed if the matter is assessed as material only due to its impacts (and not also due to its risks or opportunities).
- 22 The table below is a tentative to map AR16 matters with ESRS E1 Disclosure requirements.

AR16		ESRS		Explanatory notes
Topic	Sub-topic	Disclosure Requirement		
ESRS E1 Climate change	Climate change mitigation	DR related to ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	Performance related to GHG emission reduction targets
		E1-1	Transition plan for climate change mitigation	Transition plan relates to climate change mitigation
		DR related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material IROs, including resilience, in relation to climate change mitigation
		DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Description of the processes to identify and assess material climate change mitigation-related impacts (i.e. GHG emissions) and transition risks and opportunities
		E1-2	Policies related to climate change mitigation and adaptation	Policies related to climate change mitigation
		E1-3	Actions and resources in relation to climate change policies	Actions and resources in relation to climate change mitigation policies

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		E1-4	Targets related to climate change mitigation and adaptation	Specifically, GHG emission reduction targets
		E1-5	Energy consumption & mix	Energy consumption and mix, energy intensity
		E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	
		E1-7	GHG removals and GHG mitigation projects financed through carbon credits	In particular, projects taken into consideration in net-zero targets and GHG neutrality claims  Only if such tools are used, and the information is assessed to be material
		E1-8	Internal carbon pricing	Only if such mechanism is implemented and the information is assessed to be material
		E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Anticipated financial effects from material climate-related transition risks and potential climate-related opportunities  Only if the matter is financially material
Climate change adaptation	DR related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material climate-related impacts, risks and opportunities, resilience of strategy and business model in relation to climate change adaptation	
	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Process to identify climate-related physical and transition risks and opportunities, transition risks and opportunities only where they relate to climate change adaptation	
	E1-2	Policies related to climate change mitigation and adaptation	Policies related to climate change adaptation	
	E1-3	Actions and resources in relation to climate change policies	Actions and resources in relation to climate change adaptation policies	
	E1-4	Targets related to climate change mitigation and adaptation	Targets related to climate change adaptation	
	E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Anticipated financial effects from material climate-related physical and transition risks and potential climate-related opportunities  Transition risks and opportunities only where they relate to climate change adaptation  Only if the matter is financially material	
Energy*	DR related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Material climate-related IROs of strategy and business model if these IROs are based on energy-related events (availability of renewable energy, energy price fluctuations, new legislation etc.)	
	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	Process to identify and assess material climate-related impacts and transition risks and opportunities if these IROs are based on energy-related events (availability of renewable energy, energy price fluctuations, new legislation etc.)	
	E1-2	Policies related to climate change mitigation and adaptation	Policies related to energy efficiency and renewable energy deployment	
	E1-3	Actions and resources in relation to climate change policies	Actions and resources in relation to energy efficiency and renewable energy deployment	
	E1-4	Targets related to climate change mitigation and adaptation	Targets related to energy, for example, efficiency or renewable energy deployment	
	E1-5	Energy consumption & mix	Energy consumption and mix, energy intensity	



		E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities  Only if the matter is financially material
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23 This is only a mapping of direct links from sub-topic in AR 16 to DRs in topical ESRS.

It is to be noted that sustainability topics in AR 16 are often interrelated. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic or sub-sub-topic of a topical ESRS can trigger reporting requirements in other topical ESRS (please refer to the Disclaimer section of this explanation).

*E2 Pollution*

24 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Pollution listed in AR16 has been assessed as being material.

25 The table below is a tentative to map AR16 matters with ESRS E2 Disclosure requirements.

AR16		ESRS		Explanatory notes
Topic	Sub-topic	Disclosure Requirement		
ESRS E2 Pollution	Pollution of air, water and soil	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities related to pollution of air, water or soil
		E2-1	Policies related to pollution	MDR-P: Policies related to pollution of air, water or soil  E2-1 paragraph 15: (a) Disclosure of how policy addresses mitigating negative impacts related to pollution of air, water and soil
		E2-2	Actions and resources related to pollution	MDR-A: Actions related to pollution of air, water or soil  E2-2 paragraph AR15: Information about action plans that have been implemented at site-level (pollution)
		E2-3	Targets related to pollution	MDR-T: Targets related to pollution of air, water or soil  E2-3 paragraph 23 a) b) and c) : Disclosure of how target relates to prevention and control of air pollutants and respective specific loads, emissions to water and respective specific loads, pollution to soil and respective specific loads  E2-3 paragraph AR18: Information about targets that have been implemented at site-level (pollution)
		E2-4	Pollution of air, water and soil	Amounts of pollutant emissions
		E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Anticipated financial effects from material pollution-related risks and opportunities  Only if the matter is financially material
	Pollution of living organisms	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities related to pollution of living organisms and food resources

