

[Draft] European Sustainability Reporting Standard 2
Sustainability governance and organisation

DISCLAIMER

This working paper is an Appendix to and must be read in conjunction with the related document '[PTF-ESRS Batch 1 working papers – Cover note and next steps](#)', which establishes the general context, the status of this working paper and the subsequent due process steps to be followed.

WORKING PAPER

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[Draft] European Sustainability Reporting Standard 3

Governance and organisation

Objective

- 1 The objective of this [Draft] standard is to specify disclosure requirements for the description by the undertaking of its governance and organisation in relation to sustainability matters.

Interaction with other ESRS

- 2 All requirements related to Governance and organisation described in this [draft] ESRS apply across all sustainability topics, i.e. climate, other environmental, social or even very specific entity-wide governance-related topics.
- 3 Other cross-cutting standards requirements ([draft] ESRS 2 *Strategy and business model* and [draft] ESRS 4 *Sustainability material impacts, risks and opportunities*) describe together with this standard's requirements how sustainability matters influence the undertaking's activity and its governance and management from a general standpoint. Interactions, when applicable, between these standards are indicated in the related disclosure requirements.

Disclosure requirements

Disclosure requirement 1 - Roles and responsibilities of governance bodies

- 4 **The undertaking shall provide a description of the roles and responsibilities of its governance bodies and management levels with regard to sustainability matters.**
- 5 The principle to be followed under this disclosure requirement is to provide an understanding of the distribution of sustainability-related roles and responsibilities throughout an undertaking's organisation, from its highest governance bodies to its executive and operational levels, the expertise of its governance bodies and relevant management on sustainability matters, and the sustainability-related criteria applied for nominating and selecting their members.
- 6 The disclosure required by paragraph 5 shall include the following information:
 - (a) A description of the mandate, roles and responsibilities of the highest governance body as regards the strategy and the oversight of management of sustainability matters,
 - (b) A description of the organisational structure of the highest governance body related to sustainability matters, including delegation of specific responsibilities to individual members of this body and the list and composition of its committee(s) involved in the definition of the strategy of the undertaking as well as the oversight of the management of sustainability matters and of sustainability reporting itself,
 - (c) A description of the undertaking-wide structure with regard to sustainability matters, including allocation of responsibilities and reporting lines, up to the highest governance body, including the role of:
 - (i) management level senior executives, and
 - (ii) other employees at operational level.
 - (d) A description of (i) the sustainability-related expertise that the highest governance body as a whole, and its individual members, possess, or have access to; (ii) training and educational initiatives to update and develop sustainability-related expertise, and (iii) how it relates to its material sustainability risks, opportunities and impacts, as disclosed in line with [draft] ESRS 4,
 - (e) A description of the criteria concerning sustainability applied by the undertaking for nominating and selecting members of its highest governance body and other key personnel.

- 7 In respect of sustainability matters that due to their importance to the undertaking are prioritised and monitored directly by the highest governance bodies as disclosed in line with [draft] ESRS 4, the undertaking shall make explicit reference to the allocation of responsibilities and to the organisational structure put in place to address related impacts, risks and opportunities.

Disclosure requirement 2 - Information of governance bodies about sustainability matters

- 8 **The undertaking shall describe how its governance bodies are informed about sustainability matters.**
- 9 The principle to be followed under this disclosure requirement is to provide an understanding of how governance bodies and management level senior executives are informed about sustainability-related facts, decisions and/or concerns that are within their responsibility so that they can effectively perform their duties in that respect.
- 10 To comply with paragraph 9, the undertaking shall describe the process by which the governance bodies of the undertaking, including the relevant committees, are informed about:
- (a) Identified sustainability-related risks and opportunities as disclosed in line with [draft] ESRS 4,
 - (b) Identified impacts as disclosed in line with [draft] ESRS 4 resulting from the undertaking's due diligence processes,
 - (c) the sustainability-related perspectives of stakeholders that have an interest in or are affected by the undertaking's activities.
 - (d) Any other sustainability-related critical concern that may arise and would require the governance bodies' attention.
- 11 Information provided shall also cover whom the governance bodies receive information from and at what frequency.

Disclosure requirement 3 - Sustainability matters addressed by the undertaking's governance bodies

- 12 **The undertaking shall provide a description of the sustainability matters that were addressed by its governance bodies during the reporting period.**
- 13 The principle to be followed under this disclosure requirement is to provide information on whether the highest governance body was adequately informed of the material sustainability-related impacts, risks and opportunities arising or developing during the reporting period. Equally what information and matters it actually spent time addressing, and whether it was able to fulfil its roles and responsibilities, as defined in its mandate and described under Disclosure Requirement 1.
- 14 To comply with paragraph 12, the undertaking shall provide a list of the sustainability matters addressed by its governance bodies during the reporting period and a description of how they were dealt with by the highest governance body.
- 15 In respect of sustainability matters that due to their importance to the undertaking are prioritised and monitored directly by the highest governance bodies as disclosed in line with [draft] ESRS 4, the undertaking shall disclose the key decisions its governance bodies have taken to address related impacts, risks and opportunities.

Disclosure requirement 4 - Integration of sustainability strategies and performance in compensation schemes

- 16 **The undertaking shall provide a description of the integration of sustainability strategies and performance in compensation schemes.**
- 17 The principle to be followed under this disclosure requirement is to provide an understanding of how members of the highest governance body and senior executives are incentivised to properly manage the undertaking's sustainability impacts, risks and opportunities and, along with other employees, to take steps towards implementing the sustainability strategy of the undertaking.

