



**TPT** Transition Plan  
Taskforce

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# TPT Disclosure Framework – European Sustainability Reporting Standards

COMPARISON

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OCTOBER 2023

# Introduction

## TPT Disclosure Framework – European Sustainability Reporting Standards

In July 2023, the European Commission adopted twelve European Sustainability Reporting Standards (ESRS) to be used by all entities subject to the Corporate Sustainability Reporting Directive (CSRD).<sup>1</sup> These include two cross-cutting Standards which provide general reporting norms and requirements, complemented by 10 Standards on specific sustainability topics, including climate change, biodiversity and human rights.

To support entities in integrating information from their transition plan when disclosing in line with the ESRS, the TPT has made a comparison of the TPT Disclosure Framework with relevant provisions of ESRS 2 General Disclosures and ESRS E1 Climate.<sup>2</sup> For each TPT Recommendation, this document identifies relevant provisions of ESRS 2 General Disclosures and ESRS E1 Climate Change that require disclosure of related information.

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### Please note:

- This document was prepared as a high-level illustration of the relationship between the TPT Disclosure Framework and ESRS and does not provide a comprehensive comparison. This document does not constitute advice and users seeking a detailed comparison should undertake further analysis.
- Readers should be mindful that the ESRS Standards include disclosure requirements that are not relevant to Disclosure Recommendations in the TPT Disclosure Framework. These are not reflected in the below comparison.
- There are instances where a particular ESRS requirement is relevant to more than one TPT provision.



## TPT Disclosure Framework

European Sustainability Reporting Standards<sup>3</sup>

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## 1.1 Strategic Ambition

An entity shall disclose the **Strategic Ambition** of its transition plan. This shall comprise the entity's objectives and priorities for responding and contributing to the transition towards a low-GHG emissions, climate-resilient economy, and set out whether and how the entity is pursuing these objectives and in a manner that captures opportunities, avoids adverse impacts for stakeholders and society, and safeguards the natural environment.

**Disclosure Recommendations**

As part of this, an entity shall disclose:

- a. its objectives and priorities:
  - i. for reducing its Scope 1, 2 and 3 GHG emissions in either its operations or value chain
  - ii. for enhancing its resilience to the changing climate and responding to the risks and opportunities that arise from the transition to a low-GHG emissions, climate-resilient economy
  - iii. for using the levers and capabilities it has available to embed and accelerate a transition to a low-GHG emissions climate-resilient economy
- b. whether and how it has identified, assessed and taken into account the impacts and dependencies of the transition plan on its stakeholders (e.g. its workforce, value chain counterparts, customers), society (e.g. local communities), the economy, and the natural environment, throughout its value chain, that may give rise to sustainability-related risks and opportunities
- c. the extent to which it has taken into account and aligned with any external requirements, commitments, science-based targets, transition pathways, roadmaps, or scenarios, which may include:

**Disclosure Requirement SBM-1 – Strategy, business model and value chain**

38. The undertaking shall disclose the elements of its strategy that relate to or impact sustainability matters, its business model and its value chain.
39. The objective of this Disclosure Requirement is to describe the key elements of the undertaking's general strategy that relate to or affect sustainability matters, and the key elements of the undertaking's business model and value chain, in order to provide an understanding of its exposure to impacts, risks and opportunities and where they originate.

**Disclosure Requirement SBM-2 – Interests and views of stakeholders**

43. The undertaking shall disclose how the interests and views of its stakeholders are taken into account by the undertaking's strategy and business model.

**Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business mode**

46. The undertaking shall disclose its material impacts, risks and opportunities and how they interact with its strategy and business model.
47. The objective of this Disclosure Requirement is to provide an understanding of the material impacts, risks and opportunities as they result from the undertaking's materiality assessment and how they originate from and trigger adaptation of the undertaking's strategy and business model including its resources allocation.

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- i. national or international commitments made by governments
- ii. any targets it is required to meet by law or regulation
- iii. sectoral pathways, roadmaps, or other climate scenarios
- iv. voluntary commitments (e.g. existing public commitments, organisational and industry standards, contractual relationships, codes of practices etc.)
- d. any potential trade-offs, synergies or co-benefits identified between the objectives and priorities in 1.1a
- e. any short-, medium- and long-term targets and milestones it has set to measure progress, including how short-, medium-, and long-term are defined in the context of transition planning.<sup>4</sup>

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The information to be disclosed about the management of the undertaking's material impacts, risks and opportunities is prescribed in topical ESRS and in sector-specific standards, which shall be applied in conjunction with the Minimum Disclosure Requirements on policies, actions and targets established in this Standard.

48. The undertaking shall disclose:

- (a) a brief description of its material impacts, risks and opportunities resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this Standard), including a description of where in its business model, its own operations and its upstream and downstream value chain these material impacts, risks and opportunities are concentrated;
- (b) the current and anticipated effects of its material impacts, risks and opportunities on its business model, value chain, strategy and decision-making, and how it has responded or plans to respond to these effects, including any changes it has made or plans to make to its strategy or business model as part of its actions to address particular material impacts or risks, or to pursue particular material opportunities;
- (c) with reference to the undertaking's material impacts:
  - (iii) the reasonably expected time horizons for the effects;

**Disclosure Requirement IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities**

53. The undertaking shall disclose the following information:

- (c) an overview of the process used to identify, assess, prioritise and monitor risks and opportunities that have or may have financial effects. The disclosure shall include:
  - i. how the undertaking has considered the connections of its impacts and dependencies with the risks and opportunities that may arise from those impacts and dependencies

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European Sustainability Reporting Standards<sup>3</sup>**Minimum Disclosure Requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets**

79. 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:

(e) the period to which the target applies and if applicable, any milestones or interim targets

(f) the methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;

**ESRS E1 Climate Change****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

14. The undertaking shall disclose its transition plan for climate change mitigation.

16. The information required by paragraph 14 shall include:

- (a) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;
- (b) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation of the decarbonisation levers identified, and key actions planned, including changes in the undertaking's product and service portfolio and its adoption of new technologies in its own operations, or the upstream and/or downstream value chain;

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

30. The undertaking shall disclose the climate-related targets it has set.

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31. The objective of this Disclosure Requirement is to enable an understanding of the targets the undertaking has set to support its climate change mitigation and adaptation policies and address its material climate-related impacts, risks and opportunities.
33. For the disclosure required by paragraph 31, the undertaking shall disclose whether and how it has set GHG emissions reduction targets and/or any other targets to manage material climate-related impacts, risks and opportunities, for example, renewable energy deployment, energy efficiency, climate change adaptation, and physical or transition risk mitigation.
34. If the undertaking has set GHG emission reduction targets, ESRS 2 MDR-T and the following requirements shall apply:
- (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 the consistency of these targets with its GHG inventory boundaries is ensured (as required by Disclosure Requirement EI-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;
  - (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 they 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;

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
<p><b>1.2 Business model and value chain</b></p> <p>An entity shall disclose a description of the current and anticipated implications of the entity's <b>Strategic Ambition</b> on its business model and value chain.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. at a high level the current and anticipated strategic changes to its business model and value chain, as elaborated in <b>2. Implementation Strategy</b> and <b>3. Engagement Strategy</b></li> <li>b. the timeframe over which changes are expected to occur.</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model</b></p> <p>19. The undertaking shall describe the resilience of its strategy and business model in relation to climate change.</p> <p>48. The undertaking shall disclose:</p> <ul style="list-style-type: none"> <li>(a) a brief description of its material impacts, risks and opportunities resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this Standard), including a description of where in its business model, its own operations and its upstream and downstream value chain these material impacts, risks and opportunities are concentrated;</li> <li>(b) the current and anticipated effects of its material impacts, risks and opportunities on its business model, value chain, strategy and decision-making, and how it has responded or plans to respond to these effects, including any changes it has made or plans to make to its strategy or business model as part of its actions to address particular material impacts or risks, or to pursue particular material opportunities;</li> <li>(c) with reference to the undertaking's material impacts: <ul style="list-style-type: none"> <li>(iii) the reasonably expected time horizons for the effects</li> </ul> </li> </ul> <p><b>ESRS E1 – Climate change</b></p> <p><b>Disclosure Requirement E1-1 – Transition plan for climate change mitigation</b></p> <p>16. (h) an explanation of how the transition plan is embedded in and aligned with the undertaking's overall business strategy and financial planning;</p>