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	E2-1	Policies related to pollution	Policies related to pollution of living organisms and food resources
	E2-2	Actions and resources related to pollution	MDR-A: Actions related to pollution of living organisms and food resources E2-2 paragraph AR15: Information about action plans that have been implemented at site-level (pollution)
	E2-3	Targets related to pollution	MDR-T: Targets related to pollution of living organisms and food resources E2-3 paragraph AR18: Information about targets that have been implemented at site-level (pollution)
	N/A	Metrics	Undertakings shall consider disclosing entity specific information where pollution of living organisms and food resources are assessed as material
	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Anticipated financial effects from material risks and opportunities related to pollution of living organisms and food resources Only if the matter is financially material
Substances of concern Substances of very high concern	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities related to substances of concern Only if the matter is financially material
	E2-1	Policies related to pollution	MDR-P: Policies related to substances of concern (or very high concern) E2-1 paragraph 15 b): Disclosure of how policy addresses substituting and minimising use of substances of concern and phasing out substances of very high concern
	E2-2	Actions and resources related to pollution	MDR-A: Actions related to substances of concern E2-2 paragraph AR15: Information about action plans that have been implemented at site-level (pollution)
	E2-3	Targets related to pollution	MDR-T: Targets related to substances of concern (or very high concern) E2-3 paragraph 23 d) : Disclosure of how target relates to prevention and control of substances of concern and substances of very high concern E2-3 paragraph AR18: Information about targets that have been implemented at site-level (pollution)
	E2-5	Substances of concern and substances of very high concern	Production, use, distribution, commercialisation and import/export of substances of concern and substances of very high concern
	E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Anticipated financial effects from material risks and opportunities if those originate from substances of concern (or very high concern) Only if the matter is financially material
Microplastics	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	Description of the processes to identify and assess material impacts, risks and opportunities related to microplastics
	E2-1	Policies related to pollution	Policies related to microplastics

		E2-2	Actions and resources related to pollution	MDR-A: Actions related to microplastics E2-2 paragraph AR15: Information about action plans that have been implemented at site-level (pollution)
		E2-3	Targets related to pollution	MDR-T: Targets related to microplastics E2-3 paragraph AR18: Information about targets that have been implemented at site-level (pollution)
		E2-4	Pollution of air, water and soil	Amounts of microplastics generated or used <i>See datapoint: ESRSE2 paragraph 28b</i>
		E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities	Anticipated financial effects from material risks and opportunities if those originate from microplastics  Only if the matter is financially material

26 This is only a mapping of direct from sub-topic in AR 16 to DRs in topical ESRS.

It is to be noted that sustainability topics in AR 16 are often interlinked. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic of a topical ESRS can trigger reporting requirements in other topical ESRS.

*E3 Water and Marine resources*

27 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Water and marine resources listed in AR16 has been assessed as being material.

28 The table below is a tentative to map AR16 matters with ESRS E3 Disclosure requirements.

AR16		ESRS		Explanatory notes	
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement		
ESRS E3 Water and marine resources	Water	Water consumption and / or Water withdrawals and / or Water discharges	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Description of the processes to identify and assess material water-related impacts, risks and opportunities
			E3-1	Policies related to water and marine resources	MDR-P: Policies related to water ESRS E3-1 paragraph 12 a): Disclosure of how policy addresses water management ESRS E3-1 paragraph 13: Disclosure of reasons for not having adopted policy in areas of high-water stress
			E3-2	Actions and resources related to water and marine resources	Actions and resources related to water
			E3-3	Targets related to water and marine resources	For targets related to water withdrawals and water discharges: see ESRS E3 AR23 to AR25 (optional datapoints)
		Water consumption	E3-4	Water consumption	
		Water withdrawals	E3-4	Water consumption	For metric on water withdrawals see paragraph AR32 (optional datapoint)

