Oxford Climate Policy Monitor

2024 Survey

Jurisdiction	European Union
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Policy Tool Name: Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (“SFDR”)

3. Source material link(s): SFDR Regulation 2019/2088: https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02019R2088-20240109

SFDR Delegated Regulation 2022/2018:
https://web.archive.org/web/publications.europa.eu/resource/cellar/9795f20c-d890-11ed-a05c-01aa75ed71a1.0006.02/DOC_1

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

9. Year of (planned) entry into force or year of publication

10. Does the policy tool have an end date?

◉ No

○ Yes

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The policy tool lays down harmonized rules for financial market participants and financial advisers on transparency with regard to the integration of sustainability risks and the consideration of adverse sustainability impacts in their processes and the provision of sustainability-related information with respect to financial products.

14. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank. In the case of EU regulation, limit answers to EU (i.e. supranational) authorities.

○ 1.

○ 2.

○ 3.

○ 4.

○ 5.

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☐	☐	☑
2. Private companies	☐	☐	☑
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☐	☐	☑
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☑	☐	☐
13. Other	☐	☐	☑

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors	☐	☐	☐
Agriculture, forestry, and fishing	☐	☐	☐
Mining and quarrying	☐	☐	☐
Manufacturing	☐	☐	☐
Electricity, gas, steam, and air conditioning supply	☐	☐	☐
Water supply; sewerage; waste management and remediation activities	☐	☐	☐
Construction	☐	☐	☐
Wholesale and retail trade: repair of motor vehicles and motorcycles	☐	☐	☐
Transportation and storage	☐	☐	☐
Accommodation and food service activities	☐	☐	☐
Information and communication	☐	☐	☐
Financial and insurance activities	☑	☐	☐
Real estate activities	☐	☐	☐
Professional, scientific and technical activities	☐	☐	☐
Administrative and support service activities	☐	☐	☐
Public administration and defense; compulsory social security	☐	☐	☐
Education	☐	☐	☐
Human health and social work activities	☐	☐	☐
Arts, entertainment and recreation	☐	☐	☐
Other service activities	☐	☐	☐
Activities of households as employers; undifferentiated goods-and services-producing activities of	☐	☐	☐

households for own use			
Activities of extraterritorial organizations and bodies	☐	☐	☐

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Financial institutions	Sectoral actors (e.g. healthcare, defense, utilities, education)
Minimum number of employees (Enter min number of full-time employees - FTEs)	3	3
Minimum revenue (Enter minimum revenue)		
Minimum assets (Enter minimum assets)		
Minimum contract value (Enter minimum contract value)		
Entity is headquartered in the jurisdiction		
Entities are subjected to disclosure or reporting requirements		

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

○ No

◉ Yes

29. Describe the available opt-out provisions (e.g. "comply or explain"), referencing the relevant section/subsection/paragraph of the policy tool.

Under Article 4 of SFDR, financial market participants with fewer than 500 employees are not required to produce a principal adverse impact statement. However, if they do not comply, they must publish a prominent statement to this effect on their website and provide clear reason for why they do not take sustainability impact into account.

Inversely, Financial market participants exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall publish such a principal adverse impact statement, and maintain it on their websites. They may not opt-out through the comply or explain mechanism.

The "comply or explain" mechanism applies only to the Article 4 PAI statement, and not to the other sets of disclosures, which are generally applicable to all financial market participants and/or financial advisers.

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

○ Operations beyond the jurisdiction

◉ Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☑ Not specified In its current state, the SFDR has no direct penalties for non-compliance. Article 14 thereof provides that Member States shall ensure that the competent authorities designated in accordance with sectoral legislation monitor the compliance of financial market participants and financial advisers with the requirements of this Regulation. The competent authorities shall have all the supervisory and investigatory powers that are necessary for the exercise of their functions under this Regulation.

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

On 3 May 2024, the European Commission published the Summary Report of the Open and Targeted Consultations on the SFDR assessment, which took place from 14 September 2023 - 22 December 2023, in which respondents highlighted the high cost of implementing SFDR. In particular, when asked about the cost of disclosures, 58% (167 out of 287) of total respondents answered that they do not consider it to be proportionate to the benefits generated. This figure increases to 71% (133 out of 186) among financial market participants and financial advisers. financial market participants and financial advisers indicated that the main components of the costs of disclosures are the costs of personnel and of external advisory services.
https://finance.ec.europa.eu/document/download/0f2cfde1-12b0-4860-b548-0393ac5b592b_en?filename=2023-sfdr-implementation-summary-of-responses_en.pdf

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35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain) There has not been any EU-level sanction based on the SFDR. It is however possible that one or several national competent authorities in the Member State sanctioned non-compliance on the basis of its own sectoral attributions.

○ Yes

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Article 14(1) of the SFDR provides that Member States shall ensure that the competent authorities designated in accordance with sectoral legislation, in particular the sectoral legislation referred to in Article 6(3) of this Regulation, and in accordance with Directive 2013/36/EU, monitor the compliance of financial market participants and financial advisers with the requirements of this Regulation. The competent authorities shall have all the supervisory and investigatory powers that are necessary for the exercise of their functions under this Regulation.

41. Does the policy tool recommend or require periodic impact assessments?

○ No

○ Recommended

◉ Required

42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

◉ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

43. Does the policy tool recommend or require periodic reviews?

○ No

○ Recommended

◉ Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

◉ Other Only one review is required, pursuant to Article 19 SFDR, “by 30 December 2022”.

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

◉ No

○ Yes

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☑	☐	☐
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☑	☐	☐
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☐	☑
6. Transition risk	☐	☐	☑
7. Transition plan	☐	☐	☑

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☐ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

◉ No

○ Recommended

○ Required

56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☑ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to disclose **GHG emissions** accounting methodologies or standards?

○ No

○ Recommended

◉ Required

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

○ No

◉ Recommended

○ Required

60. If necessary, provide additional clarification to the above responses about **greenhouse gas (GHG) emissions disclosure**.

Greenhouse gas emissions, and carbon footprints shall be disclosed as part of the disclosures related to investments in investee companies, under the templates available in the Delegated Regulation 2022/1288.

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☐	☑	☐
An intensity-based emissions reduction target	☐	☐	☑
A net zero target	☐	☐	☑
Targets covering non-carbon GHG emissions	☑	☐	☐
A Scope 3 emissions target	☐	☐	☑
A target derived using a sectoral decarbonization approach	☐	☐	☑
Interim targets	☐	☐	☑
A target timeframe (e.g. by 2040)	☐	☐	☑
A baseline year from which progress is measured	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

○ Recommended

◉ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

○ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

◉ Other Where a financial product has a reduction in carbon emissions as its objective, the objective of low carbon emission exposure in view of achieving the long-term global warming objectives of the Paris Agreement shall be disclosed (i) in pre-contractual disclosures and (ii) under the frequency applicable for reports in sectoral legislation, depending on the financial market participant concerned.

○ No prescribed frequency

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70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☑ Not specified

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74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☐ Carbon dioxide equivalent (CO_2e)

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☐	☑
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☑	☐	☐
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☑	☐	☐
6. Assumptions and Dependencies	☑	☐	☐
7. Data limitations of scenario analyses	☑	☐	☐
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☑	☐	☐
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☑	☐	☐
11. Asset planning or ownership in the context of climate change	☑	☐	☐
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on	☐	☐	☑

emissive assets with long lifespans			
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☑	☐	☐
17. Just transition indicators	☐	☐	☑

108. Describe and reference the section/subsection/paragraph of the policy tool relevant to taxonomy disclosures.

Article 15(1) of Delegated Regulation 2022/1288 provides that, for the financial products referred to in Article 6(1) of Regulation (EU) 2020/852, financial market participants shall provide, in the section 'To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?' in the template set out in Annex II, several series of specific information.
Pursuant to Article 6(1) of Regulation (EU) 2020/852 on transparency of financial products that promote environmental characteristics in pre-contractual disclosures and in periodic reports, "Where a financial product as referred to in Article 8(1) of [SFDR] promotes environmental characteristics, Article 5 of this Regulation shall apply mutatis mutandis." In turn, Article 8(1) of the SFDR: "Where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, the information to be disclosed pursuant to Article 6(1) and (3) shall include the following:
(a) information on how those characteristics are met;
(b) if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics."

110. Describe and reference the section/subsection/paragraph of the policy tool relevant to due diligence disclosures.

Article 4(1) of the SFDR provides that financial market participants shall publish and maintain on their websites (amongst other disclosures) a statement on due diligence policies with respect to the principal adverse impacts of investment decisions on sustainability factors. This requirement applies differently depending on the entity's average number of employees.
Article 4(2) of the SFDR provides that financial market participants shall include (at least and amongst others) in the abovementioned statement, a reference to their adherence to responsible business conduct codes and internationally recognized standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.

111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

Article 7(2) of Delegated Regulation 2022/1288 provides that where information relating to any of the indicators used is not readily available, financial market participants shall include in the section 'Description of policies to identify and prioritise principal adverse impacts on sustainability factors' in Table 1 of Annex I details of the best efforts used to obtain the information either directly from investee companies, or by carrying out additional research, cooperating with third party data providers or external experts or making reasonable assumptions.

112. Describe and reference the section/subsection/paragraph of the policy tool relevant to data limitation disclosures.

Article 10(1) of the SFDR provides that financial market participants shall publish and maintain on their websites, for certain financial products, information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product.

113. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding the **financial implications of climate-related matters**.

Article 6(1) of the SFDR provides that financial market participants shall include descriptions of the following in pre-contractual disclosures: (a) the manner in which sustainability risks are integrated into their investment decisions; and (b) the results of the assessment of the likely impacts of sustainability risks on the returns of the financial products they make available.

Article 6(2) of the SFDR provides that financial advisers shall include descriptions of the following in pre-contractual disclosures: (a) the manner in which sustainability risks are integrated into their investment or insurance advice; and (b) the result of the assessment of the likely impacts of sustainability risks on the returns of the financial products they advise on.

115. Describe and reference the section/subsection/paragraph of the policy tool relevant to ESG-related disclosures.

Article 8(1) of the SFDR provides that where a financial product promotes, among other characteristics, environmental or social characteristics, or a combination of those characteristics, provided that the companies in which the investments are made follow good governance practices, the information to be disclosed pursuant to Article 6(1) and (3) shall include the following: (a) information on how those characteristics are met; (b) if an index has been designated as a reference benchmark, information on whether and how this index is consistent with those characteristics. Under Article 8(2), they shall also disclose an indication of where the methodology used for the calculation of the index referred to in Article 8(1) is to be found.

Article 9(1) of the SFDR provides that 1where a financial product has sustainable investment as its objective and an index has been designated as a reference benchmark, the information to be disclosed pursuant to Article 6(1) and (3) shall be accompanied by the following: (a) information on how the designated index is aligned with that objective; (b) an explanation as to why and how the designated index aligned with that objective differs from a broad market index. And Article 9(2) provides that where a financial product has sustainable investment as its objective and no index has been designated as a reference benchmark, the information to be disclosed pursuant to Article 6(1) and (3) shall include an explanation on how that objective is to be attained. As 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, this refers to an ESG-related disclosure.

Article 10(1) of the SFDR provides that financial market participants shall publish and maintain on their websites, for certain financial products, information on the methodologies used to assess, measure and monitor the environmental or social characteristics or the impact of the sustainable investments selected for the financial product, including its data sources, screening criteria for the underlying assets and the relevant sustainability indicators used to measure the environmental or social characteristics or the overall sustainable impact of the financial product;

Article 11(1) of the SFDR provides that, where financial market participants make available certain financial product, they shall include in periodic reports, amongst others, a description of the extent to which environmental or social characteristics are met (for a financial product as referred to in Article 8(1), as set forward above).
Additionally, Article 3, 5 and 6 of the SFDR all refer to disclosures related to "sustainability factors", i.e., environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters or "sustainability risk", i.e., an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment. As such, Those provisions can be considered to refer to ESG-related disclosures.

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116. Describe and reference the section/subsection/paragraph of the policy tool relevant to asset planning disclosures.

Article 16 of Delegated Regulation 2022/1288 provides that, for financial products that promote environmental or social characteristics and that include a commitment in sustainable investments with a social objective, financial market participants shall include in the section 'What is the asset allocation planned for this financial product?' in the template set out in Annex II the minimum share of those sustainable investments.