- 18 The disclosure required by paragraph 16 shall include the following information:
- (a) A description of how the compensation policies for members of the governance bodies of the undertaking and senior executives take into account their objectives and performance in relation to:
 - (i) the determination of the undertaking's sustainability strategies, policies and targets,
 - (ii) the implementation of these strategies, policies and targets,
 - (iii) the management of the undertaking's impacts, risks and opportunities.
 - (b) Performance-related compensation schemes provided to other employees linked to the implementation of the undertaking's sustainability-related strategies, policies and targets.

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Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS 3 *Governance and organisation*.

Affected stakeholders	An individual or group that has been or may be affected by a reporting undertaking's operations, products or services, including through its value chain.
Governance	The system by which an undertaking is directed and controlled in the interests of shareholders and other stakeholders. Governance involves a set of relationships between an undertaking's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the undertaking are set, progress against performance is monitored, and results are evaluated.
Governance body	See Highest governance body .
Highest governance body	The governance body with the highest decision-making authority in the undertaking. In some jurisdictions, governance systems consist of two tiers, where supervision and management are separated. In such cases, both tiers are included under the definition of highest governance body.
Impact	The effect an undertaking has or could have on the economy, environment, and people, including effects on their human rights, as a result of the undertaking's activities or business relationships. The impacts can be actual or potential, negative or positive, short-term or long-term, intended or unintended, and reversible or irreversible. Impacts indicate the undertaking's contribution, negative or positive, to sustainable development.
Sustainability matters	Sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, and governance factors.

Appendix B: Application guidance

This appendix is an integral part of the [draft] ESRS 3 *Governance and organisation*. It describes the application of the requirements set for in paragraphs 1 to 18 and has the same authority as the other parts of the [draft] standard. The provisions set under paragraphs 1 to 18 and under paragraphs AG 1 to AG 20 of this Application Guidance below are cumulative.

Disclosure requirement 1 - Roles and responsibilities of governance bodies

AG1. The term Governance bodies makes reference to the governance body(ies) with the highest decision-making authority in the undertaking. Depending on the legal structure retained by the undertaking it shall include the undertaking's administrative, management and supervisory bodies exercising the highest authority under one tier or two-tier systems. The description of their roles and responsibilities should be concise.

AG2. In describing the mandate, roles and responsibilities of the highest governance body over sustainability matters, the undertaking shall specify:

- (a) The aspects of sustainability over which oversight is being exercised, covering each one of the environmental, social and governance sustainability-related issues the undertaking may be facing, including:
 - (i) assessment of and changes to sustainability-related aspects of the undertaking's strategy and business model(s),
 - (ii) identification and assessment material sustainability risks, opportunities and impacts,
 - (iii) related policies and targets, action plans and dedicate resources, and
 - (iv) sustainability reporting.
- (b) The form such oversight takes for each of the above aspects: information, consultation or decision-making, and
- (c) The way such oversight is being organised and formalised, i.e. processes by which the highest governance body is actually engaging on all above aspects.

AG3. In describing the undertaking's governance organisational structure regarding sustainability matters, the undertaking shall disclose if applicable:

- (a) Which committee of its highest governance body is responsible for oversight of sustainability matters. When responsibility is distributed and/or delegated across several committees or sub-committees, the undertaking shall disclose details of the responsibility distribution and delegation and coordination. Description of complex governance may be complemented and illustrated in the form of a diagram.
- (b) The composition of each committee and sub-committee in charge of sustainability oversight and the distribution of roles and responsibilities of each member of such committees and sub-committees.

AG4. In order to provide a comprehensive understanding of how oversight of sustainability matters by the highest governance body cascades down to the whole entity, the undertaking shall describe the organisational structure, reporting lines and processes by which sustainability-related responsibilities are articulated and cascaded down onto the management level senior executives and other key staff at operational level. In particular, the undertaking shall explain how successive levels of responsibility and decision-making authority interact and complement each other to ensure adequate and comprehensive coverage of the entity's sustainability matters across the organisation, all the way up to the highest governance body.

AG5. The description of the highest governance body's level of expertise or access to expertise should be substantiated by a description of the skills and competencies possessed by or available to each one of its members, and how such expertise is specifically adapted and relevant to the undertaking's material sustainability risks, opportunities and impacts.

AG6. Additionally, the undertaking shall articulate how the sustainability-related selection criteria it applied to select the members of its governance bodies were chosen to ensure adequacy of skills and competencies to the undertaking's specific sustainability challenges and opportunities.

AG7. For this disclosure requirement the undertaking shall pay particular attention to sustainability matters that due to their importance are prioritised and monitored directly by the highest governance bodies disclosed in line with [draft] ESRS 4 for which explicit reference shall be made.

AG8. As an illustration of the above, for climate-related impacts, risks and opportunities that due to their importance are prioritised and monitored directly by the highest governance body for many undertakings, the undertaking shall consider disclosing:

- (a) whether there is formal oversight, at the level of the highest governance body, of climate-related issues,
- (b) description of the committees of the highest governance body responsible for climate-related issues, including:
 - (i) a description of the competencies of members of the highest governance body relating to climate change,
 - (ii) whether the undertaking assigns climate-related responsibilities and authorities to senior executive positions or committees, and
 - (iii) a description of the role of management and operations levels on climate-related matters.