		Water discharges	E3-4	Water consumption	For metric on water discharges see paragraph AR32 (optional datapoint) and definition of discharges in glossary
		Water consumption and / or Water withdrawals and / or Water discharges	E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Anticipated financial effects from material water-related risks and opportunities Only if the matter is financially material
Marine resources	Water discharges in the oceans	and / or	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	Description of the processes to identify and assess material marine resources-related impacts, risks and opportunities
			E3-1	Policies related to water and marine resources	Policies related to marine resources
	Extraction and use of marine resources	E3-2	Actions and resources related to water and marine resources	Actions related to marine resources	
		E3-3	Targets related to water and marine resources	Targets related to marine resources	
		E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	Anticipated financial effects from material marine resources-related risks and opportunities Only if the matter is financially material	

29 This is only a mapping of direct from sub-topic in AR 16 to DRs in topical ESRS.

It is to be noted that sustainability topics in AR 16 are often interlinked. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic of a topical ESRS can trigger reporting requirements in other topical ESRS.

*E4 Biodiversity and ecosystems*

30 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Biodiversity end ecosystems listed in AR16 has been assessed as being material.

31 The table below is a tentative to map AR16 matters with ESRS E4 Disclosure requirements.

AR16		ESRS		Explanatory note
Topic	Sub-topic Sub-sub-topic	Disclosure Requirement		
ESRS E4 Biodiversity and ecosystems	Any sub-topics Any sub-sub-topics	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	
		DR related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	
		DR related to ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	
		E4-2	Policies related to biodiversity and ecosystems	ESRS E4-2 paragraph 23 a): Disclosure of how policy relates to sustainability matters for biodiversity and ecosystems  ESRS E4-2 paragraph AR12: Disclosure of how policy refers to production, sourcing or consumption of raw materials  ESRS E4-2 paragraph AR16 d): Disclosure of how policy enables to mitigate contribution to material biodiversity loss drivers
		E4-3	Actions and resources related to biodiversity and ecosystems	
		E4-4	Targets related to biodiversity and ecosystems	ESRS E4-4 paragraph 32 c): Disclosure of how target relates to biodiversity and ecosystem impacts, dependencies, risks and opportunities identified in relation to own operations and upstream and downstream value chain  ESRS E4-4 paragraph 32 d): Disclosure of geographical scope of target
		E4-5	Impact metrics related to biodiversity and ecosystems change	
		E4-6	Anticipated financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	Only if the matter is financially material

32 This is only a mapping of direct from sub-topic in AR 16 to DRs in topical ESRS.

It is to be noted that sustainability topics in AR 16 are often interlinked. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic of a topical ESRS can trigger reporting requirements in other topical ESRS.

*E5 Resource use and Circular economy*

33 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Resource use and circular economy listed in AR16 has been assessed as being material.

34 However, it should be noted that if Resources inflows, including resource use has been assessed as being material, it is most likely that Resource outflows related to products and services and waste will be also assessed as being material