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

Article 7(1) of the SFDR provides that, for each financial product where a financial market participant considers principal adverse impacts of investment decisions on sustainability factors, the disclosures referred to in Article 6(3) shall include the following: (a) a clear and reasoned explanation of whether, and, if so, how a financial product considers principal adverse impacts on sustainability factors; (b) a statement that information on principal adverse impacts on sustainability factors is available in the information to be disclosed pursuant to Article 11(2).

It should be specified that Article 1(24) of the SFDR defines 'sustainability factors' as meaning environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters, it can be considered that nature-related impacts are part of mandatory disclosures under the SFDR.

Similarly, Article 1(17) provides that 'sustainable investment' means an investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labor relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

As such, disclosures based on the notion of 'sustainable investment" in Articles 9 and 10 of the SFDR may be considered to include nature-related impacts.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☐	☑
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☑	☐	☐

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

The following framework-setting regulations are mentioned in the SFDR:

- Taxonomy Regulation: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 [Link]
- Benchmark Regulation: Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 [Link]
- PRIPPs Regulation: Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products [Link]

Also, Article 9 of the Delegated Regulation 2022/1288 provides that "In the section 'References to international standards' in Table 1 of Annex I, financial market participants shall describe whether and to what extent they adhere to responsible business conduct codes and internationally recognized standards for due diligence and reporting and, where relevant, the degree of their alignment with the objectives of the Paris Agreement.

Additional Important Information

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128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

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197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("Taxonomy Regulation")

3. Source material link(s): https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852
https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02021R2178-20240101

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☐ Transition planning

☐ Public procurement

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

2020

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10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

This Regulation establishes the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. Article 8 of the Taxonomy Regulation sets out specific reporting obligations that shall be fulfilled by disclosing detailed information on the degree of taxonomy eligibility and alignment of an entity's economic activities. The content and presentation of the information to be disclosed pursuant to Article 8 of the Taxonomy Regulation is further specified by Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 (the "Disclosures Delegated Regulation").

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14. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank. In the case of EU regulation, limit answers to EU (i.e. supranational) authorities.

◉ 1. European Commission

◉ 2. Platform on Sustainable Finance

◉ 3. Member State Expert Group on Sustainable Finance

○ 4.

○ 5.

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20. To provide contextual information, rate the capacity of European Commission to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

◉ 2- Medium Capacity (Please explain) Pursuant to Article 23 of the Taxonomy Regulation, power is delegated to the European Commission to supplement the Taxonomy Regulation by the adoption of several sets of delegated acts, including in relation to the disclosure obligations under Article 8 of the Taxonomy Regulation.

○ 3- High Capacity (Please explain)

○ Prefer not to answer

○ Not Applicable

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21. To provide contextual information, rate the capacity of Platform on Sustainable Finance to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

◉ 1- Low Capacity (Please explain) Pursuant to Article 20 of the Taxonomy Regulation, the Platform on Sustainable Finance, composed of representatives of the European Environment Agency, the ESAs, the European Investment Bank and the European Investment Fund, the European Union Agency for Fundamental Rights, and various experts; shall:
(a) advise the Commission on the technical screening criteria referred to in Article 19, as well as on the possible need to update those criteria;
(b) analyse the impact of the technical screening criteria in terms of potential costs and benefits of their application;
(c) assist the Commission in analysing requests from stakeholders to develop or revise technical screening criteria for a given economic activity;
(d) advise the Commission, where appropriate, on the possible role of sustainability accounting and reporting standards in supporting the application of the technical screening criteria;
(e) monitor and regularly report to the Commission on trends at Union and Member State level regarding capital flows into sustainable investment;
(f) advise the Commission on the possible need to develop further measures to improve data availability and quality;
(g) advise the Commission on the usability of the technical screening criteria, taking into account the need to avoid undue administrative burdens;
(h) advise the Commission on the possible need to amend this Regulation;
(i) advise the Commission on the evaluation and development of sustainable finance policies, including with regard to policy coherence issues;
(j) advise the Commission on addressing other sustainability objectives, including social

objectives;
(k) advise the Commission on the application of Article 18 and the possible need to supplement the requirements thereof.

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

○ Prefer not to answer

○ Not Applicable

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22. To provide contextual information, rate the capacity of Member State Expert Group on Sustainable Finance to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

◉ 1- Low Capacity (Please explain) Pursuant to Article 24 of the Taxonomy Regulation, a Member State Expert Group on Sustainable Finance shall advise the Commission on the appropriateness of the technical screening criteria and the approach taken by the Platform regarding the development of those criteria.

○ 2- Medium Capacity (Please explain)

○ 3- High Capacity (Please explain)

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☑	☐	☐
5. State-owned companies	☑	☐	☐
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☑	☐	☐
13. Other	☐	☐	☑

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors	☐	☐	☑
Agriculture, forestry, and fishing	☐	☐	☑
Mining and quarrying	☐	☐	☑
Manufacturing	☐	☐	☑
Electricity, gas, steam, and air conditioning supply	☐	☐	☑
Water supply; sewerage; waste management and remediation activities	☐	☐	☑
Construction	☐	☐	☑
Wholesale and retail trade: repair of motor vehicles and motorcycles	☐	☐	☑
Transportation and storage	☐	☐	☑
Accommodation and food service activities	☐	☐	☑
Information and communication	☐	☐	☑
Financial and insurance activities	☑	☐	☐
Real estate activities	☐	☐	☑
Professional, scientific and technical activities	☐	☐	☑
Administrative and support service activities	☐	☐	☑
Public administration and defense; compulsory social security	☐	☐	☑
Education	☐	☐	☑
Human health and social work activities	☐	☐	☑
Arts, entertainment and recreation	☐	☐	☑
Other service activities	☐	☐	☑
Activities of households as employers; undifferentiated goods-and services-producing activities of	☐	☐	☑

households for own use			
Activities of extraterritorial organizations and bodies	☐	☐	☑

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Private companies	Financial institutions	Small and medium-sized enterprises	State-owned companies	Sectoral actors (e.g. healthcare, defense, utilities, education)
Minimum number of employees (Enter min number of full-time employees - FTEs)						
Minimum revenue (Enter minimum revenue)						
Minimum assets (Enter minimum assets)						
Minimum contract value (Enter minimum contract value)						
Entity is headquartered in the jurisdiction						
Other criteria (explain)	The Taxonomy Regulation applies to: (a) measures	The Taxonomy Regulation applies to: (a) measures	The Taxonomy Regulation applies to: (a) measures	The Taxonomy Regulation applies to: (a) measures	The Taxonomy Regulation applies to: (a) measures	The Taxonomy Regulation applies to: (a) measures

	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.	adopted by Member States or by the Union that set out requirements for financial market participants or issuers in respect of financial products or corporate bonds that are made available as environmentally sustainable; (b) financial market participants that make available financial products; (c) undertakings which are subject to the obligation to publish a non-financial statement or a consolidated non-financial statement pursuant to Article 19a or Article 29a of Directive 2013/34/EU, respectively.

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28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

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30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

◉ Operations within jurisdiction only

○ Operations beyond the jurisdiction

○ Not applicable

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32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☑ Not specified Information required in accordance with Article 8 of the Taxonomy Regulation shall be provided within an entity's non-financial statement and therefore the taxonomy reporting generally falls under the remit of the national authorities responsible with the supervision of the non-financial statement.

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

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33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

According to the Impact Assessment Report accompanying the Commission Delegated Regulation supplementing the Taxonomy Regulation (https://ec.europa.eu/finance/docs/level-2-measures/taxonomy-regulation-delegated-act-2021-2800-impact-assessment_en.pdf), Taxonomy disclosures costs are expected to be as follows:

- Direct costs:
  - o Citizens/consumers: None.
  - o Financial intermediaries:
    - One-off: One-off costs related to Taxonomy disclosure: i) developing or adapting adequate tools and processes; ii) familiarisation with the obligations and training staff; iii) expected higher costs when collecting information for the first time (higher costs can be expected where information from investee companies would not be available). Some of these tasks could be handled through external service providers.
    - Recurrent: Taxonomy related disclosures by financial intermediaries captured by NFRD (on entity level) or Disclosure Regulation (on financial product level): i) updating the collected information; ii) publishing the information.
  - o Businesses:
    - One-off: Assessment and disclosures on Taxonomy alignment with approximate magnitude of costs in the range of 280 – 875 million EUR. Expected cost categories: i) familiarisation with the legislation and training; ii) updating internal processes and systems; iii) setting up data collection (for those who do not capture such data for other purposes); iv) matching financial and non financial information at an appropriate NACE activity level. Some of these tasks could be handled through external service providers.
    - Recurrent: Assessment and disclosures on Taxonomy alignment with approximate magnitude of costs in the range of 140 – 350 million EUR per year141. Cost categories: i) updating the information; ii) publishing the information.
  - o Administrations:
    - One-off: Regulators and supervisors in the EU who have already developed their own

taxonomies could face costs to adapt their system (direct/indirect depending on use relation to Article 4 of the Taxonomy Regulation).

Recurrent: Monitoring and enforcement of compliance with Taxonomy Regulation.

• Indirect costs:

o Citizens/consumers – Recurrent: Disclosure related costs faced by intermediaries could be passed on into the cost of investment products with sustainability objectives.

o Financial intermediaries – Recurrent: At risk of competitive disadvantage, potential pressure to provide information from institutional investors using wholesale products.

o Businesses – Recurrent: At risk of competitive disadvantage, potential pressure to provide information by those not subject to NFRD from investors or businesses across value chains.

o Administrations – One-off: Regulators and supervisors in the EU who have already developed their own taxonomies could face costs to adapt their system (direct/indirect depending on use relation to Article 4 of the Taxonomy Regulation).

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

37. Have the climate-specific provisions in this instrument ever been enforced?

○ No (If relevant, explain)

◉ Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

ESMA has reported in its 2023 Corporate Reporting Enforcement and Regulatory Activities that enforcers have taken nine enforcement actions in relation to issuers' disclosures, or lack thereof, in relation to Article 8 of the Taxonomy Regulation in the 2022 non-financial statements, all by requiring a correction in the future non-financial statements. The future non-financial statement corrections relate to, among other things, inconsistencies or errors in CapEx and OpEx alignment KPI calculations, failure to correctly provide quantitative information in the mandatory template, and lack of information on relevant methodologies. Some enforcers, instead of taking enforcement action, have issued recommendations to issuers or carried out reviews to assess the application of the Taxonomy Regulation across issuers, with findings released to market participants as part of educational efforts. https://www.esma.europa.eu/sites/default/files/2024-03/ESMA32-193237008-8269_2023_Corporate_reporting_enforcement_and_regulatory_activities_report.pdf

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

See Q.2.21 above in relation to the Platform on Sustainable Finance and Q.2.22 in relation to the Member State Expert Group on Sustainable Finance.

41. Does the policy tool recommend or require periodic impact assessments?

○ No

○ Recommended

◉ Required

42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

○ 0-2 years

◉ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

43. Does the policy tool recommend or require periodic reviews?

○ No

○ Recommended

◉ Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

◉ Other Pursuant to Article 19(5) of the Taxonomy Regulation, the Commission shall regularly review the technical screening criteria and, where appropriate, amend the delegated acts in line with scientific and technological developments. In addition, to ensure that economic activities as referred to in Article 10(2) of the Taxonomy Regulation remain on a credible transition pathway consistent with a climate-neutral economy, the Commission shall review the technical screening criteria for those activities at least every three years and, where appropriate, amend the delegated act referred to in Article 10(3) in line with scientific and technological developments.

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

○ No

◉ Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

See Article 20 on the platform on sustainable finance and article 24 on the Member state Expert Group on sustainable finance.