Disclosure requirement 2 - How the undertaking's governance bodies are informed about sustainability matters

AG9. In describing how its governance bodies are informed of sustainability-related matters, the undertaking shall include information about:

- (a) the manner senior executives and other internal staff interact with the governance bodies on sustainability matters,
- (b) the topics being addressed and with what purpose – information, consultation or decision, and
- (c) the frequency of such interactions,

AG10. Regarding information related to stakeholders, the following information shall be provided:

- (a) the manner and frequency of direct involvement of the highest governance body and senior executives in hearing and responding to the perspectives of affected stakeholders and/or their legitimate representatives on sustainability matters,
- (b) if stakeholder engagement is delegated, how feedback from stakeholders is provided to the highest governance body,
- (c) whether and how concerns about adverse impacts raised through engagement with affected stakeholders are communicated to the highest governance body

Disclosure requirement 3 - Sustainability matters addressed by the undertaking's governance bodies

AG11. In order to illustrate what sustainability matters the highest governance body spent time addressing during the year and how, doing so, it fulfilled its roles and responsibilities, the undertaking shall specify which one of the matters raised to his attention were effectively debated and addressed, and led the governance body to make decisions. It is not required to necessarily disclose the detailed results of such discussions and decisions.

AG12. In selecting and describing such specific matters, the undertaking shall consider those sustainability matters that relate to the governance body's responsibilities, as included in its mandate and described in Disclosure Requirement 1, as well as any other issue of critical importance. Regarding information related to stakeholders, in particular in relation to adverse impacts, the undertaking shall provide information on how governance bodies have addressed or intend to address the related issues.

AG13. As regards sustainability matters that due to their importance to the undertaking are prioritised and monitored directly by the highest governance bodies as disclosed in line with [draft] ESRS 4, the undertaking shall provide information about the key decisions made by its governance bodies which provide a useful level of understanding of their involvement in this respect.

AG14. As an illustration of the above, for climate-related impacts, risks and opportunities that due to their importance are prioritised and monitored directly by the highest governance bodies for many undertakings, the undertaking shall consider disclosing key decisions related for instance to (i) internal carbon pricing and (ii) climate-related scenario assumptions.

AG15. [Other illustrations to be considered for social and governance aspects]

Disclosure requirement 4 - Integration of sustainability strategies and performance objectives in compensation schemes

AG16. In describing how compensation policies are related to the implementation of its sustainability strategy and targets and the management of its impacts, risks and opportunities by its representatives and staff, the undertaking shall specify to whom such policies apply (i.e. Board members, senior executives, heads of department, etc...) and how they may vary from one category to another, if relevant.

AG17. It shall also be stated who has authority over the elaboration, approval and update of such policies, as well as over the monitoring of the effects of such policies on the undertaking's ability to deliver its sustainability strategy, meet its sustainability targets and manage its impacts, risks and opportunities.

AG18. In addition, the undertaking shall describe whether performance is being assessed against specific targets and/or impacts – and which ones – and whether sustainability-related key performance indicators (KPIs) are being considered as performance benchmarks. It shall also indicate the proportion of variable compensation conditioned to such KPIs being met. When the undertaking is not proposing a variable compensation, it shall explain why.

AG19. The undertaking may list and explain any other sustainability performance-related incentives.

AG20. For listed companies, the requirements related to the remuneration report prescribed in articles 9a and 9b of the Directive 2007/36 on the exercise of certain rights of shareholders in listed companies should be consistent with this disclosure requirement on integration of sustainability strategies and performance objectives in compensations schemes.

Appendix C: Digitisation guidance

This appendix is an integral part of the *[draft] ESRS 3 Sustainability governance and organisation*. It provides instructions for the digital tagging of the disclosure requirements in paragraphs [4-18];

[to be completed]

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[Draft] Basis for conclusions on ESRS 3 Sustainability governance and organisation

- BC1. This [draft] Basis for conclusions accompanies, but is not part of, [draft] ESRS 3 *Sustainability governance and organisation*. It summarises the considerations and references of the [EFRAG Sustainability Standards Board (the 'Board')] in developing the contents of the [draft] standard. [Individual Board members may be giving greater weight to some factors than to] others.]
- BC2. The general approach followed by (the Board) covers the following steps:
- (a) Complying first with the requirement of the draft CSRD,
 - (b) Seeking guidance if necessary from the existing NFRD and its 2017 and 2019 implementation guidelines,
 - (c) Aligning with the needs of financial market participants in accordance with the disclosure requirements specified in the [SFDR], in particular with regards to key performance indicators concerning principal adverse impacts,
 - (d) Analysing the current international frameworks as recital 37 of the CSRD requires that "sustainability reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate. Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International Accounting Standards Board, the Task-Force on Climate-related Financial Disclosures (TCFD), the Carbon Disclosure Standards Board, and CDP. Guidance from and coherence with these existing standards and frameworks have been sought.
 - (e) Analysing the current internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility and sustainable developments frameworks, as [recital (39) of the CSRD proposal] stipulates that sustainability reporting standards should take account of' such principles and [recital (27)] highlights the objective of ensuring 'consistency with international instruments such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct'.
 - (f) Analysing the concordance and compatibility with the publication dated 3 November 2021 from the Technical Readiness Working Group (TRWG) of the IFRS Foundation for consideration by the International Sustainability Standards Board (ISSB) for a general requirements for disclosure of sustainability-related financial information standard.