35 The table below is a tentative to map AR16 matters with ESRS E5 Disclosure requirements.

AR16		ESRS		Explanatory notes
Topic	Sub-topic	Disclosure Requirement		
ESRS E5 Resource use and circular economy	Resources inflows, including resource use	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Process to identify and assess material resources inflows (including resource use), risks and opportunities
		E5-1	Policies related to resource use and circular economy	Policies related to resources inflows, including resource use
		E5-2	Actions and resources related to resource use and circular economy	<p>MDR-A: Actions and resources related to resources inflows (including resource use)</p> <p>ESRS E5-2 paragraph 20 a): Disclosure of how action covers higher levels of resource efficiency in use of technical and biological materials and water</p> <p>ESRS E5-2 paragraph 20 a): Disclosure of how resources cover higher levels of resource efficiency in use of technical and biological materials and water</p> <p>ESRS E5-2 paragraph 20 b): Disclosure of how action covers higher rates of use of secondary raw materials</p> <p>ESRS E5-2 paragraph 20 b): Disclosure of how resources cover higher rates of use of secondary raw materials</p> <p>ESRS E5-2 paragraph 20 c): Disclosure of how action covers application of circular design and higher rates of Reuse, Repair, Refurbishing, Remanufacture, Repurposing and Recycling</p> <p>ESRS E5-2 paragraph 20 c): Disclosure of how resources cover application of circular design and higher rates of Reuse, Repair, Refurbishing, Remanufacture, Repurposing and Recycling</p> <p>ESRS E5-2 paragraph 20 d): Disclosure of how action covers application of circular business practices</p> <p>ESRS E5-2 paragraph 20 d): Disclosure of how resources cover application of circular business practices</p>
		E5-3	Targets related to resource use and circular economy	<p>MDR-T: Targets related to resources inflows (including resource use)</p> <p>ESRS E5-3 paragraph 24: Disclosure of how target relates to resource inflows</p> <p>ESRS E5-3 paragraph 24 a): Disclosure of how target relates to increase of circular product design</p> <p>ESRS E5-3 paragraph 24 b): Disclosure of how target relates to increase of circular material use rate</p> <p>ESRS E5-3 paragraph 24 c): Disclosure of how target relates to minimisation of primary raw material</p> <p>ESRS E5-3 paragraph 24 d): Disclosure of how target relates to sustainable sourcing and use of renewable resources</p> <p>ESRS E5-3 paragraph 24 f): Disclosure of how target relates to other matters related to resource use or circular economy</p>

	E5-4	Resources inflows	
	E1-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Anticipated financial effects from resources inflows (including resource use) related impacts, risks and opportunities Only if the matter is financially material
Resource outflows related to products and services	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Process to identify and assess material resource outflows-related impacts, risks and opportunities
	E5-1	Policies related to resource use and circular economy	Policies related to resource outflows
	E5-2	Actions and resources related to resource use and circular economy	Actions and resources related to resource outflows
	E5-3	Targets related to resource use and circular economy	MDR-T: Targets related to resource outflows ESRS E5-3 paragraph 24: Disclosure of how target relates to resource outflows
	E5-5	Resources outflows	Product & services: paragraphs 34(b), 37 to 40
	E1-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Anticipated financial effects from resource outflows-related impacts, risks and opportunities Only if the matter is financially material
	Waste	DR related to ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities
E5-1		Policies related to resource use and circular economy	Policies related to waste
E5-2		Actions and resources related to resource use and circular economy	MDR-A: Actions and resources related to waste ESRS E5-2 paragraph 20 e): Disclosure of how action covers actions taken to prevent waste generation in upstream and downstream value chain ESRS E5-2 paragraph 20 e): Disclosure of how resources cover actions taken to prevent waste generation in upstream and downstream value chain ESRS E5-2 paragraph 20 f): Disclosure of how action covers optimisation of waste management in line with waste hierarchy ESRS E5-2 paragraph 20 f): Disclosure of how resources cover optimisation of waste management in line with waste hierarchy
E5-3		Targets related to resource use and circular economy	MDR-T: Targets related to waste ESRS E5-3 paragraph 24 e): Disclosure of how target relates to waste management
E5-5		Resources outflows	Waste: paragraphs 34(a), 35,36, 40
E1-6		Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	Anticipated financial effects from waste-related impacts, risks and opportunities Only if the matter is financially material

36 This is only a mapping of direct from sub-topic in AR 16 to DRs in topical ESRS.

It is to be noted that sustainability topics in AR 16 are often interlinked. Based on the facts and circumstances of an undertaking, the materiality of a specific sub-topic of a topical ESRS can trigger reporting requirements in other topical ESRS.

*S1 - to S4 Policies, Actions and Targets (PAT) and Processes*

37 The table below maps AR16 matters (topic, sub- and sub-sub-topics) with ESRS S1 to S4 Disclosure requirements related to PATs and processes.