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The European Commission regularly publishes guidance or Q&As on the Taxonomy Regulation. https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☐	☑
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☐	☑
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☐	☑
6. Transition risk	☐	☐	☑
7. Transition plan	☐	☐	☑

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☐	☑
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☑	☐	☐
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☐	☐	☑
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☐	☐	☑
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on	☐	☐	☑

emissive assets with long lifespans			
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☑	☐	☐
17. Just transition indicators	☐	☐	☑

108. Describe and reference the section/subsection/paragraph of the policy tool relevant to taxonomy disclosures.

The entire Taxonomy Regulation is relevant to taxonomy disclosures because it provides the basis for the EU taxonomy by setting out the 4 overarching conditions defined in Article 3 that an economic activity must meet in order to qualify as environmentally sustainable, i.e. to be recognized as Taxonomy-aligned:

- making a substantial contribution to at least one environmental objective among climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems (see Articles 9 to 15).
- doing no significant harm to any other environmental objective (see Article 17);
- complying with minimum social safeguards (see Article 18);
- complying with the technical screening criteria (see Article 19 and relevant Commission delegated regulations).

Transparency requirements in pre-contractual disclosures, periodic reports and non-financial statements are further detailed in Articles 5 to 8 and in the Disclosures Delegated Regulation/
The Taxonomy Regulation is referenced in other EU regulations such as the SFDR.

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

Economic activities may qualify as environmentally sustainable economic activities, i.e. Taxonomy-aligned activities, if they contribute to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, and to the protection and restoration of biodiversity and ecosystems, provided that they meet the other three criteria mentioned in Q2.108 (Articles 12 to 15).

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☐	☑
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☑	☐

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126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

In the Taxonomy Regulation itself:
Directive (EU) 2013/34 of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings;
Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector;
Regulation (EU) 2017/1129 of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market;
Regulation (EU) 525/2013 of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change;
Directive 2008/98/EC of 19 November 2008 on waste;
Directive 2008/56/EC of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive);
Directive 2000/60/EC of 23 October 2000 establishing a framework for Community action in the field of water policy;
Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources;

In the recitals of the Taxonomy Regulation:
Council Decision (EU) 2016/1841 of 5 October 2016 on the conclusion, on behalf of the European Union, of the Paris Agreement adopted under the United Nations Framework Convention on Climate Change;
Decision No 1386/2013/EU of 20 November 2013 on a General Union Environment Action Programme to 2020 'Living well, within the limits of our planet';
Regulation (EU) 2015/1017 of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal;
Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector;
Directive 2009/31/EC of 23 April 2009 on the geological storage of carbon dioxide;
Regulation (EU) No 1380/2013 of 11 December 2013 on the Common Fisheries Policy;
Directive 2000/60/EC of 23 October 2000 establishing a framework for Community action in the field of water policy;
Directive 2006/7/EC of 15 February 2006 concerning the management of bathing water quality;
Directive 2006/118/EC of 12 December 2006 on the protection of groundwater against pollution and deterioration;
Directive 2008/56/EC of 17 June 2008 establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive);
Directive 2008/105/EC of 16 December 2008 on environmental quality standards in the field of water policy;
Council Directive 91/271/EEC of 21 May 1991 concerning urban waste water treatment;
Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources;

Council Directive 98/83/EC of 3 November 1998 on the quality of water intended for human consumption;
Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste;
Regulation (EC) No 1907/2006 of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC;
Regulation (EU) 2019/1021 of 20 June 2019 on persistent organic pollutants;
European Parliament and Council Directive 94/62/EC of 20 December 1994 on packaging and packaging waste;
Directive 2000/53/EC of 18 September 2000 on end-of life vehicles;
Directive 2006/66/EC of 6 September 2006 on batteries and accumulators and waste batteries and accumulators;
Directive 2008/98/EC of 19 November 2008 on waste;
Directive 2010/75/EU of 24 November 2010 on industrial emissions;
Directive 2011/65/EU of 8 June 2011 on the restriction of the use of certain hazardous substances in electrical and electronic equipment;
Directive 2012/19/EU of 4 July 2012 on waste electrical and electronic equipment (WEEE);
Directive (EU) 2019/883 of 17 April 2019 on port reception facilities for the delivery of waste from ships;
Directive (EU) 2019/904 of 5 June 2019 on the reduction of the impact of certain plastic products on the environment;
Council Directive 1999/31/EC of 26 April 1999 on the landfill of waste;
Commission Regulation (EU) No 1357/2014 of 18 December 2014 replacing Annex III to Directive 2008/98/EC of the European Parliament and of the Council on waste and repealing certain Directives;
Commission Decision 2000/532/EC of 3 May 2000 replacing Decision 94/3/EC establishing a list of wastes pursuant to Article 1(a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC establishing a list of hazardous waste pursuant to Article 1 (4) of Council Directive 91/689/EEC on hazardous waste;
Commission Decision 2014/955/EU of 18 December 2014 amending Decision 2000/532/EC on the list of waste pursuant to Directive 2008/98/EC of the European Parliament and of the Council;
Directive 2004/35/EC of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage;
Directive 2004/107/EC of 15 December 2004 relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air;
Directive 2008/50/EC of 21 May 2008 on ambient air quality and cleaner air for Europe;
Directive (EU) 2016/802 of 11 May 2016 relating to a reduction in the sulphur content of certain liquid fuels;
Directive (EU) 2016/2284 of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants,
Regulation (EU) No 995/2010 of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market;
Regulation (EU) No 511/2014 of 16 April 2014 on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization in the Union;

Regulation (EU) No 1143/2014 of 22 October 2014 on the prevention and management of the introduction and spread of invasive alien species;
Directive 2009/147/EC of 30 November 2009 on the conservation of wild birds;
Council Regulation (EC) No 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein;
Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora;
Regulation (EU) 2018/841 of 30 May 2018 on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry in the 2030 climate and energy framework;
Directive (EU) 2018/2001 of 11 December 2018 on the promotion of the use of energy from renewable sources;
Regulation (EU) 2017/1369 of 4 July 2017 setting a framework for energy labelling;
Directive 2012/27/EU of 25 October 2012 on energy efficiency;
Directive (EU) 2018/844 of 30 May 2018 amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency;
Directive 2009/125/EC of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products;
Regulation (EU) No 1093/2010 of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority);
Regulation (EU) No 1094/2010 of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority);
Regulation (EU) No 1095/2010 of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority);
Regulation (EC) No 1221/2009 of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS);
Regulation (EC) No 66/2010 of 25 November 2009 on the EU Ecolabel;
Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations;
Regulation (EU) No 538/2014 of 16 April 2014 amending Regulation (EU) No 691/2011 on European environmental economic accounts;
Directive 2001/42/EC of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment;
Directive 2011/92/EU of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment;
Directive 2014/23/EU of 26 February 2014 on the award of concession contracts;
Directive 2014/24/EU of 26 February 2014 on public procurement;
Directive 2014/25/EU of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors;
Regulation (EU) 600/2014 of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;
Regulation (EU) 1286/2014 of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs);
Regulation (EU) 2019/1238 of 20 June 2019 on a pan-European Personal Pension Product (PEPP).

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 ("CS3D")

3. Source material link(s): https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401760

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☑ Transition planning

☐ Public procurement

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5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The CS3D requires companies in scope to publish an annual statement of their CS3D due diligence obligations on their website and to adopt and put into effect a transition plan for climate change mitigation, unless exemptions apply.

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

2024

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10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The CS3D sets due diligence obligations on companies to ensure that their strategies and business models are in line with a sustainable economy, including safeguarding human rights and upholding high environmental values across their operations and value chains.

-----------14. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank. In the case of EU regulation, limit answers to EU (i.e. supranational) authorities.

◉ 1. European Network of Supervisory Authorities

○ 2.

○ 3.

○ 4.

○ 5.

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20. To provide contextual information, rate the capacity of European Network of Supervisory Authorities to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) Member States are required to provide for sanctions under national law. As such, they will be enforced by national supervisory authorities (see Q2.32 for details of the sanctions to be implemented under national law).

○ Prefer not to answer

○ Not Applicable

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25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☐	☐	☑
5. State-owned companies	☑	☐	☐
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☐	☐	☐

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Private companies	Financial institutions	State-owned companies
Minimum number of employees (Enter min number of full-time employees - FTEs)	EU "Very large" companies and Ultimate parents of "very large" groups: > 1,000 employees on average	EU "Very large" companies and Ultimate parents of "very large" groups: > 1,000 employees on average	EU "Very large" companies and Ultimate parents of "very large" groups: > 1,000 employees on average	EU "Very large" companies and Ultimate parents of "very large" groups: > 1,000 employees on average
Minimum revenue (Enter minimum revenue)	EU "Very large" companies and Ultimate parents of "very large" groups: Net worldwide turnover > €450 million Non-EU "Very large" companies and Ultimate parents of "very large" groups: Net turnover > €450 million in the EU Companies with a franchising or licensing business model: Net worldwide turnover > €80 million (with at least €22.5 million generated by royalties)	EU "Very large" companies and Ultimate parents of "very large" groups: Net worldwide turnover > €450 million Non-EU "Very large" companies and Ultimate parents of "very large" groups: Net turnover > €450 million in the EU Companies with a franchising or licensing business model: Net worldwide turnover > €80 million (with at least €22.5 million generated by royalties)	EU "Very large" companies and Ultimate parents of "very large" groups: Net worldwide turnover > €450 million Non-EU "Very large" companies and Ultimate parents of "very large" groups: Net turnover > €450 million in the EU Companies with a franchising or licensing business model: Net worldwide turnover > €80 million (with at least €22.5 million generated by royalties)	EU "Very large" companies and Ultimate parents of "very large" groups: Net worldwide turnover > €450 million Non-EU "Very large" companies and Ultimate parents of "very large" groups: Net turnover > €450 million in the EU Companies with a franchising or licensing business model: Net worldwide turnover > €80 million (with at least €22.5 million generated by royalties)
Minimum assets (Enter minimum assets)				
Minimum contract value (Enter minimum contract value)				
Entity is headquartered in the jurisdiction				
Entities are subjected to disclosure or				

reporting requirements				

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

○ No

◉ Yes

29. Describe the available opt-out provisions (e.g. “comply or explain”), referencing the relevant section/subsection/paragraph of the policy tool.

A non-operational ultimate parent company whose main business activity is to hold shares in operational subsidiaries, and which is not involved in management, operational or financial decisions affecting the group (or one or more of its subsidiaries) may be exempted by the competent national supervisory authority from its obligation to comply with the CS3D (Article 2). Such parent companies may be allowed to “delegate” their CS3D obligations to one of their operational EU subsidiaries, under certain conditions.

30. Does the policy tool exclusively apply to entities’ domestic operations, or does it also apply to entities’ operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

The CS3D sets out a corporate due diligence duty for large companies to identify and address adverse human rights and environmental impacts their own operations, those of their subsidiaries and in their “chain(s) of activities”.
‘Chain of activities’ means:
(i) activities of a company’s upstream business partners related to the production of goods or the provision of services by that company, including the design, extraction, sourcing, manufacture,

transport, storage and supply of raw materials, products or parts of products and the development of the product or the service; and

(ii) activities of a company's downstream business partners related to the distribution, transport and storage of a product of that company, where the business partners carry out those activities for the company or on behalf of the company, and excluding the distribution, transport and storage of a product that is subject to export controls under Regulation (EU) 2021/821 or to the export controls relating to weapons, munitions or war materials, once the export of the product is authorized (Article 3(1)(g)).

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32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☑ Monetary fine Pecuniary sanctions must be based on the company's global net turnover, and the maximum sanction must be at least 5% of the net worldwide turnover of the company in the financial year preceding the fining decision. Member States are free to set their maximums even higher. For an EU or non-EU company that is the ultimate parent company of a group, penalties are calculated on their consolidated turnover. Non-confidential versions of the fining decisions will be published and will remain publicly available for at least 5 years, including to enable third parties to engage the company's civil liability.

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☑ Exclusion from government contracts Member States shall ensure that compliance with the obligations resulting from the provisions of national law transposing this Directive, or their voluntary implementation, qualifies as an environmental or social aspect that contracting authorities may, in accordance with Directives 2014/23/EU, 2014/24/EU and 2014/25/EU, take into account as part of the award criteria for public and concession contracts, and as an environmental or social condition that contracting authorities may, in accordance with those Directives, lay down in relation to the performance of public and concession contracts.