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
	<p><b>ESRS E1 Climate Change Appendix A</b></p> <p>AR 1. A transition plan relates to the undertaking's efforts in climate change mitigation. When disclosing its transition plan, the undertaking is expected to provide a high-level explanation of how it will adjust its strategy and business model to ensure compatibility with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement (or an updated international agreement on climate change) and the objective of achieving climate neutrality by 2050 with no or limited overshoot as established in Regulation (EU) 2021/1119 (European Climate Law), and where applicable, how it will adjust its exposure to coal and oil and gas-related activities.</p>
<p><b>1.3 Key assumptions and external factors</b></p> <p>An entity shall disclose key assumptions that it has made and external factors on which it depends in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. the nature of the key assumptions that it uses and external factors on which it depends, and their implications for the achievement of the <b>Strategic Ambition</b> of its transition plan; these may relate to matters such as <ul style="list-style-type: none"> <li>i. policy and regulatory change</li> <li>ii. the decarbonisation trajectory of the global economy, relevant geographies, and/or sectors</li> <li>iii. macroeconomic trends (e.g. labour availability, cost of borrowing etc.)</li> </ul> </li> </ul>	<p><b>ESRS E1 Climate Change</b></p> <p><b>Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation</b></p> <p>34. If the undertaking has set GHG emission reduction targets, ESRS 2 MDR-T and the following requirements shall apply:</p> <p>(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 they 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</p>



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- iv. microeconomic and financial factors (e.g. availability of finance, relative prices)
  - v. technological developments
  - vi. access to counterparty data and reliability of data
  - vii. shifts in client and consumer demand
  - viii. the levels of warming over the short-, medium-, and long-term
  - ix. the physical impacts of the changing climate, and the regional and spatial implications of these
  - x. the effectiveness of adaptation efforts and possible limits to adaptation, and the regional and spatial implications of these
- b. the timeframes over which any assumptions and external factors under 1.3.a.i are expected to occur
- c. whether and how the assumptions under 1.3.a.i are reflected in the entity's financial statements.

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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;

**ESRS E1 Climate Change Appendix A****Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model**

AR 7. When disclosing the information on how the resilience analysis has been conducted as required under paragraph 19 (b), the undertaking shall explain:

- (a) the critical assumptions about how the transition to a lower-carbon and resilient economy will affect its surrounding macroeconomic trends, energy consumption and mix, and technology deployment assumptions;

**Disclosure Requirement related to ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities**

AR 13. (c) the key forces and drivers taken into consideration in each scenario and why these are relevant to the undertaking, for example, policy assumptions, macroeconomic trends, energy usage and mix, and technology assumptions

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<p><b>2</b></p> <p><b>2.1 Business operations</b> An entity shall disclose information about the short-, medium-, and long-term actions it is taking or plans to take in its business operations in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. information about any current and anticipated actions, including timelines, relating to matters such as: <ul style="list-style-type: none"> <li>i. its production processes or equipment</li> <li>ii. workforce adjustments</li> <li>iii. supply chain and procurement</li> </ul> </li> <li>b. information about any current and anticipated changes relating to the entity’s facilities and other physical assets, such as: <ul style="list-style-type: none"> <li>i. the location of offices and operations</li> <li>ii. the responsible retirement or phase-out GHG-intensive assets</li> <li>iii. the management of assets that are exposed to risks arising from the changing climate</li> <li>iv. the management of long-lived assets that may be impacted as a result of the transition to a low GHG emissions, climate-resilient economy</li> </ul> </li> <li>c. the expected principal contributions of its actions towards achieving its <b>Strategic Ambition</b>.</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model</b></p> <p>48. The undertaking shall disclose</p> <ul style="list-style-type: none"> <li>(a) a brief description of its material impacts, risks and opportunities resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this Standard), including a description of where in its business model, its own operations and its upstream and downstream value chain these material impacts, risks and opportunities are concentrated;</li> <li>(b) the current and anticipated effects of its material impacts, risks and opportunities on its business model, value chain, strategy and decision-making, and how it has responded or plans to respond to these effects, including any changes it has made or plans to make to its strategy or business model as part of its actions to address particular material impacts or risks, or to pursue particular material opportunities</li> </ul> <p><b>Minimum Disclosure Requirement – Actions MDR-A – Actions and resources in relation to material sustainability matters</b></p> <p>68. Where the implementation of a policy requires actions, or a comprehensive action plan, to achieve its objectives, as well as when actions are implemented without a specific policy, the undertaking shall disclose the following information:</p> <ul style="list-style-type: none"> <li>(a) the list of key actions taken in the reporting year and planned for the future, their expected outcomes and, where relevant, how their implementation contributes to the achievement of policy objectives and targets;</li> </ul>

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(b) the scope of the key actions (i.e., coverage in terms of activities, upstream and/or downstream value chain, geographies and, where applicable, affected stakeholder groups);

(c) the time horizons under which the undertaking intends to complete each key action;

(d) if applicable, key actions taken (along with results) to provide for and cooperate in or support the provision of remedy for those harmed by actual material impacts;

#### ESRS E1 Climate Change

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

16. The information required by paragraph 14 shall include.

(d) a qualitative assessment of the potential locked-in GHG emissions from the undertaking's key assets and products. This shall include an explanation of if and how these emissions may jeopardise the achievement of the undertaking's GHG emission reduction targets and drive transition risk, and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy-intensive assets and products;

(h) an explanation of how the transition plan is embedded in and aligned with the undertaking's overall business strategy and financial planning;

##### Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies

29. In addition to ESRS 2 MDR-A, the undertaking shall:

(a) when listing key actions taken in the reporting year and planned for the future, present the climate change mitigation actions by decarbonisation lever including the nature-based solutions;

(b) when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions;

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
	<p><b>Disclosure Requirement EI-4 – Targets related to climate change mitigation and adaptation</b></p> <p>34. If the undertaking has set GHG emission reduction targets<sup>39</sup>, ESRS 2 MDR-T and the following requirements shall apply:</p> <p>(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);</p> <p><b>ESRS EI Climate Change Appendix A</b></p> <p><b>Disclosure Requirement EI-4 – Targets related to climate change mitigation and adaptation</b></p> <p>AR 30. When disclosing the information required under paragraph 34 (f), the undertaking shall explain:</p> <p>(a) by reference to its climate change mitigation actions, the decarbonisation levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets broken down by each Scope (1, 2, and 3);</p>
<p><b>2.2 Products and services:</b></p> <p>An entity shall disclose information about short-, medium-, and long-term actions it is taking or plans to take to change its portfolio of products and services in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <p>a. information about any current and anticipated actions, including timelines, to change the portfolio of products and services that it provides</p>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement SBM-1 – Strategy, business model and value chain</b></p> <p>40. The undertaking shall disclose the following information about the key elements of its general strategy that relate to or affect sustainability matters:</p>

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- or facilitates (e.g. via franchising, financing, or underwriting activities)
- b. any underlying taxonomy, tools, methodologies, or definitions used to classify products and services under this Sub-Element
- c. the expected principal contributions of its actions towards achieving its **Strategic Ambition**.

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- (e) its sustainability-related goals in terms of significant groups of products and services, customer categories, geographical areas and relationships with stakeholders.