Objective of the [draft] standard

- BC3. The objective of the [draft] ESRS 3 *Sustainability governance and organisation* is to specify disclosure requirements for the description by a reporting undertaking of its governance and organisation in relation to sustainability-related matters.
- BC4. This objective follows the explicit requirement stipulated in [Articles 19a(2) point (c) and 19b(2) point (c)(i) of the CSRD proposal].
- BC5. Paragraphs 365 – 367 of [Proposals for a relevant and dynamic EU sustainability reporting standard-setting](#), by the multi-stakeholders' Project Task Force on preparatory work for the elaboration of possible EU non-financial reporting standards ([PTF-NFRS](#)), established by EFRAG in September 2020, recommended that the cross-cutting standard on sustainability governance and organisation should address "how the reporting entity manages [...] sustainability-related material risks, opportunities and impacts through governance oversight and what the management's role in assessing and managing these challenges are relevant questions [...]". This recommendation is supported by the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct with respect to impacts, and by the 'Climate Prototype' and the 'General Requirements Prototype' of the Technical Readiness Working Group of the IFRS Foundation (TRWG prototypes) with respect to risks and opportunities.

- BC6. [Article 19b of the CSRD proposal] lists several other governance-related disclosures that should be specified in the ESRS, namely:
- (a) business ethics and corporate culture, including anti-corruption and anti-bribery,
 - (b) political engagements of the undertaking, including its lobbying activities,
 - (c) the management and quality of relationships with business partners, including payment practices, and
 - (d) the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.
- BC7. In line with the distinction provided in [recital (44) of the CSRD proposal], governance information relating to items (a), (b), and (c) above is not covered by the [draft] ESRS 3 *Sustainability governance and organisation*. Instead, it is addressed by [draft] ESRS G1 *Governance, risk management, internal control*. Disclosures relating to item (d) are specified in [draft] ESRS 4 *Sustainability impacts, risks and opportunities*.

Structure of the [draft] standard

- BC8. Disclosure Requirement 1 directly corresponds to the wording of the [CSRD] in Art 19a 2(c) which requires that standards specify the information that undertakings are to disclose on the role of the undertaking's administrative, management and supervisory bodies, [...], including their composition.
- BC9. Disclosure Requirement 2 on the process by which the highest governance body is informed on sustainability matters and Disclosure Requirement 3 on the sustainability matters discussed by the highest governance body complement Disclosure Requirement 1 by providing information on how the formal role of the highest governance body is exercised with respect to material impacts, risks and opportunities. Such information is necessary for the assessment of the reliability of the information on governance and of the quality of the undertaking's governance of sustainability matters. Disclosure Requirements 2 and 3 are aligned with international standards, as identified by the CSRD.
- BC10. Disclosure Requirement 4 provides additional information to enable the assessment of compensation schemes in relation to sustainability matters. It is derived from international standards.
- BC11. Based on the above, the following disclosure requirements emerged as relevant:

Disclosure requirement	International framework references
Disclosure requirement 1	GRI 2-9, 2-10, 12, 2-13, 2-17; IFRS 25/4 (a,b,c,g)
Disclosure requirement 2	GRI 2-12, 2-14, 2-16; UNGP 16; OECD DD 1.2 (d); IFRS 25/4 (d,e)
Disclosure requirement 3	GRI 2-14; UNGPs 16-21; OECD DD 1.2 (a,b,d), 3.1 (a), 3.2 (a), 4.1 (a), 5.1 (a); IFRS 25/4(f)
Disclosure requirement 4	GRI 2-18, 2-19; OECD DD 1.2 (g); IFRS 25/4(f); CDSB REQ-01; CDP C1.3

Specific disclosure requirements

- BC12. The paragraphs below describe the considerations of the [Board] in developing the requirements in the [draft] standard.

Disclosure requirement 1 - Roles and responsibilities of governance bodies

BC13. [Article 19b(2) point (c) of the CSRD proposal] requires that the sustainability reporting standards shall 'specify the information that undertakings are to disclose about governance factors, including information about: (i) the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition; [...]'. [Article 19a of the CSRD proposal] specifies that information on sustainability matters concerns information on business model and strategy, targets, policies, due diligence process and impacts, and risk. Disclosure Requirement 1 is designed to facilitate a description of the formal role and composition of the governance bodies, while the exercise of the oversight on sustainability matters is addressed separately in Disclosure Requirements 2 and 3.

BC14. Disclosure Requirement 1 addresses the role and responsibility the governance bodies have in relation to sustainability matters, including the specific responsibilities of the individual members of such bodies, the organisational structure, responsibilities and reporting lines of management level senior executives and other employees at operational level. Such information is needed to demonstrate that sustainability matters receive appropriate attention from the governance bodies, management, and at operational level. Disclosure Requirement 1 further specifies data points concerning the highest governance body's composition, the nomination and selection of its individual members and their expertise (or access to the expertise) on material sustainability topics. Such information enables understanding of the governance bodies' ability to provide effective oversight on sustainability matters.