☑ Award of damages or compensation The civil liability of a company will be engaged where it intentionally or negligently violates some of the CS3D obligations, where the violated obligation was aimed at protecting natural or legal persons and the violation has caused damage to such a person. Damage must be fully compensated under national law but must not be overcompensated (e.g., by means of punitive damages). A company cannot be held liable if the damage was only caused by one of its business partners, however, when the damage was caused jointly by the company and its subsidiary, direct or indirect business partners, they shall be liable jointly and severally.

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☐ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Due to its vague wording and vast scope, the supply chain due diligence obligation will impose significant costs on European companies.
Businesses will have to bear:
- The costs of establishing and operating the due diligence process.
- Transition costs, including expenditure and investments to adapt a company's own operations and value chains to comply with the due diligence obligation, if needed.

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

○ Above average

○ Not applicable

◉ Unknown or prefer not to answer

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain)

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

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40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

By 26 July 2030, and every three years thereafter, the Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive and its effectiveness in reaching its objectives, in particular in addressing adverse impacts (Article 36). The report shall be accompanied, if appropriate, by a legislative proposal. The first report shall, inter alia, assess the issues defined in the CS3D.

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41. Does the policy tool recommend or require periodic impact assessments?

○ No

○ Recommended

◉ Required

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42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

○ 0-2 years

◉ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

43. Does the policy tool recommend or require periodic reviews?

○ No

○ Recommended

◉ Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

◉ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

○ No

◉ Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

The Commission shall set up a European Network of Supervisory Authorities, composed of representatives of the supervisory authorities (Article 28). The European Network of Supervisory Authorities shall facilitate the cooperation of the supervisory authorities and the coordination and alignment of regulatory, investigative, sanctioning and supervisory practices of the supervisory authorities and, as appropriate, the sharing of information among them.

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The European Commission published Frequently asked questions of the CS3D: https://commission.europa.eu/document/download/7a3e9980-5fda-4760-8f25-bc5571806033_en?filename=240719_CSDD_FAQ_final.pdf

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☐	☑
2. GHG emissions offsets or removals	☐	☐	☑
3. GHG emissions reduction targets	☐	☑	☐
4. Other climate-related targets	☐	☐	☑
5. Physical climate risk	☐	☐	☑
6. Transition risk	☐	☐	☑
7. Transition plan	☐	☑	☐

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☐	☑	☐
An intensity-based emissions reduction target	☐	☐	☑
A net zero target	☐	☐	☑
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☐	☐	☑
A target derived using a sectoral decarbonization approach	☐	☐	☑
Interim targets	☐	☐	☑
A target timeframe (e.g. by 2040)	☐	☑	☐
A baseline year from which progress is measured	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

○ Recommended

◉ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

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70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☐ Not specified

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79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other <u>Between 2030 and 2035 and Between 2046 and 2050</u>

○ None specified

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

◉ No

○ Recommended

○ Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

○ No

○ Recommended

◉ Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

○ No

○ Recommended

◉ Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

◉ No

○ Recommended

○ Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☐	☐	☑
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☑	☐	☐
6. Assumptions and Dependencies	☐	☐	☑
7. Data limitations of scenario analyses	☑	☐	☐
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☐	☐	☑
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☐	☐	☑
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☐	☐	☑
13. Climate-related lobbying and/or policy engagement	☐	☐	☑
14. Locked-in emissions or information on	☐	☐	☑

emissive assets with long lifespans			
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☑	☐	☐
17. Just transition indicators	☐	☐	☑

110. Describe and reference the section/subsection/paragraph of the policy tool relevant to due diligence disclosures.

Companies will need to adopt and implement effective due diligence measures for identifying, preventing, mitigating, and bringing to an end actual and potential human rights and environmental harms in their own operations, those of subsidiaries, and of their business partners relating to their "chain of activities" (Articles 7 to 16).
The CS3D mainly links back to the Corporate Sustainability Reporting Directive (CSRD). Since companies in scope of the CSRD's reporting obligations are already required to describe how they implement human rights and environmental due diligence in their CSRD report, compliance with this obligation exempts companies from any other reporting obligation specific to the CS3D. If, however, a company is covered by the CS3D without being subject to the CSRD, it must report on the matters covered by the CS3D by publishing on its website an annual statement.

112. Describe and reference the section/subsection/paragraph of the policy tool relevant to data limitation disclosures.

This Directive should be applied in compliance with Union data protection law and the right to the protection of privacy and personal data as enshrined in Articles 7 and 8 of the Charter (Recital 96). Any processing of personal data under this Directive is to be undertaken in accordance with Regulation (EU) 2016/679, including the requirements of purpose limitation, data minimisation and storage limitation.

122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

The concept of "adverse impact" is crucial in understanding the extent of the due diligence obligations provided for by CS3D, as these are the impacts the obligations require companies to identify, prevent, mitigate, and bring to an end.
The CS3D mainly links back to the Corporate Sustainability Reporting Directive (CSRD). Since companies in scope of the CSRD's reporting obligations are already required to describe how they

implement human rights and environmental due diligence in their CSRD report, compliance with this obligation exempts companies from any other reporting obligation specific to the CS3D. If, however, a company is covered by the CS3D without being subject to the CSRD, it must report on the matters covered by the CS3D by publishing on its website an annual statement.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☐	☑
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☐	☑
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☐	☑
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☐	☐	☑
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☐	☑
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☐	☑
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☑	☐

126. List any other standards, frameworks or guidelines integrated into or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

'- UN Guiding Principles on Business and Human Rights (https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf);
- OECD Guidelines for Multinational Enterprises (http://mneguidelines.oecd.org/guidelines/);
- OECD Due Diligence Guidance for Responsible Business Conduct and sectoral guidance (https://www.oecd.org/investment/due-diligence-guidance-for-responsiblebusiness-conduct.htm);
- UN Development Programme's guidance 'Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts. A Guide' (https://www.undp.org/sites/g/files/zskgke326/files/2022-06/UNDP_Heightened_Human_Rights_Due_Diligence_for_Business_in_Conflict-Affected_Context.pdf);
- International agreements under the UN Framework Convention on Climate Change, such as the Paris Agreement under the UN Framework Convention on Climate Change (https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf) and the Glasgow Climate Pact (https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf.https://unfccc.int/sites/default/files/resource/cma2021_L16_adv.pdf);
- UN Guiding Principles Reporting Framework (https://www.ungpreporting.org/wp-content/uploads/UNGPReportingFramework_withguidance2017.pdf); and
- UN Interpretive Guide 'The corporate responsibility to respect human rights' (https://www.ohchr.org/sites/default/files/Documents/publications/hr.puB.12.2_en.pdf).

Additional Important Information

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128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The requirements for the publication of the annual report on matters covered by the CS3D are not yet fully available. Indeed, by 31 March 2027, the Commission is required to adopt delegated acts in order to supplement the CS3D by laying down the content and criteria for the annual report, including in particular sufficiently detailed information on the description of the due diligence, the actual and potential adverse impacts identified and the appropriate measures taken in relation to those impacts. In preparing these delegated acts, the Commission is required to take due account of the sustainability reporting standards set out in Commission Delegated Regulation (EU) 2023/2772 of July 31, 2023 and to align them as appropriate.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

○ No

○ Recommended

◉ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

○ No

○ Recommended

◉ Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

○ No

○ Recommended

◉ Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

The Climate Transition Plan must be updated every 12 months and contain a description of the progress the company has made towards achieving its targets (Article 22).

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

○ No

○ Recommended

◉ Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions reduction target	☐	☑	☐
An intensity-based emissions reduction target	☐	☐	☑
A net zero target	☐	☐	☑
Interim targets (e.g. 2030, 2050)	☐	☐	☑
Targets covering non-carbon GHG emissions	☐	☐	☑
A Scope 3 emissions target	☐	☐	☑
A target derived using a sectoral decarbonization approach	☐	☐	☑
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☐	☑
A baseline year from which progress is measured	☐	☐	☑
A target timeframe (e.g. by 2040)	☐	☑	☐
Targets for renewable energy procurement	☐	☐	☑
Targets for fossil fuel phase down/phase up	☐	☐	☑
Separate targets for GHG offsets and/or removals	☐	☐	☑
Targets or goals related to climate adaptation	☐	☐	☑
Targets or goals related to nature and biodiversity	☐	☐	☑
Other targets related to sustainability	☐	☐	☑

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

◉ Other Between 2030 and 2035 and Between 2046 and 2050

○ Not specified

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

○ No

○ Recommended

◉ Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)	☐	☑	☐
Key Performance Indicators (KPIs) for monitoring transition plan implementation	☐	☐	☑
Updates to the transition plan	☐	☑	☐
Third-party verification and/or audited accuracy of the transition plan	☐	☐	☑
Identified methodology for scenario analysis	☐	☐	☑

166. Describe the recommended or required timeframe for the transition plan.

○ 1-10 years

○ 11-20 years

○ 21-30 years

○ 31-40 years

○ 41-50 years

◉ Other Time-bound targets related to climate change for 2030 and in five-year steps up to 2050.

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

◉ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

The Climate Transition Plan must be updated every 12 months and contain a description of the progress the company has made towards achieving its targets (Article 22).

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan	☐	☑	☐
Develop financial plans for the implementation of their transition plan	☐	☑	☐
Integrate climate-related matters into their financial accounting	☐	☐	☑
Incorporate climate change considerations into their investment decision making and/or asset planning	☐	☐	☑
Incorporate climate change considerations into their capital allocation and/or expenditure plans	☐	☐	☑
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans	☐	☑	☐

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

The Climate Transition Plan must be updated every 12 months and contain a description of the progress the company has made towards achieving its targets (Article 22).

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

The design of the transition plan for climate change mitigation shall contain [...] an explanation and quantification of the investments and funding supporting the implementation of the transition plan for climate change mitigation (Article 22).

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182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

The design of the transition plan for climate change mitigation shall contain:
- [...]
- a description of decarbonisation levers identified and key actions planned to reach the targets referred to in point (a), including, where appropriate, changes in the product and service portfolio of the company and the adoption of new technologies;
- [...]
- a description of the role of the administrative, management and supervisory bodies with regard to the transition plan for climate change mitigation (Article 22).

Engagement, Lobbying, and Governance

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184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain engagement	☐	☐	☑
Investor engagement	☐	☐	☑
Consumer engagement	☐	☐	☑
Policy engagement and lobbying practices	☐	☐	☑
Corporate governance structure for transition and verification	☐	☐	☑
Climate-related financial incentives for employees and board members	☐	☐	☑

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

◉ No

○ Recommended

○ Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1	☐	☐	☑
IFRS S2	☐	☐	☑
Task Force on Climate-related Financial Disclosures (TCFD)	☐	☐	☑
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans	☐	☐	☑
International Integrated Reporting Framework	☐	☐	☑
Global Reporting Initiative (GRI)	☐	☐	☑
Sustainability Accounting Standards Board (SASB)	☐	☐	☑
Science Based Targets initiative (SBTi)	☐	☐	☑
Science Based Targets initiative (SBTi) Net Zero Standard	☐	☐	☑
European Sustainability Reporting Standards (ESRS)	☐	☐	☑
Other	☐	☑	☐

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

'- The Paris Agreement under the UN Framework Convention on Climate Change (https://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf).

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Policy Tool Name: Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting ("CSRD")

3. Source material link(s): https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464
https://web.archive.org/web/eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02023R2772-20231222

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

☑ Climate-related disclosure

☑ Transition planning

☐ Public procurement

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5. If relevant, briefly explain how the policy tool applies or is linked to multiple domains.

The policy tool requires in-scope entities to disclose information about their impact on sustainability matters and information necessary to understand how sustainability matters affect their development, performance and position. Disclosure requirements under Delegated Regulation (EU) 2023/2772 of 31 July 2023 setting the European Sustainability Reporting Standards ("ESRS") include information on the entity's transition plan for climate change mitigation or, if the entity does not have a transition plan, whether and, if so, when it will adopt a transition plan.

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6. Select the category which best describes the author/issuer of the policy tool.

☐ Head of state and/or government

☐ Independent regulatory or supervisory body

☑ Legislature

☐ Judiciary

☐ Ministry/Department/Agency

☐ Other (Please describe)

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7. Status of the policy tool

◉ Approved, in force

○ Approved, not yet in force

○ Other (Please describe)

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9. Year of (planned) entry into force or year of publication

2023

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10. Does the policy tool have an end date?