AR16		ESRS		Explanatory note
Topic	Sub-topic Sub-sub-topic	Disclosure Requirement		
ESRS S1 Own workforce ESRS S2 Workers in the value chain ESRS S3 Affected communities ESRS S4 Consumers and end-users	Any sub-topics Any sub-sub-topics	S1-1 S2-1 S3-1 S4-1	Policies related to <i>own workforce / workers in the value chain/ affected communities / consumers and end-users</i>	ESRS S3-1 paragraph 15: Description of policy provisions for preventing and addressing impacts on indigenous peoples  ESRS S1-4 paragraph AR11; ESRS S2-4 paragraph AR13; ESRS S3-4 paragraph 18; ESRS S4-4 paragraph AR10: If the policy does not take the form of a stand-alone policy but is included in a broader document such as code of ethics or general sustainability policy, disclosure of aspects of broader document that satisfy requirements of disclosure of policies related to own workforce / value chain workers / affected communities / consumers and end-users  ESRS S1-4 paragraph 20; ESRS S2-4 paragraph 17; ESRS S3-4 paragraph 16; ESRS S4-4 paragraph 16: Description of relevant human rights policy commitments
		S1-2 S2-2 S3-2 S4-2	Processes for engaging with <i>own workforce / workers in the value chain/ affected communities / consumers and end-users</i>	
		S1-3 S2-3 S3-3 S4-3	Processes to remediate negative impacts and channels <i>for own workforce / workers in the value chain/ affected communities / consumers and end-users</i>	
		S1-4 S2-4 S3-4 S4-4	Taking action on material impacts on <i>own workforce / workers in the value chain/ affected communities / consumers and end-users</i> , and approaches to managing material risks and pursuing material opportunities related to <i>own workforce / workers in the value chain/ affected communities / consumers and end-users</i> , and effectiveness of those actions	ESRS S1-4 paragraph 38 a); ESRS S2-4 paragraph 32 a); ESRS S3-4 paragraph 32 a); ESRS S4-4 paragraph 31 a): Description of actions taken, planned or underway to prevent or mitigate (or remediate) material negative impacts on own workforce / value chain workers / affected communities  ESRS S1-4 paragraph AR40 b) ESRS S2-4 paragraph AR36 b), ESRS S3-4 paragraph AR34 b) ESRS S4-4 paragraph AR33 b): Disclosure of intended or achieved positive outcomes of programmes or processes for people in own workforce / value chain workers / affected communities / consumers and end-users  ESRS S1-4 paragraph 35; ESRS S2-4 paragraph 30; ESRS S3-4 paragraph 30; ESRS S4-4 paragraph 28: Disclosure of how action is taken to address material negative and positive impacts, and to manage material risks and pursue material opportunities related to own workforce / value chain workers /



			<p>affected communities / consumers and end-users, and effectiveness of those actions</p> <p>Disclosure of aspects of policy that satisfy requirements of disclosure of policies related to own workforce / value chain workers / affected communities / consumers and end-users</p>
		<p>S1-5 S2-5 S3-5 S4-5</p> <p>Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</p>	<p>ESRS S1-5 paragraph 44; ESRS S2-5 paragraph 39; ESRS S3-5 paragraph 39; ESRS S4-5 paragraph 38: Disclosure of time-bound and outcome-oriented targets</p> <p>ESRS S1-5 paragraph 47; ESRS S2-5 paragraph 42; ESRS S3-5 paragraph 42; ESRS S4-5 paragraph 41: Disclosure of process for setting time-bound and outcome-oriented targets</p> <p>ESRS S2-5 paragraph 42a); ESRS S3-5 paragraph 42a); ESRS S4-5 paragraph 41a): Disclosure of how value chain workers / affected communities / consumers and end-users, their legitimate representatives or credible proxies were engaged directly in setting targets</p> <p>ESRS S1-5 paragraph AR49 b); ESRS S2-5 paragraph AR45 b); ESRS S3-5 paragraph AR44 b); ESRS S4-5 paragraph AR42 b): Disclosure of stability of target over time in terms of definitions and methodologies to enable comparability</p>

*S1 Own workforce - Metrics*

- 38 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Own workforce listed in AR16 has been assessed as being material
- 39 However, it should be noted that the holistic view is important for S1 as some of the sub-topics interrelate and hence these could be managed together or at least assessed more than one sub-topic. This is the case for instance for working conditions and equal treatment which are issues that often interrelate. A fragmented approach to selecting some disclosure requirements and not others should be avoided.