BC15. Disclosure Requirement 1 is aligned with major sustainability reporting initiatives, in particular:

(a) Global Reporting Initiative Universal Standard, GRI 2 General Disclosures:

§ 2-9 Governance structure and composition,

§ 2-10 Nomination and selection of the highest governance body,

§ 2-12 Role of the highest governance body in overseeing the management of impacts, and

§ 2-13 Delegation of responsibility for managing impacts,

§ 2-17 Collective knowledge of the highest governance body.

(b) IFRS General Requirements Prototype:

25 [...] the entity shall disclose a description of the body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of existing and emerging sustainability-related risks and opportunities, and of management's role with respect to existing and emerging sustainability-related risks and opportunities:

(a) the identity of the body or individual within a body responsible for sustainability-related risks and opportunities;

(b) how the body's responsibilities for sustainability-related risks and opportunities are reflected in terms of reference, board mandates and other relevant entity policies;

(c) how the body ensures that the correct skills and competencies are available to oversee strategies designed to respond to sustainability-related risks and opportunities;

(g) a description of management's role in assessing and managing sustainability-related risks and opportunities [...] and how the body oversees management in that role.

BC16. For more details see the Appendix to this Basis for conclusions.

Disclosure requirement 2 - How the undertaking's governance bodies are informed about sustainability matters

BC17. Disclosure Requirement 2 addresses the process and frequency by which the highest governance body is informed about risks, opportunities, due diligence process and impacts, and – where necessary – by affected stakeholders' views. The disclosure of such a process complements the information provided under Disclosure Requirement 1 in enabling users to understand whether the governance bodies have access to information necessary for the exercise of their role with respect to sustainability matters.

BC18. In addition, the [CSRD] explicitly refers to due diligence and the need to ensure consistency with international principles and frameworks for responsible business conduct, including the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance. These international frameworks stipulate that the undertakings' due diligence process should draw on the feedback from the stakeholders affected by the potential or actual impacts. The extent and nature of the feedback should correspond to the nature and severity of the impacts and the reporting entity's relation to those impacts.

BC19. Disclosure Requirement 2 is aligned with the following GRI Universal Standards and the IFRS prototypes:

(a) Global Reporting Initiative Universal Standard, GRI 2 General Disclosures:

§ 2-12 Role of the highest governance body in overseeing the management of impacts,

§ 2-14 Role of the highest governance body in sustainability reporting, and

§ 2-16 Communication of critical concerns.

(b) IFRS General Requirements Prototype:

(d) the processes and frequency by which the body and its committees (audit, risk or other committees) are informed about sustainability-related matters and the associated sustainability-related risks and opportunities;

BC20. For more details see the Appendix to this Basis for conclusions.

Disclosure requirement 3 - Sustainability matters addressed by the undertaking's governance bodies

BC21. Disclosure Requirements 1 and 2 provide information on the undertaking's governance and organisation from a procedural point of view. Disclosure requirement 3 indicates whether and how the governance was effectively exercised.

BC22. The disclosure of sustainability issues which were individually discussed by the governance bodies facilitates the assessment of whether the undertaking's highest governance body engagement in sustainability matters was appropriate, taking into account the description of material risks, opportunities and impacts pursuant to the [draft] ESRS 4 *Sustainability material impacts, risks and opportunities* and their implication for the undertaking's business model and strategy pursuant to the [draft] ESRS 2 *Strategy and business model*. It also provides insight to the prioritisation of sustainability matters by the undertaking's leadership.

BC23. The undertaking's strategy and business model may be implicated in any severe impacts that have been identified. If so, information is specifically required on the highest governance body assessed, because changes to the business model or strategy require the involvement of that highest governance body. This data point complements [draft] ESRS 2 *Strategy and business model*. It is formulated in a flexible way, enabling the undertaking to explain that it does not have any such impacts.

BC24. The disclosure of the exercise of the governance bodies' oversight is also necessary with respect to the implementation of Article 19a (2) (e) of the [CSRD], which stipulates that the undertakings should disclose their due diligence process with respect to the impacts on sustainability matters. Recitals 27 and 39 of the draft CSRD refer to the need to align the proposal with relevant international instruments in this regard, including in particular the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Business Conduct (OECD DD Guidance). These frameworks suggest assigning oversight and responsibility for due diligence to board level and relevant senior management. They also suggest publicly reporting relevant information on due diligence processes that is sufficient to evaluate the adequacy of an enterprise's response to the particular human rights impact involved.

BC25. Disclosure Requirement 3 is aligned with the following GRI Universal Standards and the IFRS prototypes:

(a) Global Reporting Initiative Universal Standard, GRI 2: General Disclosures and GRI 3: Material topics:

§ 2-14 Role of the highest governance body in sustainability reporting,

§ 3-3 Management of material topics

(b) IFRS General Requirements Prototype:

(e) how the body and its committees consider sustainability-related risks and opportunities when overseeing the entity's strategy, decisions on major transactions, and risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required.

BC26. For more details see the Appendix to this Basis for conclusions.

Disclosure requirement 4 - Integration of sustainability strategies and performance objectives in compensation schemes

BC27. Disclosure Requirement 4 aims at providing a description of how members of the highest governance body and senior executives are incentivised to manage the undertaking's sustainability impacts, risks and opportunities and, along with other employees, to take steps towards implementing the undertaking's sustainability strategy.