**ESRS E1 Climate Change****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

16. The information required by paragraph 14 shall include:

- (b) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4) and the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation of the decarbonisation levers identified, and key actions planned, including changes in the undertaking's product and service portfolio and its adoption of new technologies in its own operations, or the upstream and/or downstream value chain;
- (d) a qualitative assessment of the potential locked-in GHG emissions from the undertaking's key assets and products. This shall include an explanation of if and how these emissions may jeopardise the achievement of the undertaking's GHG emission reduction targets and drive transition risk, and if applicable, an explanation of the undertaking's plans to manage its GHG-intensive and energy-intensive assets and products;
- (e) for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation of any objective or plans (CapEX, CapEx plans) that the undertaking has for aligning its economic activities (revenues, CapEx) with the criteria established in Commission Delegated Regulation 2021/2139

**Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies**

- 29.(b) when describing the outcome of the actions for climate change mitigation, include the achieved and expected GHG emission reductions;

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European Sustainability Reporting Standards<sup>3</sup>**Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation**

34.(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);

Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

69. For the disclosure of the potential to pursue climate-related opportunities required by paragraph 64 (c) the undertaking shall consider:

- (b) the potential market size or expected changes to net revenue from low-carbon products and services or adaptation solutions to which the undertaking has or may have access.

**ESRS E1 Climate change Appendix A****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

AR 3. When disclosing the information required under paragraph 16(d) the undertaking may consider:

- (c) an explanation of the plans to manage, i.e., to transform, decommission or phase out its GHG-intensive and energy-intensive assets and products

**Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model**

AR 8. When disclosing the information on the results of the resilience analysis as required under paragraph 19 (c), the undertaking shall explain:

- (b) the ability of the undertaking to adjust or adapt its strategy and business model to climate change over the short-, medium- and long-term, including securing ongoing access to finance at an affordable cost of capital, the ability to redeploy, upgrade or decommission existing assets, shifting its products and services portfolio, or reskilling its workforce.

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
	<p><b>Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation</b></p> <p>AR 30. When disclosing the information required under paragraph 34 (f), the undertaking shall explain:</p> <p>(a) by reference to its climate change mitigation actions, the decarbonisation levers and their estimated quantitative contributions to the achievement of its GHG emission reduction targets broken down by each Scope (1, 2, and 3);</p>
<p><b>2.3 Policies and conditions</b></p> <p>An entity shall disclose information about any policies and conditions that it uses or plans to use in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. a description of any policy or condition, that it uses or plans to use in order to achieve the <b>Strategic Ambition</b> of its transition plan; these may relate to matters such as: <ul style="list-style-type: none"> <li>i. energy usage</li> <li>ii. phase-out of GHG-intensive assets</li> <li>iii. climate-related considerations in procurement/for suppliers</li> <li>iv. climate-related considerations (e.g. thresholds, targets or restrictions) in lending or investment activities</li> <li>v. adapting and building resilience to climate change</li> <li>vi. supplier engagement</li> <li>vii. portfolio engagement</li> <li>viii. land use and land management changes (e.g. deforestation)</li> </ul> </li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matter</b></p> <p>65. The undertaking shall disclose information about policies adopted to manage material sustainability matters. The disclosure shall include the following information:</p> <p>(a) a description of the key contents of the policy, including its general objectives and which material impacts, risks or opportunities the policy relates to and the process for monitoring;</p> <p><b>ESRS E1 Climate Change</b></p> <p><b>Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation</b></p> <p>22. The undertaking shall describe its policies adopted to manage its material impacts, risks and opportunities related to climate change mitigation and adaptation.</p> <p>24. The disclosure required by paragraph 22 shall contain the information on the policies the undertaking has in place to manage its material impacts, risks and opportunities related to climate change mitigation and adaptation in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters.</p>

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
<ul style="list-style-type: none"> <li>ix. safeguards to address potential adverse impacts on the natural environment</li> <li>x. human rights</li> <li>xi. labour standards</li> <li>xii. advancing social equity or addressing potential adverse social impacts (e.g. on communities)</li> </ul> <p>b. the expected principal contributions of the policy or condition towards achieving its <b>Strategic Ambition</b>.</p>	<p>25. The undertaking shall indicate whether and how its policies address the following areas:</p> <p>(a) climate change mitigation;</p>
<p><b>2.4 Financial planning</b></p> <p>An entity shall disclose information about the effects of its transition plan<sup>5</sup> on its financial position, financial performance and cash flows<sup>6</sup> over the short, medium, and long term, including information about how it is resourcing or plans to resource its activities in order to achieve the <b>Strategic Ambition</b> of its transition plan.<sup>7</sup></p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity:</p> <ul style="list-style-type: none"> <li>a. shall disclose information about how the entity is resourcing, and plans to resource, the current and planned activities set out in its transition plan</li> <li>b. shall disclose qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial position over the short-, medium-, and long- term, taking into consideration matters such as: <ul style="list-style-type: none"> <li>i. its investment and disposal plans (e.g. plans for capital expenditure, major acquisitions and divestments, joint ventures,</li> </ul> </li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p>48 The undertaking shall disclose:</p> <ul style="list-style-type: none"> <li>(d) the current financial effects of the undertaking's material, risks and opportunities on its financial position, financial performance and cash flows and the material impacts, risks and opportunities for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;</li> <li>(e) the anticipated financial effects of the undertaking's material risks and opportunities on its financial position, financial performance and cash flows over the short-, medium- and long-term, including the reasonably expected time horizons for those effects. This shall include how the undertaking expects its financial position, financial performance and cash flows to change over the short,</li> </ul>



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- business transformations, innovation, new business areas, investments into research and development for climate solutions, and asset retirements), including plans to which the entity is not contractually committed
- ii. planned sources of funding to implement its plan
- c. shall disclose qualitative and quantitative information about how it expects implementation of its transition plan to affect its financial performance and cash flows over the short-, medium- and long-term (e.g. increased revenue from products and services aligned with a low-GHG emissions, climate-resilient economy, and expenses associated with climate adaptation or mitigation)<sup>8</sup>
- d. shall, in disclosing information about 2.4 b – c
- i. use all reasonable and supportable information that is available to the entity at the reporting date without undue cost and effort
- ii. use an approach that is commensurate with the skills, capabilities, and resources that are available to the entity for preparing those disclosures
- e. may, in disclosing quantitative information under 2.4 b–c
- i. disclose a single amount or a range
- ii. prioritise quantitative information for current financial effects and those of short-term actions that may be more certain
- f. need not provide quantitative information about some or all of 2.4 b–c
- i. if it determines that:
- those effects are not separately identifiable
  - the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful

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medium- and long-term, given its strategy to manage risks and opportunities, taking into consideration:

- i. its investment and disposal plans (for example, capital expenditure, major 47 acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements), including plans the undertaking is not contractually committed to; and
- ii. its planned sources of funding to implement its strategy.

**ESRS E1 Climate Change****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

16. The information required by paragraph 14 shall include:

- (c) by reference to the climate change mitigation actions (as required by Disclosure Requirement E1-3), an explanation and quantification of the undertaking's investments and funding supporting the implementation of its transition plan; with a reference to the key performance indicators of taxonomy-aligned CapEx, and where relevant the CapEx plans, that the undertaking discloses in accordance with Commission Delegated Regulation (EU) 2021/2178;
- (e) for undertakings with economic activities that are covered by delegated regulations on climate adaptation or mitigation under the Taxonomy Regulation, an explanation of any objective or plans (CapEx, CapEx plans) that the undertaking has for aligning its economic activities (revenues, CapEx) with the criteria established in those delegated regulations;"
- (h) an explanation of how the transition plan is embedded in and aligned with the undertaking's overall business strategy and financial planning;

**ESRS E1 Climate change Appendix C (table)**

The undertaking may omit the information prescribed by ESRS 2 SBM-3 paragraph 48(e) (anticipated financial effects) for the first year of preparation of its

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- ii. if it does not have the skills, capabilities, or resources to provide that quantitative information.
- g. shall, if in accordance with 2.4.f it need not provide quantitative information about some or all of 2.4 b–c
  - i. explain why it has not provided quantitative information
  - ii. explain how the implementation of its transition plan is covered within its wider financial planning and financial decision-making processes
  - iii. provide qualitative information about how considerations related to the implementation of the transition plan are integrated into the entity's investment and disposal plans (e.g. plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformations, innovation, new business areas, investment into research and development for climate solutions, and asset retirements), including plans to which the entity is not contractually committed.

sustainability statement. The undertaking may comply with ESRS 2 SBM-3 paragraph 48(e) by reporting only qualitative disclosures for the first 3 years of preparation of its sustainability statement, if it is impracticable to prepare quantitative disclosures.