40 The table below maps AR16 matters with ESRS S1 metrics-related Disclosure requirements:

AR16			ESRS		Explanatory notes
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement		
		Any sub-sub-topics	S1-6	Characteristics of the Undertaking's Employees	
			S1-7	Characteristics of non-employee workers in the undertaking's own workforce	
			S1-17	Incidents, complaints and severe human rights impacts	
	Working conditions	Secure employment	S1-11	Social protection	For issues other than social protection available in case of 'challenging life events' (e.g. access to health care, allowances etc...) undertakings shall consider disclosing entity specific information
		Working time	N/A		Undertakings shall consider disclosing entity specific information where working time is assessed as material
		Adequate wages	S1-10	Adequate wages	
		Social dialogue	S1-8	Collective bargaining coverage and social dialogue	
		Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	S1-8	Collective bargaining coverage and social dialogue	
		Collective bargaining, including rate of workers covered by collective agreements	S1-8	Collective bargaining coverage and social dialogue	
		Work-life balance	S1-15	Work-life balance metrics	
	Health & safety	S1-14	Health and safety metrics		
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	S1-16	Remuneration metrics (pay gap and total remuneration)	
		Training and skills development	S1-13	Training and skills development metrics	
		Employment and inclusion of persons with disabilities	S1-12	Persons with disabilities	
		Measures against violence and harassment in the workplace	n/a		Undertakings shall consider disclosing entity specific information where violence and harassment is assessed as material. Specific datapoint in S1-17.
		Diversity	S1-9	Diversity metrics	Note also interrelation with S1-12 and S1-16
	Child labour	n/a		Undertakings shall consider disclosing entity specific information where child labour is assessed as material. It forms parts of S1-17	

	Other work related rights				and specific datapoint in ESRS 1 SBM-3 SFDR datapoints.
		Forced labour	n/a		Undertakings shall consider disclosing entity specific information where forced labour is assessed as material. It forms parts of S1-17 and specific datapoint in ESRS 1 SBM-3 SFDR datapoints.
		Adequate housing	n/a		Undertakings shall consider disclosing entity specific information where adequate housing is assessed as material
		Privacy	n/a		Undertakings shall consider disclosing entity specific information where adequate housing is assessed as material

*S2 Workers in the value chain – Metrics*

41 Where the preparer has assessed S2 topics or sub-topics as material the preparer is advised to consider the relevance of entity-specific metric disclosure and /or future disclosure requirements embedded in sector standards to come.

AR16			ESRS		Explanatory notes
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement		
ESRS S2 Workers in the value chain	Working conditions	Secure employment	n/a		Undertakings shall consider disclosing entity specific information where secure employment is assessed as material in relation to workers in the value chain
		Working time	n/a		ditto
		Adequate wages	n/a		ditto
		Social dialogue	n/a		ditto
		Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	n/a		ditto
		Collective bargaining, including rate of workers covered by collective agreements	n/a		ditto
		Work-life balance	n/a		ditto
		Health & safety	n/a		ditto
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	n/a		ditto
		Training and skills development	n/a		ditto
		Employment and inclusion of persons with disabilities	n/a		ditto
		Measures against violence and harassment in the workplace	n/a		ditto
		Diversity	n/a		ditto
		Child labour	n/a		ditto
		Forced labour	n/a		ditto

	Other work related rights	Adequate housing	n/a		ditto
		Water and sanitation	n/a		ditto
		Privacy	n/a		ditto

*S3 Affected communities – Metrics*

42 Where the preparer has assessed S3 topics or sub-topics as material the preparer is advised to consider the relevance of entity-specific metric disclosure and /or future disclosure requirements embedded in sector standards to come.

AR16			ESRS		Explanatory notes
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement		
ESRS S3 Affected communities	Communities' economic, social and cultural rights	Adequate housing	N/A		Undertakings shall consider disclosing entity specific information where adequate housing is assessed as material in relation to affected communities
		Adequate food	N/A		ditto
		Water and sanitation	N/A		ditto
		Land-related impacts	N/A		ditto
		Security-related impacts	N/A		ditto
	Communities' civil and political rights	Freedom of expression	N/A		ditto
		Freedom of assembly	N/A		ditto
		Impacts on human rights defenders	N/A		ditto
	Rights of indigenous peoples	Free, prior and informed consent	N/A		ditto
		Self-determination	N/A		ditto
		Cultural rights	N/A		ditto

*S4 Consumers and end-users – Metrics*

43 Where the preparer has assessed S4 topics or sub-topics as material the preparer is advised to consider the relevance of entity-specific metric disclosure and /or future disclosure requirements embedded in sector standards to come.