BC28. The disclosure of a link between compensation policies and/or other incentives and implementation of the undertaking's sustainability strategy and targets, as well as the management of the undertaking's impacts, risks and opportunities is needed to demonstrate the undertaking's efforts towards ensuring sustainability matters receive appropriate attention from individual members of the highest governance body, senior executives and other employees.

BC29. This disclosure also complements information under Disclosure Requirement 1 in that it enables users to understand the correlation between:

- (a) the level of a specific office (position), its assigned role and responsibility in relation to sustainability matters and the share of compensation subject to the sustainability-related performance;
- (b) The financial and non-financial (sustainability-related) performance criteria used for determining the compensation.

BC30. Disclosure Requirement 4 is aligned with the following GRI Universal Standards and the IFRS prototypes:

- (a) Global Reporting Initiative Universal Standard, GRI 2: General Disclosures
 - § 2-18 Evaluation of the performance of the highest governance body,
 - § 2-19 Remuneration policies
- (b) IFRS General Requirements Prototype:

(f) how the body oversees the setting of sustainability-related targets and monitors progress towards them, including whether and how related performance metrics are incorporated into remuneration policies.

BC31. For more details see the Appendix to the Basis for conclusions.

Appendix: References to reporting frameworks and standards

BC32. Table 1 below lists out governance-related disclosures in other standards and frameworks, that were taken into consideration for the development of the [proposed] disclosure requirements in the [draft] standard:

- (a) GRI Universal Standards,
- (b) 'Climate Prototype' and the 'General Requirements Prototype' of the Technical Readiness Working Group of the IFRS Foundation (TRWG),
- (c) UNGPs,
- (d) OECD Due Diligence Guidance,
- (e) SASB,
- (f) IIRC,
- (g) CDSB, and
- (h) CDP.

Table 1

GRI	<p>In its Universal Standards issued in 2021, GRI requires specific disclosures in relation to governance and organisation:</p> <p>GRI 2: General Disclosures</p> <p>Disclosure 2-9 Governance structure and composition Requirements The organization shall: [...] b. list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organization's impacts on the economy, environment, and people; c. describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; <u>vii. competencies relevant to the impacts of the organization;</u> viii. stakeholder representation.</p> <p>Disclosure 2-10 Nomination and selection of the highest governance body Requirements The organization shall: [...] b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; <u>iv. competencies relevant to the impacts of the organization.</u></p> <p>Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts Requirements The organization shall: a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development; b. describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including: i. whether and how the highest governance body engages with stakeholders to support these processes; ii. how the highest governance body considers the outcomes of these processes;</p>
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	<p>c. describe the role of the highest governance body in reviewing the effectiveness of the organization's processes as described in 2-12-b, and report the frequency of this review.</p> <p>Disclosure 2-13 Delegation of responsibility for managing impacts Requirements The organization shall: a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees; b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.</p> <p>Disclosure 2-14 Role of the highest governance body in sustainability reporting Requirements The organization shall: a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information; b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.</p> <p>Disclosure 2-16 Communication of critical concerns Requirements The organization shall: a. describe whether and how critical concerns are communicated to the highest governance body; b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period</p> <p>Disclosure 2-17 Collective knowledge of the highest governance body Requirements The organization shall: a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.</p> <p>Disclosure 2-18 Evaluation of the performance of the highest governance body Requirements. The organization shall: a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; [...]</p> <p>Disclosure 2-19 Remuneration policies Requirements The organization shall: [...] b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.</p>
<p>IASB (IFRS/ TRWG)</p>	<p>IFRS General Requirements Prototype (General Requirements for Disclosure of Sustainability-related Financial Information Prototype)</p> <p>Governance 24 The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities. Such information supports evaluations of whether sustainability-related financial risks and opportunities receive appropriate oversight by those charged with governance.</p>

25 To achieve the objective in paragraph 24, the entity shall disclose a description of the body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of existing and emerging sustainability-related risks and opportunities, and of management's role with respect to existing and emerging sustainability-related risks and opportunities, including:

- (a) the identity of the body or individual within a body responsible for sustainability-related risks and opportunities;
- (b) how the body's responsibilities for sustainability-related risks and opportunities are reflected in terms of reference, board mandates and other relevant entity policies;
- (c) how the body ensures that the correct skills and competencies are available to oversee strategies designed to respond to sustainability-related risks and opportunities;
- (d) the processes and frequency by which the body and its committees (audit, risk or other committees) are informed about sustainability-related matters and the associated sustainability-related risks and opportunities;
- (e) how the body and its committees consider sustainability-related risks and opportunities when overseeing the entity's strategy, decisions on major transactions, and risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required;
- (f) how the body oversees the setting of sustainability-related targets and monitors progress towards them, including whether and how related performance metrics are incorporated into remuneration policies; and
- (g) a description of management's role in assessing and managing sustainability-related risks and opportunities (for example, whether sustainability-related responsibilities have been assigned to specific management-level positions or committees, and that appropriate controls have been put in place by management to monitor sustainability-related matters, including ways in which sustainability-related risks and opportunities are considered and coordinated across different internal functions) and how the body oversees management in that role.