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## 3.1 Engagement with value chain

An entity shall disclose information about any engagement activities with other entities in its value chain that it is undertaking or plans to undertake in order to achieve the **Strategic Ambition** of its transition plan.

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As part of this, an entity shall disclose:

- a. an explanation of how the entity prioritises engagement activities in order to maximise their contribution towards achieving the **Strategic Ambition** of the entity's transition plan; this may reference key assumptions and external factors disclosed under **1.3 Key assumptions and external factors**
- b. a description of current and planned engagement activities; for financial services entities this may include engagement and, where relevant, other stewardship activities, with investee companies, loan clients and relevant financial market intermediaries
- c. a description of escalation processes or criteria in place to manage instances where engagement activities do not lead to the desired changes
- d. the expected principal contributions of its activities towards achieving its **Strategic Ambition**.

**ESRS 1 General Requirements**

24. Engagement with affected stakeholders is central to the undertaking's on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).

**ESRS 2 General Disclosures****Disclosure Requirement SBM-2 – Interests and views of stakeholders**

45. The undertaking shall disclose a summarised description of:

- (a) its stakeholder engagement, including:
  - i. the undertaking's key stakeholders;
  - ii. whether engagement with them occurs and for which categories of stakeholders;
  - iii. how it is organised;
  - iv. its purpose; and
  - v. how its outcome is taken into account by the undertaking.

**3.2 Engagement with industry**

An entity shall disclose information about any engagement and collaborative activities with industry counterparts (and other relevant initiatives or entities) that it is undertaking or plans to undertake in order to achieve the **Strategic Ambition** of its transition plan.

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**Disclosure Recommendations**

As part of this, an entity shall disclose

- a. information about memberships in trade organisations or industry bodies
- b. an explanation of how the entity prioritises engagement and collaborative activities in order to maximise their contribution towards achieving the **Strategic Ambition** of the entity's transition plan; this may reference key assumptions and external factors disclosed under **1.3 Key assumptions and external factors**
- c. a description of current and planned engagement and collaborative activities with membership bodies, industry associations, industry counterparts (and other relevant initiatives or entities; e.g. peers and labour unions) including any commitments by the entity arising from these activities<sup>9</sup>
- d. the expected principal contributions of its activities towards achieving its **Strategic Ambition**.
- e. the steps it takes to monitor the activities of membership bodies or industry bodies in which it participates and minimise any actions that may conflict with its own **Strategic Ambition**.

European Sustainability Reporting Standards<sup>3</sup>**ESRS 1 General Requirements**

24. Engagement with affected stakeholders is central to the undertaking's on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).

**ESRS 2 General Disclosures****Disclosure Requirement SBM-2 – Interests and views of stakeholders**

45. The undertaking shall disclose a summarised description of:

(a) its stakeholder engagement, including:

- i. the undertaking's key stakeholders;
- ii. whether engagement with them occurs and for which categories of stakeholders;
- iii. how it is organised;
- iv. its purpose; and
- v. how its outcome is taken into account by the undertaking.

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<p><b>3.3 Engagement with government, public sector, communities and civil society</b></p> <p>An entity shall disclose information about any direct and indirect engagement activities with the government, regulators, public sector organisations, communities, and civil society that it is undertaking or plans to undertake in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ol style="list-style-type: none"> <li>a. an explanation of how the entity prioritises engagement activities in order to maximise their contribution towards achieving the <b>Strategic Ambition</b> of the entity's transition plan; this may reference key assumptions and external factors disclosed under <b>1.3 Key assumptions and external factors</b></li> <li>b. a description of current and planned engagement activities</li> <li>c. the expected principal contributions of its activities towards achieving its <b>Strategic Ambition</b>.</li> </ol>	<p><b>ESRS 1 General Requirements</b></p> <p>24. Engagement with affected stakeholders is central to the undertaking's on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).</p> <p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement SBM-2 – Interests and views of stakeholders</b></p> <p>45. The undertaking shall disclose a summarised description of:</p> <p>(a) its stakeholder engagement, including:</p> <ol style="list-style-type: none"> <li>i. the undertaking's key stakeholders;</li> <li>ii. whether engagement with them occurs and for which categories of stakeholders;</li> <li>iii. how it is organised;</li> <li>iv. its purpose; and</li> <li>v. how its outcome is taken into account by the undertaking.</li> </ol>

TPT Disclosure Framework	European Sustainability Reporting Standards <sup>3</sup>
<p><b>4.1 Governance, engagement, business and operational metrics and targets</b></p> <p>An entity shall disclose information about the governance, engagement, business and operational metrics and targets that it uses in order to drive and monitor progress towards the <b>Strategic Ambition</b> of its transition plan, and report against these metrics and targets on at least an annual basis.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall:</p> <ul style="list-style-type: none"> <li>a. disclose any targets it has set, and any targets it is required to meet by law or regulation</li> <li>b. disclose information about how the targets disclosed under 4.1.a reflect the <b>Strategic Ambition</b> of its transition plan, and how they relate to the actions outlined under <b>2. Implementation Strategy</b> and <b>3. Engagement Strategy</b>.</li> <li>c. for each target disclosed under 4.1.a, disclose: <ul style="list-style-type: none"> <li>i. the metric used to set the target</li> <li>ii. the objective of the target</li> <li>iii. the part of the entity or its activities to which this target applies</li> <li>iv. the period over which the target applies</li> <li>v. the base period and value from which progress is measured</li> <li>vi. any milestones or interim targets</li> <li>vii. if the target is quantitative, whether it is an absolute or an intensity target</li> <li>viii. how the latest international agreement on climate change,</li> </ul> </li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>22. The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies:</p> <ul style="list-style-type: none"> <li>(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.</li> </ul> <p>26. The undertaking shall disclose the following information:</p> <ul style="list-style-type: none"> <li>(a) whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities (see Disclosure Requirement IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities of this Standard), the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;</li> </ul> <p><b>Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters</b></p> <p>75. The undertaking shall disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity.</p>

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- including any jurisdictional commitments that arise from that agreement, has informed the target
- ix. whether and how the target aligns with any pathways disclosed under 1.1.c including, where possible, the expected trajectory of how this target will be achieved
  - x. any underlying taxonomy, tools, methodologies, or definitions on which this metric relies
- d. disclose information about its approach to setting and reviewing each target disclosed under 4.1.a, and how it monitors progress against each target, including:
- i. whether the target and the methodology for setting the target have been validated by a third party
  - ii. the entity's processes for reviewing the target
  - iii. the metrics used to monitor progress towards meeting the target
- e. report against metrics used to assess progress towards the targets disclosed under 4.1.a at least on an annual basis; this shall include:
- i. information about its performance against each target
  - ii. an analysis of trends or changes in the entity's performance
  - iii. whether and to what extent (if known) measurements rely on estimated data, and
  - iv. any revisions to the target and explanation for those revisions.