AR16			ESRS		Explanatory notes
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement		
ESRS S4 Consumers	Information-related impacts for consumers and/or end-users	Privacy	N/A		Undertakings shall consider disclosing entity specific information for each sub-topic or sub-sub-topic assessed as material
		Freedom of expression	N/A		
		Access to (quality) information	N/A		
	Personal safety of consumers and/or end-users	Health and safety	N/A		Undertakings shall consider disclosing entity specific information for each sub-topic or sub-sub-topic assessed as material
		Security of a person	N/A		
		Protection of children	N/A		

and end-users	Social inclusion of consumers and/or end-users	Non-discrimination	N/A		Undertakings shall consider disclosing entity specific information for each sub-topic or sub-sub-topic assessed as material
		Access to products and services	N/A		
		Responsible marketing practices	N/A		

*G1 Business conduct*

44 Judgment must be used to determine the disclosure requirements and datapoints to be disclosed once a matter related to Business conduct listed in AR16 has been assessed as being material

45 The table below is a tentative to map AR16 matters with ESRS G1 Disclosure requirements.

AR16			ESRS		Explanatory notes	
Topic	Sub-topic	Sub-sub-topic	Disclosure Requirement			
ESRS G1 Business conduct	Corporate culture		G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 9: Disclosure of how corporate culture is established, developed, promoted and evaluated	
	Business conduct		G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 7: Policies with respect to business conduct.  ESRS G1 paragraph 10(a): mechanism to identify, report and investigate unlawful behaviour or contradicting code of conduct or similar.  ESRS G1 paragraph 10 e): whether procedures to investigate business conduct incidents including corruption and bribery  ESRS G1 paragraph 10 g): policy for training	
	Protection of whistleblowers		G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 10 c): Disclosure of how whistleblowers are protected  d) if no policy, shall state this and plans re implementation.  But note paragraph 11 where under transposed Directive.	
	Animal welfare			G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 10 f): Policies related to animal welfare
				ESRS 1 par. 11		Undertakings shall consider disclosing entity specific information / metrics where animal welfare is assessed as material
	Political engagement			G1-1	Business conduct policies and corporate culture	Policies related to political engagement including lobbying
				G1-5	Political influence and lobbying activities	ESRS G1 paragraph 27: Disclosure of activities and commitments related to exerting political influence, including lobbying activities related to material impacts, risks and opportunities

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					ESRS G1 paragraph 29 a): representative(s) in AMSB responsible for oversight.
			G1-5	Political influence	ESRS G1 paragraph 29 b): total monetary value of political contributions and if relevant how estimated.  ESRS G1 paragraph 30: appointment of members of AMSB in current year who held comparable position in public administration (including regulators) in previous year.
			G1-5	Lobbying activities	ESRS G1 paragraph 29 c): main topics covered by its lobbying activities and its positions as well as linkage to its materiality assessment.  ESRS G1 paragraph 29 d): its registration number if registered in the EU Transparency Register or similar.
Management of relationships with suppliers including payment practices			G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 15 a): Information about approach to relationships with suppliers
			G1-2	Management of relationships with suppliers	ESRS G1 paragraph 14: Description of policy to prevent late payments  ESRS G1 paragraph 15 b): Disclosure of how social and environmental criteria are taken into account for selection of suppliers
			G1-6	Payment practices	ESRS G1 paragraph 33 a): average time to pay an invoice  b) description of standard payment terms and alignment with these  c) number of outstanding legal proceedings for late payments and  d) sufficient context of the above.
Corruption and bribery	Prevention and detection including training and /or Incidents		G1-1	Business conduct policies and corporate culture	ESRS G1 paragraph 10(b): Policies related to corruption and bribery and if no policies consistent with UNCAC, to state this and whether plans to implement and timetable.  ESRS G1 paragraph 10 h): functions most at risk in respect of corruption and bribery.
			G1-3	Prevention and detection of corruption and bribery	ESRS G1 paragraph 16: information about its system to prevent and detect, investigate and respond to allegations or incidents relating to corruption and bribery including training. Details in paragraphs 18 to 21.
			G1-4	Confirmed incidents of corruption or bribery	ESRS G1 paragraph 24 a): number of convictions and amount of fines;  b) actions taken to address breaches in procedures.  Voluntary disclosures in paragraph 25.