◉ No

○ Yes

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12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The CSRD amends four existing European legislations: Directive 2013/34/EU (the "Accounting Directive"), Directive 2004/109/EC (the "Transparency Directive"), Regulation (EU) No 537/2014 (the "Audit Regulation") and Directive 2006/43/EC (the "Audit Directive").

The CSRD aims to modernize, strengthen and harmonize companies' sustainability reporting across the EU. The new rules will ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment, and that investors can assess the financial risks and opportunities arising from climate change and other sustainability issues. In addition, a broader range of large companies, as well as listed SMEs, will now be required to report on sustainability. Some non-EU companies will also have to report if they generate more than €150 million in the EU market. The CSRD requires assurance on the sustainability information. As a result, it should improve the availability and quality of ESG disclosures.

In-scope entities will have to report according to sustainability reporting standards based on a double materiality assessment (financial materiality and impact materiality). So far, only the ESRS have been adopted. Other sustainability reporting standards are expected, including sector-specific standards and standards for SMEs and third country groups.

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14. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank. In the case of EU regulation, limit answers to EU (i.e. supranational) authorities.

◉ 1. National authorities

○ 2.

○ 3.

○ 4.

○ 5.

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20. To provide contextual information, rate the capacity of National authorities to undertake the policy tool's implementation and/or enforcement.

○ 0- No Capacity (Please explain)

○ 1- Low Capacity (Please explain)

○ 2- Medium Capacity (Please explain)

◉ 3- High Capacity (Please explain) Article 22 of the Accounting Directive requires Member States to provide for penalties applicable to infringements of the national provisions adopted in accordance with this Directive and to take all measures necessary to ensure that those penalties are enforced. It further provides that the penalties provided for shall be effective, proportionate and dissuasive.
Article 28 of the Transparency Directives provides that Member States shall in particular lay down rules on administrative measures and sanctions applicable to breaches of the national provisions adopted in transposition of this Directive and shall take all measures necessary to ensure that they are implemented. It further provides that those administrative measures and sanctions shall be effective, proportionate and dissuasive, and that Member States shall ensure that where obligations apply to legal entities, in the event of a breach, sanctions can be applied, subject to the conditions laid down in national law, to the members of administrative, management or supervisory bodies of the legal entity concerned, and to other individuals who are responsible for the breach under national law.
Article 30a of the Audit Directive requires Member States to provide for competent authorities to have the power to take and/or impose at least the following administrative measures and sanctions or breaches of the provisions of this Directive and, where applicable, of Regulation (EU) No 537/2014:

- a notice requiring the natural or legal person responsible for the breach to cease the conduct

and to abstain from any repetition of that conduct;
- a public statement which indicates the person responsible and the nature of the breach, published on the website of competent authorities;
- a temporary prohibition, of up to three years' duration, banning the statutory auditor, the audit firm or the key audit partner from carrying out statutory audits and/or signing audit reports;
- a temporary prohibition, of up to three years' duration, banning the statutory auditor, the audit firm or the key sustainability partner from carrying out the assurance of sustainability reporting and/or signing assurance reports on sustainability reporting;
- a declaration that the audit report does not meet the requirements of Article 28 of this Directive or, where applicable, Article 10 of Regulation (EU) No 537/2014;
- a declaration that the assurance report on sustainability reporting does not meet the requirements of Article 28a of this Directive;
- a temporary prohibition, of up to three years' duration, banning a member of an audit firm or a member of an administrative or management body of a public-interest entity from exercising functions in audit firms or public-interest entities;
- the imposition of administrative pecuniary sanctions on natural and legal persons.

○ Prefer not to answer

○ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded entities	☑	☐	☐
2. Private companies	☑	☐	☐
3. Financial institutions	☑	☐	☐
4. Small and medium-sized enterprises	☑	☐	☐
5. State-owned companies	☑	☐	☐
6. Not-for-profit organizations	☐	☐	☑
7. Government agencies and/or departments (supranational)	☐	☐	☑
8. Government agencies and/or departments (national)	☐	☐	☑
9. Government agencies and/or departments (regional - e.g., state, province, region, metropolitan region)	☐	☐	☑
10. Government agencies and/or departments (local - e.g., county, district, municipality, city)	☐	☐	☑
11. Government agencies and/or departments (unspecified)	☐	☐	☑
12. Sectoral actors (e.g., healthcare, defense, utilities, education)	☐	☐	☑
13. Other	☑	☐	☐

13. Other Text: Third country groups with an EU turnover exceeding €150 million and a large subsidiary or branch in the EU

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Private companies	Financial institutions	Small and medium-sized enterprises	State-owned companies	Other
Minimum number of employees (Enter min number of full-time employees - FTEs)		250	250		250	
Minimum revenue (Enter minimum revenue)		EUR 50,000,000	EUR 50,000,000		EUR 50,000,000	
Minimum assets (Enter minimum assets)						
Minimum contract value (Enter minimum contract value)						
Entity is headquartered in the jurisdiction	All	Yes	Yes	All	Yes	No
Entities are subjected to disclosure or reporting requirements	All listed companies, except micro-undertakings, i.e. do not exceed the limits of at least 2 of the 3 following criteria: (a) balance sheet total: EUR 350 000; (b) net turnover:	Balance sheet total: EUR 25,000,000 ; 2 of the 3 thresholds must be met on a standalone or consolidated basis	Balance sheet total: EUR 25,000,000 ; 2 of the 3 thresholds must be met on a standalone or consolidated basis	All listed SMEs, except micro-undertakings, i.e. do not exceed the limits of at least 2 of the 3 following criteria: (a) balance sheet total: EUR 350 000; (b) net turnover:	Balance sheet total: EUR 25,000,000 ; 2 of the 3 thresholds must be met on a standalone or consolidated basis	EU turnover exceeding €150 million and at least: - one EU subsidiary which (i)exceeds on its balance sheet dates at least 2 of the 3 following criteria: balance

	EUR 700 000; (c) average number of employees during the financial year: 10.			EUR 700 000; (c) average number of employees during the financial year: 10.		sheet total: EUR 25 000 000; net turnover: EUR 50 000 000; average number of employees during the financial year: 250; or (ii) is a small and medium-sized undertaking whose securities are admitted to trading on an EU regulated – except micro-undertakings; or - in the absence of an EU subsidiary, one EU branch that generated a net turnover of more than EUR 40 million in the preceding financial year

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

◉ No

○ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

○ Operations within jurisdiction only

◉ Operations beyond the jurisdiction

○ Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

'- The CSRD applies to non-EU companies with substantial activities in the EU. Specifically, if a non-EU company generates a net turnover of more than €150 million in the EU for two consecutive financial years and has at least one subsidiary or branch in the EU that exceeds certain thresholds, it must comply with the CSRD requirements.

- Reporting Requirements for Non-EU Companies:
o Non-EU companies meeting the above criteria are required to report on their sustainability impacts, risks, and opportunities in line with EU standards. These reports must include ESG factors and adhere to the standards developed under the European Sustainability Reporting Standards.
o Non-EU companies must publish their sustainability reports in the member state where their EU subsidiary or branch is located. If there are multiple subsidiaries or branches in different Member States, the report should be published in the Member State with the highest net turnover.
- Non-EU companies are also required to have their sustainability reports audited by an independent auditor. This is to ensure the reliability and accuracy of the reported information. The level of assurance required is initially limited assurance, but this may be increased to reasonable assurance in the future.

- The CSRD mandates that Member States ensure effective enforcement mechanisms. Non-compliance by non-EU companies could lead to sanctions or penalties, which would be enforced in the Member State where the report should be published.

Relevant sections of the CSRD:
- Article 1(14) : introduction of Article 40a of the Accounting Directive
- Recitals providing context
o Recital 27 provides context for the inclusion of non-EU companies, explaining the rationale for applying the CSRD to significant non-EU entities.
o Recital 44 discusses the conditions under which non-EU companies must prepare sustainability reports, focusing on the importance of consistency in reporting standards across borders.

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32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

☐ Monetary fine

☐ Restriction on business activities

☐ Voiding or setting aside of contract

☐ Exclusion from government contracts

☐ Award of damages or compensation

☐ Penalty for senior managers

☐ Criminal penalties

☐ Not specified

☐ Not applicable (e.g. in cases of voluntary tools)

☑ Other See Q2.15 above

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33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The CSRD and the ESRS require in scope companies to disclose hundreds of information and data points necessary to understand the entity's impacts on sustainability matters, and information and data points necessary to understand how sustainability matters affect the company's development, performance and position, as from 2025 (on FY 2024) for first in-scope entities. This is particular burdensome in groups, as this requires among other things to identify in-scope entities within the group and putting in place adequate procedures to have the required information available for reporting.

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35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

○ Below average

○ Average

◉ Above average

○ Not applicable

○ Unknown or prefer not to answer

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36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The CSRD is very complex to comply with as it requires disclosure of a large amount of information, which is not always easy to collect. In addition, breach of the CSRD is punishable under national law and ESG disclosures are an area of high scrutiny.

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37. Have the climate-specific provisions in this instrument ever been enforced?

◉ No (If relevant, explain) The CSRD came into force on January 1, 2024, with a phased-in approach. The first sustainability reports are expected to be published in 2025 (for the financial year 2024).

○ Yes

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39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

○ No

◉ Yes

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40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Designation of Competent Authorities (Article 32 of Directive 2006/43/EC)
- Article 1 of the CSRD
- Member States are required to designate one or more competent authorities to ensure compliance with the CSRD. These authorities are responsible for overseeing the application of the sustainability reporting requirements.
- The designated competent authorities must have the necessary powers and resources to carry out their duties, including the authority to request information, carry out inspections, and impose sanctions.

Use of Digital Reporting and Accessibility (§55 of the Preamble)
- Establishes that the sustainability reports must be prepared in a digital format and must be made publicly accessible. The reports will be available through the European Single Access Point (ESAP).

Assurance and Auditing (§61 of the Preamble ; Article 34 of Directive 2013/34/EU
- Companies are required to ensure that their sustainability reporting is subject to limited assurance by an independent auditor or assurance services provider. This requirement is part of the monitoring mechanism to ensure the reliability and accuracy of the reported information.
- Member States must ensure that the auditors or assurance services providers are themselves subject to oversight by competent authorities, ensuring that the assurance process is credible and effective.

The Commission shall submit a report to the European Parliament and the Council on the implementation of this amending Directive by 30 April 2029 and every three years thereafter. This report will include assessments of: (a) the achievement of the Directive's goals, including the convergence of reporting practices among Member States; (b) the number of small and medium-sized enterprises (SMEs) voluntarily using sustainability reporting standards; (c) whether and how the Directive's scope should be extended, particularly for SMEs and third-country companies operating in the Union without a subsidiary or branch; (d) the reporting requirements for subsidiaries and branches of third-country companies, including the enforcement mechanism and thresholds; and (e) how to ensure accessibility of sustainability reports for persons with disabilities. By 31 December 2028, the Commission will also review the sustainability assurance market, considering national frameworks for assurance providers and assessing legal measures for market diversification and reporting quality. The Commission will review the provisions of Article 34 of Directive 2013/34/EU and assess the need to extend them to other large companies. The report, due by 31 December 2028, may be accompanied by legislative proposals if appropriate.

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41. Does the policy tool recommend or require periodic impact assessments?

○ No

○ Recommended

◉ Required

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42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

◉ Other The Commission shall report to the European Parliament and the Council on the implementation of the CSRD by April 30, 2029, and every three years thereafter. The report shall include inter alia: o an assessment of the achievement of the goals of the CSRD, including the convergence of reporting practices between Member States; o an assessment of the number of small and medium-sized undertakings voluntarily using the sustainability reporting standards referred to in Article 29c of the Accounting Directive; o an assessment of whether and how the scope of the provisions amended by the CSRD should be further extended, in particular in relation to small and medium-sized undertakings and to third-country undertakings operating directly on the Union internal market without a subsidiary or a branch on the territory of the Union; o an assessment of the implementation of the reporting requirements on subsidiaries and branches of third-country undertakings introduced by the CSRD, including an assessment of the number of third-country undertakings which have a subsidiary undertaking or a branch reporting in accordance with Article 40a of the Accounting Directive; an assessment of the enforcement mechanism and of the thresholds set out in that Article; and o an assessment of whether and how to ensure the accessibility for persons with disabilities to the sustainability reports published by undertakings falling under the scope of the CSRD. In addition, by 31 December 2028, the Commission shall review and report on the level of concentration of the sustainability assurance market and assess possible legal measures to ensure sufficient diversification of the sustainability assurance market and appropriate sustainability reporting quality, as well as the need to extend the general requirements for the audit and assurance of sustainability reporting to other large undertakings.