IFRS Climate Prototype (Climate-related Disclosures Prototype)

Governance

4 An entity shall disclose information that enables users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities. To achieve this objective, the entity shall disclose a description of the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of climate-related risks and opportunities, and of management's role with respect to climate-related risks and opportunities, including:

[the following items (a) to (g) are the same as those listed in the General Requirements Prototype above, with the only difference: "sustainability-" changed to "climate-related"]

<p>UNGPs</p>	<p>Guiding Principle 16 As the basis for embedding their responsibility to respect human rights, business enterprises should express their commitment to meet this responsibility through a statement of policy that: (a) Is approved at the most senior level of the business enterprise; (b) Is informed by relevant internal and/or external expertise; (c) Stipulates the enterprise’s human rights expectations of personnel [...]</p> <p>Guiding Principle 17 In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.</p> <p>Guiding Principle 18 In order to gauge human rights risks, business enterprises should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should: (a) Draw on internal and/or independent external human rights expertise; [...]</p> <p>Guiding Principle 19 In order to prevent and mitigate adverse human rights impacts, business enterprises should integrate the findings from their impact assessments across relevant internal functions and processes, and take appropriate action. (a) Effective integration requires that: (i) Responsibility for addressing such impacts is assigned to the appropriate level and function within the business enterprise; (ii) Internal decision-making, budget allocations and oversight processes enable effective responses to such impacts. [...]</p> <p>Guiding Principle 20 In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should: [...] (b) Draw on feedback from both internal and external sources, including affected stakeholders.</p>
<p>OECD Due Diligence Guidance</p>	<p>1.2 Seek to embed the enterprise’s policies on RBC issues into the enterprise’s oversight bodies. Embed the enterprise’s policies on RBC issues into management systems so that they are implemented as part of the regular business processes, taking into account the potential independence, autonomy and legal structure of these bodies that may be foreseen in domestic law and regulations <i>Practical actions</i> a. Assign oversight and responsibility for due diligence to relevant senior management and assign board level responsibilities for RBC more broadly. b. Assign responsibility for implementing aspects of the policies across relevant departments with particular attention to those workers whose actions and decisions are most likely to increase or decrease risks. c. Develop or adapt existing information and record-keeping systems to collect information on due diligence processes, related decision-making and responses. d. Establish channels of communication, or utilise existing channels of communication, between relevant senior management and implementing departments for sharing and documenting information on risk and decision-making. e. Encourage alignment across teams and business units on relevant aspects of the enterprise’s RBC policies. This could be done for example by creating cross-functional groups or committees to share information and decision-making about risks, and including business units that can impact observance of the RBC policies in decision-making. f. Provide training to workers to help them understand and implement relevant aspects of RBC policies and provide adequate resources commensurate with the extent of due diligence needed. g. Develop incentives for workers and business units that are compatible with the enterprise’s RBC policies. [...]</p>

	<p>3.1 Stop activities that are causing or contributing to adverse impacts on RBC issues, based on the enterprise's assessment of its involvement with adverse impacts as per 2.3. Develop and implement plans that are fit-for-purpose to prevent and mitigate potential (future) adverse impacts. <i>Practical actions</i> a. Assign relevant senior responsibility for ensuring that activities that cause or contribute to adverse impacts cease, and for preventing activities that may cause or contribute to adverse impacts in the future. [...]</p> <p>3.2 Based on the enterprise's prioritisation, develop and implement plans to seek to prevent or mitigate actual or potential adverse impacts on RBC issues which are directly linked to the enterprise's operations, products or services by business relationships. [...] <i>Practical actions</i> a. Assign responsibility for developing, implementing and monitoring these plans [...]</p> <p>4.1 Track the implementation and effectiveness of the enterprise's due diligence activities [...] <i>Practical actions</i> a. Monitor and track implementation and effectiveness of the enterprise's own internal commitments, activities and goals on due diligence, e.g. by carrying out periodic internal or third party reviews or audits of the outcomes achieved and communicating results at relevant levels within the enterprise. [...]</p> <p>5.1 Communicate externally relevant information on due diligence policies, processes, activities conducted to identify and address actual or potential adverse impacts, including the findings and outcomes of those activities. <i>Practical actions</i> a. Publicly report relevant information on due diligence processes, with due regard for commercial confidentiality and other competitive or security concerns, e.g. through the enterprise's annual, sustainability or corporate responsibility reports or other appropriate forms of disclosure. Include RBC policies, information on measures taken to embed RBC into policies and management systems, the enterprise's identified areas of significant risks, the significant adverse impacts or risks identified, prioritised and assessed, as well as the prioritisation criteria, the actions taken to prevent or mitigate those risks, including where possible estimated timelines and benchmarks for improvement and their outcomes, measures to track implementation and results and the enterprise's provision of or co-operation in any remediation. [...]</p>
<p>SASB</p>	<p>SASB Standards Application Guidance 5.0 Governance, Internal Control, and Assurance [...] a reporting entity should design, implement, and maintain a system of governance around developing and disclosing sustainability information—including management involvement, board oversight, and internal control—that is substantially similar to what it uses for financial reporting. [...] When disclosing information related to a disclosure topic identified by the standards, entities should consider including a narrative description of material factors [that] may include a discussion of the following: a. The entity's governance around the risks and opportunities related to the topic, including board oversight of and management's role in assessing and managing such risks and opportunities. [...]</p>
<p>IIRC</p>	<p>IIRC International Integrated Reporting Framework 4B Governance (one of the content elements) 4.8. An integrated report should answer the question: How does the organization's governance structure support its ability to create value in the short, medium and long term? 4.9. An integrated report provides insight about how such matters as the following are linked to its ability to create value: [...]</p>
<p>TCFD</p>	<p>TCFD Recommendations are exclusively link to climate-related risks and are described as follows: "Disclose the organization's governance around climate-related risks and opportunities. EA1. Describe the board's oversight of climate-related risks and opportunities</p>