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76. Metrics shall include those defined in ESRS, as well as metrics identified on an entity- specific basis whether taken from other sources or developed by the undertaking itself.
77. For each metric, the undertaking shall:
- (a) disclose the methodologies and significant assumptions behind the metric, including the limitations of the methodology used;
  - (b) disclose whether the measurement of a metric is validated by an external body other than the assurance provider and, if so, which body;
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:
- (a) a description of the relationship of the target to the policy objectives;
  - (b) the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;
  - (c) the scope of the target, including the undertaking's activities and/or its upstream and/or downstream value chain where applicable and geographical boundaries;
  - (d) the baseline value and base year from which progress is measured;
  - (e) the period to which the target applies and if applicable, any milestones or interim targets;
  - (f) the methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
  - (i) any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 Disclosures in relation to specific circumstances of this Standard); and

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	<p>(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.</p> <p><b>ESRS E1 Climate Change</b>  <b>Disclosure Requirement E1-1 – Transition plan for climate change mitigation</b></p> <p>16 (a) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement;</p> <p><b>Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation</b></p> <p>30. The undertaking shall disclose the climate-related targets it has set.</p>
<p><b>4.2 Financial metrics and targets</b></p> <p>An entity shall disclose information about the financial metrics and targets, relevant to its business, sector and strategy, that it uses in order to drive and monitor progress towards the <b>Strategic Ambition</b> of its transition plan, and report against these metrics and targets on at least an annual basis.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity:</p> <ul style="list-style-type: none"> <li>a. shall disclose any targets it has set, and any targets it is required to meet by law or regulation; for financial services, this may include targets related to its investment and lending activities</li> <li>b. shall disclose information about how the targets disclosed under 4.2.a reflect the <b>Strategic Ambition</b> of its transition plan, and how they relate</li> </ul>	<p><b>ESRS 2 General Disclosures</b>  <b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>22. The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies:</p> <p>(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.</p>



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to the actions outlined under **2. Implementation Strategy and 3. Engagement Strategy**.

c. shall for each target disclosed under 4.2.a, disclose:

- i. the metric used to set the target
- ii. the objective of the target
- iii. the part of the entity or its activities to which this target applies
- iv. the period over which the target applies
- v. the base period and value from which progress is measured
- vi. any milestones or interim targets
- vii. if the target is quantitative, whether it is an absolute or an intensity target
- viii. how the latest international agreement on climate change, including any jurisdictional commitments that arise from that agreement, has informed the target
- ix. whether and how the target aligns with any pathways disclosed under 1.1.c including, where possible, the expected trajectory of how this target will be achieved
- x. any underlying taxonomy, tools, methodologies, or definitions on which this metric relies

d. shall disclose information about its approach to setting and reviewing each target disclosed under 4.2.a, and how it monitors progress against each target, including:

- i. whether the target and the methodology for setting the target have been validated by a third party
- ii. the entity's processes for reviewing the target
- iii. the metrics used to monitor progress towards meeting the target

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**Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

26. The undertaking shall disclose the following information:

- (a) whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities (see Disclosure Requirement IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities of this Standard), the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;

**Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters**

75. The undertaking shall disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity.

76. Metrics shall include those defined in ESRS, as well as metrics identified on an entity-specific basis, whether taken from other sources or developed by the undertaking itself.

77. For each metric, the undertaking shall:

- (a) disclose the methodologies and significant assumptions behind the metric, including the limitations of the methodologies used;
- (b) disclose whether the measurement of a metric is validated by an external body other than the assurance provider and, if so, which body;

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:

- (a) a description of the relationship of the target to the policy objectives;
- (b) the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;

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- e. shall report against metrics used to assess progress towards any targets disclosed under 4.2.a at least on an annual basis; this shall include:
  - i. information about its performance against each target
  - ii. an analysis of trends or changes in the entity's performance
  - iii. whether and to what extent (if known) measurements rely on estimated data,
  - iv. any revisions to the target and explanation for those revisions
- f. shall disclose an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions), and the price for each metric tonne of greenhouse gas emissions that the entity uses to assess the cost of its emissions
- g. may disclose a single amount or a range in providing quantitative information under 4.2.a–f.

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- (c) the scope of the target, including the undertaking's activities and/or its upstream and/or downstream value chain where applicable and geographical boundaries;
- (d) the baseline value and base year from which progress is measured;
- (e) the period to which the target applies and if applicable, any milestones or interim targets;
- (f) the methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
- (i) any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 Disclosures in relation to specific circumstances of this Standard); and
- (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.

**ESRS E1 Climate Change****Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation**

30. The undertaking shall disclose the climate-related targets it has set.

**Disclosure Requirement E1-8 – Internal carbon pricing**

62. The undertaking shall disclose whether it applies internal carbon pricing schemes, and if so, how they support its decision making and incentivise the implementation of climate-related policies and targets.

63. The information required in paragraph 62 shall include:

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	<p>(c) the carbon prices applied according to the type of scheme and critical assumptions made to determine the prices, including the source of the applied carbon prices and why these are deemed relevant for their chosen application. The undertaking may disclose the calculation methodology of the carbon prices including the extent to which these have been set using scientific guidance and how their future development is related to science-based carbon pricing trajectories;</p>
<p><b>4.3 GHG emissions metrics and targets</b> An entity shall disclose information about the GHG emissions and removals metrics and targets that it uses in order to drive and monitor progress towards the <b>Strategic Ambition</b> of its transition plan, and report against these metrics and targets on at least an annual basis</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity:</p> <ul style="list-style-type: none"> <li>a. shall disclose information about any targets for reducing absolute gross GHG emissions for Scopes 1 and 2 that it has set</li> <li>b. shall disclose information about any targets for reducing absolute gross GHG emissions for Scope 3 that it has set</li> <li>c. shall disclose information about any additional GHG emissions targets that it has set (e.g. methane reduction targets).</li> <li>d. shall disclose information about how the targets disclosed under 4.3.a--c reflect the <b>Strategic Ambition</b> of its transition plan, and how they relate to the actions outlined under <b>2. Implementation Strategy</b> and <b>3. Engagement Strategy</b>.</li> <li>e. may disclose information about any gross GHG emissions intensity</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>22. The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies:</p> <ul style="list-style-type: none"> <li>(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.</li> </ul> <p><b>Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies</b></p> <p>26. The undertaking shall disclose the following information:</p> <ul style="list-style-type: none"> <li>(a) whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about</li> </ul>

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- targets expressed as metric tonnes of CO<sub>2</sub> equivalent per unit of physical or economic output for Scopes 1 and 2
- f. may disclose gross GHG emissions intensity targets expressed as metric tonnes of CO<sub>2</sub> equivalent per unit of physical or economic output for Scope 3
- g. may disclose any targets for increasing GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies
- h. shall disclose the categories of Scope 3 GHG emissions included within the target disclosed under 4.3.b and, where it has excluded categories of Scope 3 GHG emissions from its targets, disclose the reason for omitting them, and any steps it is taking to improve monitoring and reporting systems.
- i. shall, for each target disclosed under 4.3.a-c, disclose:
    - i. the metric used to set the target
    - ii. the objective of the target
    - iii. the part of the entity or its activities to which this target applies
    - iv. the period over which the target applies
    - v. the base period and value from which progress is measured
    - vi. any milestones or interim targets
    - vii. if the target is quantitative, whether it is an absolute or an intensity target
    - viii. how the latest international agreement on climate change, including any jurisdictional commitments that arise from that agreement, has informed the target
    - ix. whether and how the target aligns with any pathways

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material impacts, risks and opportunities (see Disclosure Requirement IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities of this Standard), the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;

**Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters**

75. The undertaking shall disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity.
76. Metrics shall include those defined in ESRS, as well as metrics identified on an entity- specific basis, whether taken from other sources or developed by the undertaking itself.
77. For each metric, the undertaking shall:
- (a) disclose the methodologies and significant assumptions behind the metric, including the limitation of the methodologies used
  - (b) disclose whether the measurement of a metric is validated by an external body other than the assurance provider and, if so, which body;

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

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:
- (a) a description of the relationship of the target to the policy objectives;
  - (b) the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;
  - (c) the scope of the target, including the undertaking's activities and/or its upstream and/or downstream value chain where applicable and geographical boundaries;
  - (d) the baseline value and base year from which progress is measured;

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- disclosed under 1.1.c including, where possible, the expected trajectory of how this target will be achieved
- j. shall disclose information about its approach to setting and reviewing each target disclosed under 4.3.a-c, and how it monitors progress against each target, including:
- i. whether the target and the methodology for setting the target have been validated by a third party
  - ii. the entity's processes for reviewing the target
  - iii. the metrics used to monitor progress towards meeting the target
- k. shall report against metrics used to assess progress towards the targets disclosed under 4.3.a-c at least on an annual basis; this shall include:
- i. information about its performance against each target
  - ii. an analysis of trends or changes in the entity's performance
  - iii. whether and to what extent (if known) measurements rely on estimated data,
  - iv. any revisions to the target and explanation for those revisions
- l. shall in disclosing information on GHG emissions under 4.3.k
- i. disclose its absolute gross GHG emissions generated during the reporting period, expressed as metric tonnes of CO<sub>2</sub> equivalent, classified as Scope 1, 2 and 3 GHG emissions
  - ii. measure its GHG emissions in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a

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- (e) the period to which the target applies and if applicable, any milestones or interim targets;
- (f) the methodologies and significant assumptions used to define targets (5), including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place;
- (i) any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 Disclosures in relation to specific circumstances of this Standard); and
- (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.