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43. Does the policy tool recommend or require periodic reviews?

○ No

○ Recommended

◉ Required

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44. Select the option that best describes the frequency of the recommended or required periodic reviews.

○ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

◉ Other The above mentioned reports shall be accompanied, if appropriate, by legislative proposals.

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45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

◉ No

○ Yes

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47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

○ No

◉ Yes

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48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where

capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

At the EU level, EFRAG, a non-profit association established under Belgian law that serves the public interest, in particular by providing technical advice to the Commission in relation to the CSRD, has published three ESRS Implementation Guidance documents on materiality assessment, value chain and ESRS data points. EFRAG also publishes, from time to time, Compilations of Explanations related to the implementation of the ESRS. V
In addition, certain national authorities provide guidance.

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions	☐	☑	☐
2. GHG emissions offsets or removals	☐	☑	☐
3. GHG emissions reduction targets	☑	☐	☐
4. Other climate-related targets	☐	☑	☐
5. Physical climate risk	☐	☑	☐
6. Transition risk	☐	☑	☐
7. Transition plan	☐	☑	☐

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

☑ Carbon dioxide (CO_2)

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

55. Are entities recommended or required to disclose gross emissions?

○ No

○ Recommended

◉ Required

56. Are entities recommended or required to disclose net emissions?

◉ No

○ Recommended

○ Required

57. What Scope of emissions must be disclosed? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

58. Are entities recommended or required to disclose GHG emissions accounting methodologies or standards?

○ No

○ Recommended

◉ Required

59. Does the policy tool recommend or require the GHG inventory be third-party verified?

○ No

○ Recommended

◉ Required

60. If necessary, provide additional clarification to the above responses about greenhouse gas (GHG) emissions disclosure.

The disclosure of gross Scope 3 GHG emissions shall include GHG emissions in metric tonnes of CO2eq from each significant Scope 3 category (i.e. each Scope 3 category that is a priority for the undertaking).

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

○ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

◉ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) Pursuant to Disclosure Requirement E1-7 on GHG removals and GHG mitigation projects financed through carbon credits (§§56-61) of the ESRS, entities shall disclose:

- GHG removals and storage in metric tonnes of CO2eq resulting from projects it may have developed in its own operations, or contributed to in its upstream and downstream value chain, including:
  - o the total amount of GHG removals and storage in metric tonnes of CO2eq disaggregated and separately disclosed for the amount related to the undertaking's own operations and its upstream and downstream value chain, and broken down by removal activity; and
  - o the calculation assumptions, methodologies and frameworks applied by the undertaking.
- the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed or intends to finance through any purchase of carbon credits, including, if applicable:
  - o the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO2eq that are verified against recognised quality standards and cancelled in the reporting period; and
  - o the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO2eq planned to be cancelled in the future and whether they are based on existing contractual agreements or not.

Additional requirements apply if the entity discloses a net-zero target in addition to gross GHG emission reduction targets, or may have made public claims of GHG neutrality that involve the use of carbon credits.

Application Requirements 56 through 64 of ESRS E1-7 further specify the requirements applicable to GHG removals and GHG mitigation projects financed through carbon credits.

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63. Does the policy tool recommend or require entities disclose whether offsets are verified?

○ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

◉ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) See Q2.62 above.

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64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

○ No

○ Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

◉ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) See Q2.62 above.

Specifically, with respect to GHG removals and storage in own operations and the upstream and downstream value chain, Application Requirement 58 of ESRS E1-7 requires entities to (i) apply consensus methods on accounting for GHG removals when preparing information on GHG removals and storage from the entity's own operations and its upstream and downstream value chain as they become available, in particular the EU regulatory framework for the certification of CO2 removals, and (ii) use the most recent GWP values published by the IPCC based on a 100-year time horizon to calculate CO2eq emissions of non-CO2 gases and describe the assumptions made, methodologies and frameworks applied for calculation of the amount of GHG removals.

For GHG mitigation projects financed through carbon credits, Application Requirement 63 of ESRS E1-7 requires entities to consider recognized quality standards, i.e. quality standards for carbon credits that are verifiable by independent third parties, make requirements and project reports publicly available and at a minimum ensure additionality, permanence, avoidance of double counting and provide rules for calculation, monitoring, and verification of the project’s GHG emissions and removals.

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65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

○ No

○ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

◉ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>See Q2.62 above.</u>

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target	☐	☑	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☑	☐	☐
Targets covering non-carbon GHG emissions	☐	☑	☐
A Scope 3 emissions target	☐	☑	☐
A target derived using a sectoral decarbonization approach	☑	☐	☐
Interim targets	☐	☑	☐
A target timeframe (e.g. by 2040)	☐	☑	☐
A baseline year from which progress is measured	☐	☑	☐
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☑	☐

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

○ No

○ Recommended

◉ Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

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70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☐ Not specified

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71. Does the policy tool recommend or require a scope of emissions which should be covered by the intensity-based emissions reduction target? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions (relevant or material)

☐ Scope 3 emissions (a specified proportion of coverage)

☐ Scope 3 emissions (all)

☐ Not specified

---

72. Does the policy tool recommend or require a scope of emissions which should be covered by the net zero target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☑ Not specified

73. What is the recommended or required year for the net zero target (e.g. net zero by...)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

◉ Not specified

74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

75. For which of the following sectors are entities recommended or required to disclose targets derived using a sectoral decarbonization approach? Select all that apply.

☐ Power generation

☐ Industry

☐ Transport Services

☐ Services/Commercial buildings

☐ Other

☑ None specified

76. Are targets derived using a sectoral decarbonization approach recommended or required to be validated by a third-party?

◉ No

○ Recommended

○ Required

77. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 75%

○ Other

◉ None specified

78. What are the recommended or required years for interim targets?

◉ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

○ None specified

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79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

◉ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

○ None specified

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80. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Pursuant to AR 25 (b) and (c) of Disclosure Requirement E1-4 of the ESRS:

- when setting new targets, the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;

- the undertaking shall update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, the base years chosen by undertakings' may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements as set out in Article 5(2) of the CSRD (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc).

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81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Recommended

○ Required

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82. What is the recommended or required level of ambition for GHG emissions reductions targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction between 75-85%

○ Reduction between 85-100%

○ Reduction of more than 100%

◉ Other Annual % target / Base year to be defined by disclosing entities for Scope 1, Scope 2 and significant scope 3 GHG emissions (AR 48. E1-6).

Disclosure of other climate-related targets

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84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

☐ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

☐ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

☑ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation) Disclosure Requirement E1-4 (targets related to climate change mitigation and adaptation)

☑ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity) Disclosure Requirement E2-3 of ESRS E2 (targets related to pollution)
Disclosure Requirement E3-3 of ESRS E3 (targets related to water and marine resources)
Disclosure Requirement E4-4 of ESRS E4 (targets related to biodiversity and ecosystems)

☑ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition) Disclosure Requirement E5-3 of ESRS E5 (targets related to resource use and circular economy)

☑ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets) Minimum Disclosure Requirement – Targets MDR-T of ESRS 2 sets out requirements for the content of disclosures when it discloses information about the targets it has set with regard to each material sustainability matter (paragraphs 78 et seq. of ESRS 2).
Disclosure Requirement S1-5 of ESRS S1 on own workforce (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
Disclosure Requirement S2-5 of ESRS S2 on workers in the value chain (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
Disclosure Requirement S3-5 of ESRS S3 on affected communities (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
Disclosure Requirement S4-5 of ESRS S4 on consumers and end-users (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)

Disclosure of Physical Risk

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86. What types of physical risk must be disclosed?

☑ To company

☑ To society (double materiality)

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87. What is the materiality standard for the disclosure of physical risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

◉ No

○ Recommended

○ Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

○ No

○ Recommended

◉ Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

Disclosure of Transition Risk

92. What types of transition risk must be disclosed? Select all that apply

☐ Risks that societal transitions may pose to the disclosing entity

☑ Risks that the disclosing entity’s transition may pose to society (double materiality)

93. What is the materiality standard for the disclosure of transition risk?

◉ Self-assessed material risk

○ Externally-defined material risk

○ Other (Describe)

94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk?

◉ No

○ Recommended

○ Required

95. Are transition risk assessments recommended or required to be third-party verified?

◉ No

○ Recommended

○ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk?

○ No

○ Recommended

◉ Required

Disclosure of Transition Plans

98. What is the recommended or required frequency of transition plan disclosures?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ Not specified

99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan?

○ No

○ Recommended

◉ Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

○ No

○ Recommended

◉ Required

101. What is the recommended or required frequency of disclosures related to transition plan implementation progress?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

○ No

○ Recommended

◉ Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

◉ No

○ Recommended

○ Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities	☑	☐	☐
2. Remuneration based on achieving climate-related goals	☐	☐	☑
3. Taxonomies	☐	☐	☑
4. Capital allocation and/or expenditure plans (in the context of climate change)	☐	☐	☑
5. Due diligence	☑	☐	☐
6. Assumptions and Dependencies	☑	☐	☐
7. Data limitations of scenario analyses	☑	☐	☐
8. Financial implications of climate-related matters (e.g., integration of climate-related disclosures into financial accounting standards)	☑	☐	☐
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)	☐	☐	☑
10. ESG methodologies and criteria (in the case of service providers)	☑	☐	☐
11. Asset planning or ownership in the context of climate change	☐	☐	☑
12. Sectoral investment policies	☑	☐	☐
13. Climate-related lobbying and/or policy engagement	☑	☐	☐
14. Locked-in emissions or information on	☐	☑	☐

emissive assets with long lifespans			
15. Dirty asset divestiture	☐	☐	☑
16. Nature-related impacts	☑	☐	☐
17. Just transition indicators	☑	☐	☐

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106. Is third-party verification of climate-related opportunities recommended or required?

○ No

○ Recommended

◉ Required

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107. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding **remuneration based on achieving climate-related goals**.

- Article 19a and Article 29a of the Accounting Directive, as amended by CSRD introduce requirements for companies to disclose how their remuneration policies align with sustainability objectives, including climate-related goals. This includes information on how remuneration practices are linked to achieving climate-related targets, thus promoting alignment between executive compensation and long-term sustainability goals.
- The ESRS outline specific expectations for how remuneration policies should be reported in relation to achieving climate-related targets (Disclosure Requirement GOV-3).

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108. Describe and reference the section/subsection/paragraph of the policy tool relevant to **taxonomy disclosures**.

- Article 19b (for non-financial undertakings) and Article 29b (for financial undertakings) of the Accounting Directive, as amended by CSRD, introduce requirements for taxonomy-related disclosures.
    - Article 19b requires companies to disclose how and to what extent their activities align with the EU Taxonomy Regulation. This includes providing information on the proportion of turnover, capital expenditure, and operating expenditure associated with environmentally sustainable activities.
    - Article 29b requires financial institutions to disclose the extent to which their investments align with the EU Taxonomy.

- Although not part of the CSRD, Article 8 of the EU Taxonomy Regulation (Regulation (EU) 2020/852) establishes the requirements for companies to disclose information about the alignment of their economic activities with the taxonomy criteria. The CSRD builds on this regulation by integrating these disclosure requirements into the broader sustainability reporting framework.

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110. Describe and reference the section/subsection/paragraph of the policy tool relevant to due diligence disclosures.

Article 19a of the Accounting Directive requires non-financial undertakings to disclose comprehensive information regarding their due diligence processes related to sustainability matters. This includes detailing how they identify, assess, and manage risks associated with environmental and social issues. The text specifies that the non-financial statement must include information on "the due diligence processes implemented with respect to sustainability matters, including environmental and social aspects, and the main risks related to these matters."
Similarly, Article 29a(2) of the Accounting Directive extends these requirements to financial undertakings. It mandates that their management report includes details on their due diligence processes concerning sustainability risks, specifying "the due diligence processes implemented with respect to sustainability matters, including environmental and social aspects, and the main risks related to these matters."
These requirements are more detailed in the ESRS, specifically in Section 4 of the ESRS 1 and in Disclosure Requirement GOV-4 of ESRS 2.