**ESRS E1 Climate Change****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

- 16 (a) by reference to GHG emission reduction targets (as required by Disclosure Requirement E1-4), an explanation of how the undertaking's targets are compatible with the limiting of global warming to 1.5°C in line with the Paris Agreement.

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

32. The disclosure of the targets required in paragraph 30 shall contain the information required in ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets.
33. For the disclosure required by paragraph 30, the undertaking shall disclose

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- different method for measuring its GHG emissions
- iii. disclose the approach it uses to measure its GHG emissions under 4.3.l.i, including,
1. the measurement approach, inputs, and assumptions the entity uses to measure its GHG emissions
  2. the reason why the entity has chosen the measurement approach, inputs, and assumptions it uses to measure its GHG emissions
  3. any changes the entity made to the measurement approach, inputs, and assumptions during the reporting period and the reasons for those changes
- iv. for Scope 1 and Scope 2 GHG emissions disclosed under 4.3.l.i, disaggregate emissions between
1. the consolidated accounting group (e.g. parent and its consolidated subsidiaries)
  2. other entities excluded from the consolidated accounting group (e.g. associates, joint ventures and unconsolidated subsidiaries).
- v. for Scope 2 GHG emissions disclosed under 4.3.l.i, disclose its location-based Scope 2 GHG emissions and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 GHG emissions
- vi. for Scope 3 GHG emissions disclosed under 4.3.l.i, disclose:
1. the categories included within the entity's measure

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- 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.
34. If the undertaking 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 CO<sub>2</sub>eq 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 the consistency of these targets with its GHG inventory boundaries is ensured (as required by Disclosure Requirement EI-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;
  - (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 they have been externally assured. As part of the critical

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of Scope 3 GHG emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) and, where it has excluded categories of Scope 3 GHG emissions, disclose the reason for omitting them, and any steps it is taking to improve monitoring and reporting systems to enable reporting

2. additional information about the entity's Category 15 GHG emissions or those associated with its investments (financed emissions) if the entity's activities include asset management, commercial banking, or insurance.

- m. may, where relevant, further disclose information about GHG removals from activities such as land use, land use change, bioenergy, and carbon removal technologies; this shall:
  - i. be separately identifiable from information about GHG emissions disclosed under 4.3.i.i and information about carbon credits disclosed under **4.4 Carbon credits**
  - ii. include information about which third-party scheme(s) has or will verify or certify the removals
  - iii. include information about which standard the removals have been or will be certified against
  - iv. disclose the extent to which the entity identifies and manages the impacts and dependencies of removals on its stakeholders, society, the economy, and the natural environment throughout its value chain, that may give rise to sustainability-related risks and opportunities (for example, this may include an assessment and mitigation of social risks of removals usage (e.g. through human rights impact assessments)).

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;

48. The disclosure on gross Scope 1 GHG emissions required by paragraph 44(a) shall include:
  - (a) the gross Scope 1 GHG emissions in metric tonnes of CO<sub>2</sub>eq;
49. The disclosure on gross Scope 2 GHG emissions required by paragraph 44(b) shall include:
  - (a) the gross location-based Scope 2 GHG emissions in metric tonnes of CO<sub>2</sub>eq; and
  - (b) the gross market-based Scope 2 GHG emissions in metric tonnes of CO<sub>2</sub>eq.
50. For Scope 1 and Scope 2 emissions disclosed as required by paragraphs 44 (a) and (b) the undertaking shall disaggregate the information, separately disclosing emissions from:
  - (a) the consolidated accounting group (the parent and subsidiaries); and
  - (b) investees such as associates, joint ventures, or unconsolidated subsidiaries that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through an entity (i.e., jointly controlled operations and assets), for which it has operational control.
51. The disclosure of gross Scope 3 GHG emissions required by paragraph 44 (c) shall include GHG emissions in metric tonnes of CO<sub>2</sub>eq from each significant Scope 3 category (i.e. each Scope 3 category that is a priority for the undertaking).
52. The disclosure of total GHG emissions required by paragraph 44 (d) shall be the sum of Scope 1, 2 and 3 GHG emissions required by paragraphs 44 (a) to (c).
54. The disclosure on GHG intensity required by paragraph 53 shall provide the

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total GHG emissions in metric tonnes of CO<sub>2</sub>eq (required by paragraph 44 (d)) per net revenue.

**Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits**

58. The disclosure on GHG removals and storage required by paragraph 56 (a) shall include, if applicable:

- (a) the total amount of GHG removals and storage in metric tonnes of CO<sub>2</sub>eq disaggregated and separately disclosed for the amount related to the undertaking's own operations and its upstream and downstream value chain, and broken down by removal activity; and
- (b) the calculation assumptions, methodologies and frameworks applied by the undertaking.

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**Disclosure Requirements E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions**

AR 39. When preparing the information for reporting GHG emissions as required by paragraph 44, the undertaking shall:

- (a) consider the principles, requirements and guidance provided by the GHG Protocol Corporate Standard (version 2004). The undertaking may consider Commission Recommendation (EU) 2021/2279 or the requirements stipulated by EN ISO 14064- 1:2018. If the undertaking already applies the GHG accounting methodology of ISO 14064- 1: 2018, it shall nevertheless comply with the requirements of this Standard (e.g. regarding reporting boundaries and the disclosure of market-based Scope 2 GHG emissions);
- (b) disclose the methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions accompanied by the reasons why they were chosen, and provide a reference or link to any calculation tools used;

AR 46. When preparing the information on gross Scope 3 GHG emissions required under paragraph 51, the undertaking shall:



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	<p>(i) disclose a list of Scope 3 GHG emissions categories included in and excluded from the inventory with a justification for excluded Scope 3 categories;</p> <p>AR 57. When disclosing the information on GHG removals and storage from the undertaking's own operations and its upstream and downstream value chain required under paragraphs 56 (a) and 58, for each removal and storage activity, the undertaking shall describe:</p> <p>(b) whether removal and storage are biogenic or from land-use change (e.g. afforestation, reforestation, forest restoration, urban tree planting, agroforestry, building soil carbon, etc.), technological (e.g. direct air capture), or hybrid (e.g. bioenergy with CO<sub>2</sub> capture and storage), and technological details about the removal, the type of storage and, if applicable, the transport of removed GHGs</p>
<p><b>4.4 Carbon credits</b></p> <p>An entity shall disclose information about its current and planned use of carbon credits to achieve the <b>Strategic Ambition</b> of its transition plan, and report on the use of carbon credits on at least an annual basis.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall:</p> <ol style="list-style-type: none"> <li>disclose an explanation of why the entity is employing carbon credits and the extent to which, and how, the entity relies on the use of carbon credits to achieve the <b>Strategic Ambition</b> of its transition plan</li> <li>disclose the number of credits purchased and retired</li> <li>disclose which third-party scheme(s) has or will verify or certify the carbon credits</li> </ol>	<p><b>ESRS E1 Climate Change</b></p> <p><b>Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits</b></p> <p>56. The undertaking shall disclose:</p> <p>(b) the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed or intends to finance through any purchase of carbon credits.</p> <p>59. The disclosure on carbon credits required by paragraph 56(b) shall include, if applicable:</p>

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- d. disclose information about which standard the carbon credits have been or will be certified against
- e. disclose the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal
- f. disclose whether and how the entity identifies and manages the impacts and dependencies of carbon credits on its stakeholders, society, the economy, and the natural environment throughout its value chain, that may give rise to sustainability-related risks and opportunities (for example, this may include an assessment and mitigation of social risks of carbon credits usage (e.g. through human rights impact assessments))
- g. disclose any other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credit the entity is using or plans to use<sup>10</sup>
- h. report on the use of carbon credits at least on an annual basis.