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111. Describe and reference the section/subsection/paragraph of the policy tool relevant to assumptions and dependencies disclosures.

Article 19a of the Accounting Directive mandates that non-financial undertakings disclose the key assumptions and dependencies underpinning their sustainability-related reporting. This includes information on the significant assumptions used in evaluating and reporting on environmental and social impacts, as well as the dependencies their business model has on various sustainability factors.
Similarly, Article 29a of the Accounting Directive requires financial undertakings to disclose their key assumptions and dependencies in relation to sustainability matters. This article mandates that the management report should detail the significant assumptions made in assessing sustainability risks and opportunities, as well as how these assumptions influence the entity's financial and sustainability reporting.

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112. Describe and reference the section/subsection/paragraph of the policy tool relevant to data limitation disclosures.

Article 19a of the Accounting Directive requires non-financial undertakings to disclose the limitations of the data presented in their sustainability reports. This includes information on the extent to which the data may be incomplete or uncertain and the reasons for such limitations.
Similarly, Article 29a of the Accounting Directive requires financial undertakings to provide disclosures about data limitations in their sustainability reporting. This provision mandates that the management report should address any limitations in the data provided, including the reasons for these limitations and their potential impact on the accuracy and reliability of the sustainability information reported.

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113. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosures regarding the financial implications of climate-related matters.

Article 19a(2)(f) of the Accounting Directive mandates non-financial undertakings to disclose the financial implications of climate-related matters on their business. This includes providing detailed information on how climate-related risks and opportunities impact their financial performance and financial position.
Article 29a(2)(f) of the Accounting Directive requires financial undertakings to disclose the financial implications of climate-related matters within their management reports. This provision necessitates that financial institutions detail how climate-related risks and opportunities affect their financial performance and financial position, ensuring transparency regarding the integration of climate considerations into their financial strategies and reporting.
Pursuant to the ESRS, companies are required to disclose anticipated financial effects from material physical and transition risks and potential climate-related opportunities (ESRS E1-9 – see §§64-70). They shall also disclose anticipated financial effects from : pollution-related risks and opportunities (ESRS E2-6), water and marine resources-related risks and opportunities (ESRS E3-5), biodiversity and ecosystem-related risks and opportunities (E4-6), and resource use and circular economy-related risks and opportunities (E5-6).
In the ESRS, Annex I, ESRS E1 (Climate Change), Section 3.5 explicitly requires entities to disclose the financial effects of climate-related risks and opportunities on their financial position, performance, and cash flows.

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115. Describe and reference the section/subsection/paragraph of the policy tool relevant to ESG-related disclosures.

Article 19a of the Accounting Directive mandates non-financial undertakings to provide detailed disclosures on ESG matters. This includes reporting on their business model, policies, and outcomes related to ESG factors, as well as how these factors impact their performance, position, and development.

Article 29a of the Accounting Directive extends these requirements to financial undertakings, requiring them to disclose comprehensive ESG-related information in their management reports. This provision covers the financial institution's approach to managing and integrating ESG risks and opportunities into their operations and investment decisions.
The ESRS require companies to disclose information on methodologies and metrics used for the purposes of the sustainability report (for e.g. in ESRS 2, Disclosure Requirement IRO-1, § 53; Minimum disclosure requirement – Metrics MDR-M, §77; Minimum Disclosure Requirement – Targets MDR-T, §80; or in ESRS E1, Disclosure Requirement E1-7, §§ 58 and 60).

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117. In which of the following sectors are entities recommended or required to disclose information regarding sectoral investment policies? Select all that apply.

☑ Coal

☑ Oil and gas

☑ Renewable energy

☐ Land-use and deforestation

☐ Other

☐ None specified

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118. Describe and reference the section/subsection/paragraph of the policy tool relevant to climate-related lobbying and/or policy engagement disclosures.

Under ESRS G1 - Disclosure Requirement G1-5 (Political influence and lobbying activities), companies are required to provide information on the activities and commitments related to exerting its political influence, including its lobbying activities related to its material impacts, risks and opportunities. Such disclosure must include: (a) if applicable, the representative(s) responsible in the administrative, management and supervisory bodies for the oversight of these activities; (b) for financial or in-kind political contributions: i. the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking aggregated by country or geographical area where relevant, as well as type of recipient/beneficiary; and ii. where appropriate, how the monetary value of in-kind contributions is estimated. (c) the main topics covered by its lobbying activities and the undertaking's main positions on these in brief. This shall include explanations on how this interacts with its material impacts, risks and opportunities identified in its materiality assessment per ESRS 2; and (d) if the undertaking is registered in the EU Transparency Register or in an equivalent transparency register in a Member State, the name of any such register and its identification number in the register. The disclosure shall also include information about the appointment of any members of the administrative, management and supervisory bodies who held a comparable position in public administration (including regulators) in the 2 years preceding such appointment in the current reporting period.

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119. Which of the following information regarding their climate-related lobbying and/or policy engagement are targeted entities recommended or required to disclose? Select all that apply.

☑ Trade association affiliations

☑ Lobbying and policy engagement policies and activities

☐ Other

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120. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of locked-in emissions or emissive assets with long lifespans.

Pursuant to Disclosure Requirement E1-1 – Transition plan for climate change mitigation, companies must disclose a qualitative assessment of the potential locked-in GHG emissions from the undertaking's key assets and products. This shall include an explanation of if and how these emissions may jeopardise the achievement of the undertaking's GHG emission reduction targets and drive transition risk, and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy- intensive assets and products.

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121 Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of **dirty asset divestiture**.

The regulation specifies the importance of detailing the financial implications of these divestitures and how they are integrated into the entity's broader sustainability strategy. The disclosures must include specific metrics and targets that are linked to the planned or executed divestitures, ensuring that stakeholders are fully informed of the entity's progress and commitment to reducing its carbon footprint through the removal of high-emission assets from its portfolio.

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122. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of nature-related impacts.

ESRS E4 (Biodiversity and Ecosystems) outlines the reporting requirements related to the impacts, dependencies, and risks that the undertaking has on biodiversity and ecosystems.

In particular, it details the necessity for undertakings to disclose information regarding the negative impacts of their activities on biodiversity, including the degradation of ecosystems and the loss of biodiversity. This includes the identification of significant impacts, the location of affected areas, and the specific actions taken to mitigate these impacts. This section also requires the disclosure of key performance indicators (KPIs) related to biodiversity, as well as the policies and targets that the undertaking has in place to manage and reduce nature-related impacts.

123. Describe and reference the section/subsection/paragraph of the policy tool relevant to disclosure of just transition indicators.

The ESRS outline the requirements for companies to report on the social and economic impacts of their transition to a sustainable economy. Specifically, it emphasizes the importance of disclosing how the company's transition plans contribute to a "just transition," meaning that they account for social consequences such as employment, skills development, and stakeholder engagement, particularly with workers and communities affected by the transition. Data points are required to be disclosed with respect to transition to a sustainable economy.

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1	☐	☐	☑
2. IFRS S2	☐	☐	☑
3. Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐
4. GHG Protocol Corporate Accounting and Reporting Standard	☐	☑	☐
5. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	☐	☑	☐
6. CDP (formerly known as Climate Disclosure Project) reporting framework	☐	☐	☑
7. International Integrated Reporting Framework	☐	☐	☑
8. Global Reporting Initiative (GRI)	☐	☐	☑
9. Sustainability Accounting Standards Board (SASB)	☐	☐	☑
10. European Sustainability Reporting Standards (ESRS)	☑	☐	☐
11. Taskforce on Nature-related Financial Disclosures (TNFD)	☐	☑	☐
12. Partnership for Carbon Accounting Financials (PCAF)	☐	☑	☐
13. Glasgow Financial Alliance for Net Zero (GFANZ)	☐	☐	☑
14. Other	☐	☐	☑

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

○ No

○ Recommended

◉ Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

○ No

○ Recommended

◉ Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

○ No

○ Recommended

◉ Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

Pursuant to the ESRS:

- Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets of the ESRS:

79. The objective of this Minimum Disclosure Requirement is to provide for each material sustainability matter an understanding of: [...] (c) the overall progress towards the adopted targets over time; [...].

80. The undertaking shall disclose the measurable, outcome-oriented and time-bound targets on material sustainability matters it has set to assess progress. For each target, the disclosure shall include the following information:

[...] (d) the baseline value and base year from which progress is measured;

[...] (j) the performance against its disclosed targets, including information on how the target is monitored and reviewed and the metrics used, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the undertaking towards achieving the target.

- In relation to climate change mitigation and adaptation in particular, AR 25. of the ESRS requires that when disclosing the information in relation the GHG emission reduction targets on base year and baseline value:

(a) the undertaking shall briefly explain how it has ensured that the baseline value against which the progress towards the target is measured is representative in terms of the activities covered and the influences from external factors (e.g., temperature anomalies in a certain year influencing the amount of energy consumption and related GHG emissions). This can be done by the normalisation of the baseline value, or, by using a baseline value that is derived from a 3-year average if this increases the representativeness and allows a more faithful representation;

(b) the baseline value and base year shall not be changed unless significant changes in either the target or reporting boundary occur. In such a case, the undertaking shall explain how the new baseline value affects the new target, its achievement and presentation of progress over time. To foster comparability, when setting new targets , the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;

(c) the undertaking shall update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, the base years chosen by undertakings' may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements as set out in Article 5(2) of Directive (EU) 2022/2464 (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc); and

(d) when presenting climate-related targets, the undertaking may disclose the progress in meeting these targets made before its current base year. In doing so, the undertaking shall, to the greatest extent possible, ensure that the information on past progress is consistent with the requirements of this Standard. In the case of methodological differences, for example, regarding target boundaries, the undertaking shall provide a brief explanation for these differences.

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

○ No

○ Recommended

◉ Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

◉ Yearly

○ Every two years

○ Every three years

○ Every four years

○ Every five years

○ Every ten years or more

○ Other

○ No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions reduction target	☐	☑	☐
An intensity-based emissions reduction target	☑	☐	☐
A net zero target	☑	☐	☐
Interim targets (e.g. 2030, 2050)	☐	☑	☐
Targets covering non-carbon GHG emissions	☐	☑	☐
A Scope 3 emissions target	☐	☑	☐
A target derived using a sectoral decarbonization approach	☑	☐	☐
A level of ambition for emissions reductions (e.g. 80% reduction)	☐	☑	☐
A baseline year from which progress is measured	☐	☑	☐
A target timeframe (e.g. by 2040)	☐	☑	☐
Targets for renewable energy procurement	☐	☐	☑
Targets for fossil fuel phase down/phase up	☐	☐	☑
Separate targets for GHG offsets and/or removals	☐	☑	☐
Targets or goals related to climate adaptation	☑	☐	☐
Targets or goals related to nature and biodiversity	☐	☑	☐
Other targets related to sustainability	☐	☑	☐

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

142. What is the recommended or required scope of emissions for intensity-based reduction targets? Select all that apply.

☑ Scope 1 emissions

☑ Scope 2 emissions

☑ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☐ Not specified

143. Does the policy tool recommend or require a scope of emissions which should be covered by the net zero target? Select all that apply.

☐ Scope 1 emissions

☐ Scope 2 emissions

☐ Scope 3 emissions, relevant or material

☐ Scope 3 emissions, a specified proportion of coverage (Please describe)

☐ Scope 3 emissions, all

☑ Not specified

144. What is the recommended or required year for the net zero target (e.g. net zero by...)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

○ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

◉ Not specified

145. What is the recommended or required year for interim targets?

◉ 2025-2030

○ 2031-2040

○ 2041-2050

○ Other

○ Not specified

146. What is the recommended or required level of ambition for interim targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction of over 76%

○ Other

◉ Not specified

147. For which of the following non-carbon GHGs are entities recommended or required to develop emissions reduction targets? Select all that apply.

☑ Methane (CH_4)

☑ Nitrous oxide (N_2O)

☑ Hydrofluorocarbons (HFCs)

☑ Perfluorocarbons (PFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Carbon dioxide equivalent (CO_2e)

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148. For which of the following sectors are entities recommended or required to develop targets derived using a sectoral decarbonization approach? Select all that apply.

☐ Power generation

☐ Industry

☐ Transport Services

☐ Services/Commercial buildings

☐ Other

☑ None specified

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149. Does the policy tool recommend or require targets derived using a sectoral decarbonization approach be validated by a third-party?

◉ No

○ Recommended

○ Required

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150. What is the recommended or required level of ambition for GHG emissions reductions targets?

○ Reduction between 1-25%

○ Reduction between 26-50%

○ Reduction between 51-75%

○ Reduction between 75-85%

○ Reduction between 85-100%

○ Reduction of more than 100%

◉ Other Annual % target / Base year to be defined by disclosing entities for Scope 1, Scope 2 and significant scope 3 GHG emissions (AR 48. E1-6).

151. What is the recommended or required baseline year from which progress is to be measured?

○ 1990-2000

○ 2001-2005

○ 2006-2010

○ 2011-2015

○ 2016-2020

◉ Other Pursuant to AR 25 (b) and (c) of Disclosure Requirement E1-4 of the ESRS:

- when setting new targets, the undertaking shall select a recent base year that does not precede the first reporting year of the new target period by longer than 3 years. For example, for 2030 as the target year and a target period between 2025 and 2030, the base year shall be selected from the period between 2022 and 2025;

- the undertaking shall update its base year from 2030 and after every 5-year period thereafter. This means that before 2030, the base years chosen by undertakings' may be either the currently applied base year for existing targets or the first year of application of the sustainability reporting requirements as set out in Article 5(2) of the CSRD (2024, 2025 or 2026) and, after 2030, every 5 years (2030, 2035, etc).

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

◉ No

○ Yes

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

○ Between 2030 and 2035

○ Between 2036 and 2040

○ Between 2041 and 2045

◉ Between 2046 and 2050

○ Between 2051 and 2060

○ Between 2061 and 2070

○ Other

○ Not specified

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156. Describe and reference the section/subsection/paragraph of the policy tool relevant to setting separate targets for GHG offsets and/or removals.

AR.58 of Disclosure Requirement E1-7 specifies the requirements for companies to disclose separate targets related to GHG offsets and removals, distinct from their overall GHG reduction targets. It emphasizes the need for clear and transparent reporting on how these targets are set, monitored, and achieved, and requires companies to provide detailed information on the methodologies used for calculating and verifying GHG offsets and removals, ensuring that these targets are aligned with broader sustainability goals and regulatory requirements.

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157. Does the policy tool recommend or require any certification standards for the use of offsetting or removals?

○ No

○ Recommended (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

◉ Required (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals) See Q2.64.

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158. Does the policy target make any other recommendations or requirements regarding the appropriate **use of offsets**?

◉ No

○ Yes (Please reference the relevant section/subsection/paragraph of the policy tool related to certification standards for the use of offsets and/or removals)

-----------159. Describe and reference the section/subsection/paragraph of the policy tool related to climate adaptation targets.

Pursuant to Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation, a company shall disclose the climate-related targets it has set. It shall contain the information required in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets, and whether and how it has set GHG emissions reduction targets and/or any other targets to manage material climate-related impacts, risks and opportunities, for example, renewable energy deployment, energy efficiency, climate change adaptation, and physical or transition risk mitigation. If it has set GHG emission reduction targets, ESRS 2 MDR-T and the following requirements shall apply: (a) GHG emission reduction targets shall be disclosed in absolute value (either in tonnes of CO2eq or as a percentage of the emissions of a base year) and, where relevant, in intensity value; (b) GHG emission reduction targets shall be disclosed for Scope 1, 2, and 3 GHG emissions, either separately or combined. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered by the target, the share related to each respective GHG emission Scope and which GHGs are covered. The undertaking shall explain how is ensured (as required by Disclosure Requirement E1-6). The GHG emission reduction targets shall be gross targets, meaning that the undertaking shall not include GHG removals, carbon credits or avoided emissions as a means of achieving the GHG emission reduction targets; (c) the undertaking shall disclose its current base year and baseline value, and from 2030 onwards, update the base year for its GHG emission reduction targets after every five-year period thereafter. The undertaking may disclose the past progress made in meeting its targets before its current base year provided that this information is consistent with the requirements of this Standard; (d) GHG emission reduction targets shall at least include target values for the year 2030 and, if available, for the year 2050. From 2030, target values shall be set after every 5-year period thereafter; (e) the undertaking shall state whether the GHG emission reduction targets are science- based and compatible with limiting global warming to 1.5°C. The undertaking shall state which framework and methodology has been used to determine these targets including whether they are derived using a sectoral decarbonisation pathway and what the underlying climate and policy scenarios are and whether the targets have been externally assured. As part of the critical assumptions for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g., changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its GHG emissions and emissions reductions; and (f) the undertaking shall describe the expected decarbonisation levers and their overall quantitative contributions to achieve the GHG emission reduction targets (e.g., energy or material efficiency and consumption reduction, fuel switching, use of renewable energy, phase out or substitution of product and process).

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160. Describe and reference the section/subsection/paragraph of the policy tool related to nature and biodiversity targets or goals.

Targets or goals related to nature and/or biodiversity are described in Disclosure Requirement E2-3 of ESRS E2 (targets related to pollution), Disclosure Requirement E3-3 of ESRS E3 (targets related to water and marine resources), and Disclosure Requirement E4-4 of ESRS E4 (targets related to biodiversity and ecosystems).

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161. Describe and reference the section/subsection/paragraph of the policy tool related to just transition targets or goals.

Disclosure Requirement E5-3 of ESRS E5 (targets related to resource use and circular economy) requires an undertaking shall disclose the resource use and circular economy- related targets it has set. The description of the targets shall contain the information requirements defined in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets and indicate whether and how the undertaking's targets relate to resource inflows and resource outflows, including waste and products and materials, and, more specifically to: (a) the increase of circular product design (including for instance design for durability, dismantling, reparability, recyclability etc); (b) the increase of circular material use rate; (c) the minimisation of primary raw material; (d) sustainable sourcing and use (in line with the cascading principle) of renewable resources; (e) the waste management, including preparation for proper treatment; and (f) other matters related to resource use or circular economy. The undertaking shall also specify to which layer of the waste hierarchy the target relates. In addition to ESRS 2 MDR-T, the undertaking may specify whether ecological thresholds and entity-specific allocations were taken into consideration when setting targets. If so, the undertaking may specify: (a) the ecological thresholds identified, and the methodology used to identify such thresholds; (b) whether or not the thresholds are entity-specific and if so, how they were determined; and (c) how responsibility for respecting identified ecological thresholds is allocated in the undertaking. Finally, the undertaking shall specify as part of the contextual information, whether the targets it has set and presented are mandatory (required by legislation) or voluntary.

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162. Describe and reference the section/subsection/paragraph of the policy tool related to setting other targets.

Minimum Disclosure Requirement – Targets MDR-T of ESRS 2 sets out requirements for the content of disclosures when it discloses information about the targets it has set with regard to each material sustainability matter (paragraphs 78 et seq. of ESRS 2).
Disclosure Requirement S1-5 of ESRS S1 on own workforce (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
Disclosure Requirement S2-5 of ESRS S2 on workers in the value chain (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)

Disclosure Requirement S3-5 of ESRS S3 on affected communities (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)
Disclosure Requirement S4-5 of ESRS S4 on consumers and end-users (targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

○ No

○ Recommended

◉ Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)	☐	☐	☑
Key Performance Indicators (KPIs) for monitoring transition plan implementation	☐	☑	☐
Updates to the transition plan	☐	☐	☑
Third-party verification and/or audited accuracy of the transition plan	☐	☐	☑
Identified methodology for scenario analysis	☐	☐	☑

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

Disclosure requirement E1-1 specifies that KPIs must be relevant to the transition objectives and aligned with the overall strategy of the transition plan. They should effectively measure progress towards the identified sustainability goals. The regulation encourages the use of both quantitative and qualitative metrics, where quantitative KPIs could include measures such as greenhouse gas emission reductions or energy efficiency improvements, and qualitative KPIs might involve assessments of stakeholder engagement or social impact. Additionally, KPIs must be consistent over time to allow for comparability and should be reported in a way that enables stakeholders to understand how progress is being measured. The text emphasizes that KPIs should provide meaningful insight into the performance of the transition plan and be reported in a manner that reflects their impact and relevance to the sustainability objectives.

168. Select the option that best describes the recommended or required **frequency of updates** to transition plans.

◉ 0-2 years

○ 2-5 years

○ 5-10 years

○ 10 or more years

○ Not specified

○ Other

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170. Describe the recommendation or requirement to undertake **third-party verification and/or audited accuracy of the transition plan** and reference the relevant section/subsection/paragraph of the policy tool.

Disclosures in relation to the transition plan will be audited as part of the audit of the sustainability report.

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171. Regarding the **methodology for scenario analysis**, does the policy tool recommend or require targeted entities identify and/or take actions to address data limitations?

○ No

○ Recommended

◉ Required

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172. Describe and reference the relevant section/subsection/paragraph of the policy tool where it recommends or requires targeted entities identify and/or take actions to address data limitations.

Pursuant to §77 of ESRS 2, for each metric an undertaking discloses, it shall disclose among other things the methodologies and significant assumptions behind the metric, including the limitations of the methodologies used.

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173. Regarding the **methodology for scenario analysis**, does the policy tool recommend or require targeted entities disclose data limitations?

○ No

○ Recommended

◉ Required

---174. Describe and reference the section/subsection/paragraph of the policy tool relevant to the disclosure of data limitations related to scenario analysis methodologies

Pursuant to §77 of ESRS 2, for each metric an undertaking discloses, it shall disclose among other things the methodologies and significant assumptions behind the metric, including the limitations of the methodologies used.

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan	☐	☑	☐
Develop financial plans for the implementation of their transition plan	☐	☑	☐
Integrate climate-related matters into their financial accounting	☐	☐	☑
Incorporate climate change considerations into their investment decision making and/or asset planning	☐	☐	☑
Incorporate climate change considerations into their capital allocation and/or expenditure plans	☐	☐	☑
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans	☐	☐	☑

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Pursuant to Disclosure Requirement E1-1 – Transition plan for climate change mitigation, §16(j),of the ESRS, entities shall include in their transition plan for climate change mitigation an explanation of the its progress in implementing the transition plan.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

Pursuant to Disclosure Requirement E1-1 – Transition plan for climate change mitigation, §16(c) and (h), of the ESRS, entities shall include in their transition plan (i) by reference to the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation and quantification of the entity's investments and funding supporting the implementation of its transition plan, with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178, and (ii) an explanation of how the transition plan is embedded in and aligned with the entity's overall business strategy and financial planning.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain engagement	☐	☐	☑
Investor engagement	☐	☐	☑
Consumer engagement	☐	☐	☑
Policy engagement and lobbying practices	☐	☐	☑
Corporate governance structure for transition and verification	☐	☐	☑
Climate-related financial incentives for employees and board members	☐	☐	☑

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

◉ No

○ Recommended

○ Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1	☐	☐	☑
IFRS S2	☐	☐	☑
Task Force on Climate-related Financial Disclosures (TCFD)	☐	☑	☐
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans	☐	☐	☑
International Integrated Reporting Framework	☐	☐	☑
Global Reporting Initiative (GRI)	☐	☑	☐
Sustainability Accounting Standards Board (SASB)	☐	☐	☑
Science Based Targets initiative (SBTi)	☐	☑	☐
Science Based Targets initiative (SBTi) Net Zero Standard	☐	☐	☑
European Sustainability Reporting Standards (ESRS)	☑	☐	☐
Other	☐	☑	☐

195. List any other standards, frameworks or guidelines required by or referred to within the policy tool. Please provide a web-archived link to each standard/framework/guideline listed.

EU Biodiversity Strategy for 2030 : https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52020DC0380
IFRS 8 : https://www.ifrs.org/issued-standards/list-of-standards/ifrs-8-operating-segments/
IFRS 15: https://www.ifrs.org/issued-standards/list-of-standards/ifrs-15-revenue-from-contracts-with-customers/

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.