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- (a) the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO<sub>2</sub>eq that are verified against recognised quality standards and cancelled in the reporting period; and
  - (b) the total amount of carbon credits outside the undertaking's value chain in metric tonnes of CO<sub>2</sub>eq planned to be cancelled in the future and whether they are based on existing contractual agreements or not.
60. In the case where the undertaking discloses a net-zero target in addition to the gross GHG emission reduction targets in accordance with Disclosure Requirement E1-4, paragraph 30, it shall explain the scope, methodologies and frameworks applied and how the residual GHG emissions (after approximately 90–95% of GHG emission reduction with the possibility for justified sectoral variations in line with a recognised sectoral decarbonisation pathway) are intended to be neutralised by, for example, GHG removals in its own operations and upstream and downstream value chain.
61. In the case where the undertaking may have made public claims of GHG neutrality that involve the use of carbon credits, it shall explain:
- (c) the credibility and integrity of the carbon credits used, including by reference to recognised quality standards.

**ESRS E1 Climate Change Annex A****Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits**

AR 62. When disclosing the information on carbon credits required under paragraphs 56 (b) and 59, the undertaking shall disclose the following disaggregation as applicable:

- (b) for carbon credits from removal projects, an explanation whether they are from biogenic or technological sinks;
- (c) the share (percentage of volume) for each recognised quality standard.

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	<p>AR 63. When preparing the information on carbon credits required under paragraphs 56(b) and 59, the undertaking shall:</p> <ul style="list-style-type: none"> <li>(a) Consider recognised quality standards;</li> <li>(b) if applicable, explain the role of carbon credits in its climate change mitigation policy;</li> </ul>
<p><b>5</b></p> <p><b>5.1 Board oversight and reporting</b> An entity shall disclose information about the governance body(s) (which can include a board, committee, or equivalent body charged with governance) or individual(s) responsible for oversight of the transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall identify that body(s) or individual(s) and disclose:</p> <ul style="list-style-type: none"> <li>a. its arrangements for review and approval of the transition plan and its <b>Strategic Ambition</b>, including oversight of any changes, updates, and reporting.</li> <li>b. how responsibilities for the transition plan are reflected in the terms of reference, mandates, role descriptions, and other related policies applicable to that body(s) or individual(s)</li> <li>c. how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee the transition plan</li> <li>d. how and how often the body(s) or individual(s) is informed about the transition plan</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>22. The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies:</p> <ul style="list-style-type: none"> <li>(a) the identity of the administrative, management and supervisory bodies (such as a board committee or similar) or individual within a body responsible for oversight of impacts, risks and opportunities;</li> <li>(b) how each body’s responsibilities for impacts, risks and opportunities are reflected in the undertaking’s terms of reference, board mandates and other related policies;</li> <li>(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.</li> </ul>

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- e. how the body(s) or individual(s) takes into account the transition plan when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with the transition plan
- f. how the body(s) or individual(s) oversees the setting of targets in the transition plan, and monitors progress towards these targets and the wider strategic ambition of the transition plan.

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23. The disclosure shall include a description of how the administrative, management and supervisory bodies ensure the availability of the appropriate skills and expertise to oversee sustainability matters, including:

- (a) the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and
- (b) How those skills and expertise related to the undertaking's material impacts, risks and opportunities.

**Disclosure Requirement GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies**

26. The undertaking shall disclose the following information:

- (a) whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities (6) (see Disclosure Requirement IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities of this Standard), the implementation of due diligence, and the results and effectiveness of policies, actions, metrics and targets adopted to address them;
- (b) how the administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management policies, including whether they have considered trade-offs associated with those impacts, risks and opportunities; and
- (c) a list of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period.

**ESRS EI Climate Change**

**Disclosure Requirement EI-1 – Transition plan for climate change mitigation**

- 16 (i) whether the transition plan is approved by the administrative, management and supervisory bodies;

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<p><b>5.2 Management roles, responsibility and accountability</b></p> <p>An entity shall disclose information about management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee the transition plan, as well as how it is embedded within the entity's wider control, review, and accountability mechanisms</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. the identity of the management body(s) or individual(s) responsible for executive oversight and delivery of the transition plan</li> <li>b. the role of the body(s) or individual(s) in 5.2.a. in defining the <b>Strategic Ambition</b> of the transition plan, the setting of targets, and the monitoring of progress</li> <li>c. how oversight is exercised over that body(s) or individual(s)</li> <li>d. whether the body(s) or individual(s) in 5.2.a. uses controls and procedures to support the oversight of the transition plan and ensure the reliability of information disclosed; if so, an entity shall disclose how these controls and procedures are integrated with other internal functions and information about which aspects of the transition plan are subject to external assurance or verification, including the nature of the assurance or verification.</li> <li>e. whether the transition plan is subject to shareholder approval, including through a shareholder vote.</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>22. The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies:</p> <ul style="list-style-type: none"> <li>(a) the identity of the administrative, management and supervisory bodies (such as a board committee or similar) or individual within a body responsible for oversight of impacts, risks and opportunities;</li> <li>(c) a description of management's role in assessing and managing impacts, risks and opportunities, including: <ul style="list-style-type: none"> <li>(iii) whether dedicated controls and procedures are applied to the management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions; and</li> </ul> </li> <li>(d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and how they monitor progress towards them.</li> </ul> <p><b>Disclosure Requirement GOV-5 - Risk management and internal controls over sustainability reporting</b></p> <p>34. The undertaking shall disclose the main features of its risk management and internal control system in relation to the sustainability reporting process(es).</p> <p>36. The undertaking shall disclose the following information:</p>

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- (a) the scope, main features and components of the risk management and internal control processes and systems in relation to sustainability reporting;
- (b) the risk assessment approach followed, including the risk prioritisation methodology;
- (c) the main risks identified, actual and potential, and their mitigation strategies including related controls;
- (d) a description of how the undertaking integrates the findings of its risk assessment and internal controls as regards the sustainability reporting process into relevant internal functions and processes; and
- (e) a description of the periodic reporting of the findings referred to in point (d) to the administrative, management and supervisory bodies.

**ESRS 2 General Disclosures Appendix A****Disclosure Requirement GOV-5 – Risk management and internal controls over sustainability reporting**

AR 11. This Disclosure Requirement focuses solely on the internal control processes over the sustainability reporting process. The undertaking may consider risks such as the completeness and integrity of the data, the accuracy of estimation results, the availability of upstream and/or downstream value chain data, and the timing of the availability of the information.

**ESRS E1 Climate Change****Disclosure Requirement E1-1 – Transition plan for climate change mitigation**

- 16 (i) whether the transition plan is approved by the administrative, management and supervisory bodies;

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<p><b>5.3 Culture</b></p> <p>An entity shall disclose information about how it aligns or plans to align its culture with the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity may disclose information about any relevant steps taken in respect of:</p> <ul style="list-style-type: none"> <li>a. company values and purpose statements</li> <li>b. communications, systems, processes</li> <li>c. HR policies and procedures (including escalation processes, compensation, and benefits); see <b>5.4 Incentives and remuneration</b> for disclosure recommendations on incentives and remuneration.</li> <li>d. the employee value proposition</li> <li>e. leadership and manager training programmes</li> <li>f. workforce engagement strategies.</li> </ul>	<p><b>ESRS G1 Business Conduct</b></p> <p><b>Disclosure Requirement G1-1– Business conduct policies and corporate culture</b></p> <p>7. The undertaking shall disclose its policies with respect to business conduct matters and how it fosters its corporate culture.</p> <p>9. The disclosures required under paragraph 7 shall include how the undertaking establishes, develops, promotes and evaluates its corporate culture.</p> <p><b>ESRS G1 Business Conduct Appendix A</b></p> <p><b>Disclosure Requirement G1-1– Business conduct policies and corporate culture</b></p> <p>AR 1. The undertaking may consider the following aspects when determining its disclosure under paragraph 7:</p> <ul style="list-style-type: none"> <li>(a) the aspects of corporate culture that are taken into consideration and discussed by the administrative, management and supervisory bodies and with which frequency;</li> <li>(b) the principal themes that are promoted and communicated as part of the corporate culture;</li> <li>(c) how the members of the undertaking’s administrative, management and supervisory bodies provide direction to promote a corporate culture;</li> <li>(d) specific incentives or tools for its own workers to foster and encourage its corporate culture.</li> </ul>

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<p><b>5.4 Incentives and remuneration</b></p> <p>An entity shall disclose information about how it aligns or plans to align its remuneration and incentive structures with the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendations</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. a description of whether and how its executive remuneration and incentive structures are aligned with the <b>Strategic Ambition</b> of its transition plan; this may include information about: <ul style="list-style-type: none"> <li>i. the metric(s) used</li> <li>ii. whether the metric(s) is within the short-term and/or long-term incentive plan(s)</li> <li>iii. the typical percentage weighting of the transition plan-related metric(s) within the incentive plan for the executive population</li> <li>iv. the percentage of total executive remuneration that is linked to transition plan-related metric(s)</li> </ul> </li> <li>b. a description of whether and how remuneration and incentive structures for employees across the organisation are aligned with the <b>Strategic Ambition</b> of its transition plan, including whether it has applied a consistent approach with that in 5.4.a or whether it has taken a differentiated approach for specific teams or roles.</li> </ul>	<p><b>ESRS 2 General Disclosures</b></p> <p><b>Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes</b></p> <p>27. The undertaking shall disclose information about the integration of its sustainability-related performance in incentive schemes.</p> <p>29. The undertaking shall disclose the following information about the incentive schemes and remuneration policies linked to sustainability matters for members of the undertaking's administrative, management and supervisory bodies, where they exist:</p> <ul style="list-style-type: none"> <li>(a) a description of the key characteristics of the incentive schemes;</li> <li>(b) whether performance is being assessed against specific sustainability-related targets and/or impacts, and if so, which ones;</li> <li>(c) whether and how sustainability-related performance metrics are being considered as performance benchmarks or included in remuneration policies;</li> <li>(d) the proportion of variable remuneration dependent on sustainability-related targets and/or impacts; and</li> <li>(e) the level in the undertaking at which the terms of incentive schemes are approved and updated.</li> </ul> <p><b>ESRS 2 General Disclosures Appendix A</b></p> <p><b>Disclosure Requirement GOV-3 – Integration of sustainability-related performance in incentive schemes</b></p> <p>AR 7. For listed undertakings, this Disclosure Requirement should be consistent with the remuneration report prescribed in articles 9a and 9b of Directive 2007/36/EC on the</p>



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	<p>exercise of certain rights of shareholders in listed companies. Subject to the provisions of ESRS 1, paragraphs 119, 120 and 122, a listed undertaking may make a reference to its remuneration report.</p> <p><b>ESRS 1 Climate Change</b>  <b>ESRS 2 General disclosures</b>  <b>Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes</b></p> <p>13. The undertaking shall disclose whether and how climate-related considerations are factored into the remuneration of members of the administrative, management and supervisory bodies, including if their performance has been assessed against the GHG emission reduction targets reported under Disclosure Requirement EI-4 and the percentage of the remuneration recognised in the current period that is linked to climate related considerations, with an explanation of what the climate considerations are.</p>
<p><b>5.5 Skills, competencies and training</b></p> <p>An entity shall disclose information about actions it is taking or plans to take to assess, maintain, and build the appropriate skills, competencies, and knowledge across the organisation in order to achieve the <b>Strategic Ambition</b> of its transition plan.</p>	
<p><b>Disclosure Recommendation</b></p> <p>As part of this, an entity shall disclose:</p> <ul style="list-style-type: none"> <li>a. information about how the entity assesses whether it has the appropriate skills, competencies and knowledge across the organisation to effectively design, develop, deliver, and govern the transition plan in accordance with its <b>Strategic Ambition</b></li> <li>b. where it has identified a skills gap, information about actions it is taking or plans to take to acquire or develop the required skills</li> </ul>	<p><b>ESRS 2 General Disclosures</b>  <b>Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies</b></p> <p>19. The undertaking shall disclose the composition of the administrative, management and supervisory bodies, their roles and responsibilities and access to expertise and skills with regard to sustainability matters.</p> <p>20. The objective of this Disclosure Requirement is to provide an understanding of:</p> <ul style="list-style-type: none"> <li>(c) the expertise and skills of its administrative, management and supervisory bodies</li> </ul>

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c. information about actions it is taking or plans to take to provide the Board and executive management with access to the appropriate skills, competencies and knowledge required to effectively oversee the transition plan.

on sustainability matters or access to such expertise and skills

23. The disclosure shall include a description of how the administrative, management and supervisory bodies ensure the availability of the appropriate skills and expertise to oversee sustainability matters including

(a) the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and

(b) how those skills and expertise relate to the undertaking's material impacts, risks and opportunities.

**ESRS 2 General Disclosures Appendix A**

**Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies**

AR 5. The description of the level of expertise or access to expertise of the administrative, management and supervisory bodies may be substantiated by illustrating the composition of the bodies, including members on whom these bodies rely for expertise to oversee sustainability matters, and how they leverage that expertise as a body. In the description, the undertaking shall consider how the expertise and skills are relevant to the undertaking's material impacts, risks and opportunities and whether the bodies and/or its members have access to other sources of expertise, such as specific experts and training and other educational initiatives to update and develop sustainability-related expertise within these bodies.

**ESRS S1 Own Workforce**

**Disclosure Requirement S1-13 – Training and skills development metrics**

81. The undertaking shall disclose the extent to which training and skills development is provided to its employees.

# Notes

- 1) [Commission Delegated Regulation supplementing Directive 2013/34/EU as regards sustainability reporting standards.](#)
- 2) See Annex I to the [Commission Delegated Regulation supplementing Directive 2013/34/EU as regards sustainability reporting standards.](#)
- 3) European sustainability reporting Standards (ESRS) – first set. Published July 2023. [Available here](#) [in the 'Commission adoption' section].
- 4) The TPT recommends that the short-term is defined as no longer than three years. This would align with the recommended publication cycle of standalone transition plans. If the entity defines short-term as exceeding three years, it would be good practice to provide an explanation for why this is the case.
- 5) Please note that **2.4.c** is not intended to cover information about the financial effects of wider climate-related risks and opportunities. Instead the focus lies on the direct and indirect effects from implementing the transition plan itself.
- 6) For entities in the financial sector, this should cover the financial performance of the entity itself and not its investment or lending portfolio.
- 7) This Sub-Element should be regarded as distinct from the Disclosure Recommendations under Sub-Element **4.2 Financial metrics and targets**. Under **2.4 Financial planning**, the focus should lie on demonstrating that the entity has integrated the transition plan into its financial planning and disclosing expected financial effects. Under Sub-Element **4.2 Financial metrics and targets**, on the other hand, the entity should disclose the financial metrics and targets that it is using to assess progress and delivery of the plan over time.
- 8) This may include quantitative information about the combined financial effects of the transition plan with other aspects of wider corporate strategy unless the entity determines that quantitative information about the combined financial effects would not be useful.
- 9) The TPT notes the similarity between this recommendation and the Disclosure Recommendations on indirect policy engagement under **3.3 Engagement with government, public sector and civil society**. Under **3.2 Engagement with industry** the primary focus lies on outlining significant engagement activities undertaken to influence membership bodies, industry associations, industry counterparts, and other relevant entities. Under **3.3 Engagement with government, public sector and civil society**, the focus lies on outlining significant engagement activities undertaken in collaboration with, or via, trade associations to influence the decision-making and policy positions of government and the public sector.
- 10) This may include:
  - Proof that the principles of Free, Prior and Informed Consent (FPIC) and Do No Harm were respected with local communities where the project is situated, and, where appropriate, proof that projects respect, and ideally enhance, the rights of Indigenous Peoples and Local Communities (IPLCs).
  - information about the expected permanence of the carbon credit, including any measures in place to address the risk of reversal as well as measures in place to compensate reversals.



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