	EA2. Describe management’s role in assessing and managing climate-related risks and opportunities”
<p>CDSB</p>	<p>CDSB Framework for reporting environmental & climate change information REQ-01 Governance Disclosures shall describe the governance of environmental policies, strategy and information. <i>Purpose:</i> This requirement is designed to demonstrate transparency about and accountability for the organisation’s oversight of environmental policies, strategy and information. Successful environmental policies require the support and leadership of an organisation’s Board, or highest governance body. This requirement will be satisfied when disclosures:</p> <ul style="list-style-type: none"> ● Identify the CEO/senior executive/Board committee responsible for environmental policies, strategy and information; and ● Explain: <ul style="list-style-type: none"> – How responsibility for environmental policies, strategy and information is delegated and how management is held accountable and/or incentivised for implementation of the organisation’s policies; – The nature and reliability of the underlying information and control systems used by the Board to prepare environmental information and provide related disclosures; – Whether the organisation’s environmental policies and strategies are subject to the same governance processes and disclosure controls and procedures that are used for financial management; and – Who approves the release of environmental information <p>CDSB Framework Application guidance for climate-related disclosures <i>(applies exclusively to material climate-related information and complements the above framework)</i> REQ-01 Governance Disclosures shall describe the governance of environmental policies, strategy and information <i>Disclosure checklist.</i> es the disclosure:</p> <ul style="list-style-type: none"> ● Identify the person(s) or committee responsible for climate policies, strategy and information? ● Explain how climate policies, strategy and information are delegated to management? ● Describe any systems for accountability and giving incentives? ● Explain whether the governance mechanisms for climate policies, strategies and disclosure differ from other material concerns and, if so, why?
<p>CDP</p>	<p>CDP Climate Change 2021 Questionnaire (exclusively link to climate-related issues and are described as follows) C1 Governance <i>Board oversight</i> (C1.1) Is there board-level oversight of climate-related issues within your organization? (C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues. (C1.1b) Provide further details on the board’s oversight of climate-related issues. (C1.1c) Why is there no board-level oversight of climate-related issues and what are your plans to change this in the future? <i>Management responsibility</i> (C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues. (C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals). <i>Employee incentives</i> (C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets? (C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals). [...]</p>

BC33. Table 2 below provides a comparison of the data points of the disclosure requirements in the [draft] standard with respective provisions on governance-related disclosures in the GRI Universal Standards, as well as the 'Climate Prototype' and the 'General Requirements Prototype' of the Technical Readiness Working Group of the IFRS Foundation (TRWG).

Table 2:

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
<p>1 Disclosure requirements for description of the governance and organisation by a reporting entity</p>	<p>Governance [...] The information reported under these disclosures is important for understanding how the management of the organization's impacts on the economy, environment, and people, including impacts on their human rights, is integrated into the organization's strategy and operations. It addresses how the governance bodies are set up and how well equipped they are to oversee the management of the organization's impacts. It also facilitates an understanding of the role and the responsibilities of governance bodies with respect to these impacts.</p>	<p><i>(Both prototypes require disclosing the same list of information (paras (a) to (g)) on governance: sustainability- and climate-related respectively. For the purposes of this table, references to the former are used.</i></p> <p><i>The objective is also shared:)</i></p> <p>[...] to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage [sustainability-/climate-related] risks and opportunities. <i>(followed by):</i></p> <p>24 [...] Such information supports evaluations of whether sustainability-related financial risks and opportunities receive appropriate oversight by those charged with governance.</p> <p>25 To achieve the objective in paragraph 24, the entity shall disclose a description of the body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of existing and emerging sustainability-related risks and opportunities, and of management's role with respect to existing and emerging sustainability related risks and opportunities, including: <i>(General Requirements Prototype)</i></p> <p>4 [...]. To achieve this objective, the entity shall disclose a description of the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of climate-related risks and opportunities, and of management's role with respect to climate-related risks and opportunities, including: <i>(Climate Prototype)</i></p>

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
DR1 Describe the roles and responsibilities of the governance bodies for sustainability matters		
<p>2 The role and responsibilities of the highest governance body [administrative, management and supervisory bodies] in developing and updating strategies, policies and targets related to sustainability and specify any delegated specific responsibilities to its individual members.</p>	<p>Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts Requirements The organization shall: a. describe the role of the highest governance body and of senior executives in developing, approving, and updating the organization's purpose, value or mission statements, strategies, policies, and goals related to sustainable development; [...]</p>	<p>(a) the identity of the body or individual within a body responsible for sustainability-related risks and opportunities; (b) how the body's responsibilities for sustainability-related risks and opportunities are reflected in terms of reference, board mandates and other relevant entity policies;</p>
<p>3 List and composition of possible sub-committees of the highest governance body responsible for preparing of decisions on and overseeing the management of the reporting entity's sustainability matters.</p>	<p>Disclosure 2-9 Governance structure and composition Requirements The organization shall: [...] b. list the committees of the highest governance body that are responsible for decision-making on and overseeing the management of the organization's impacts on the economy, environment, and people; c. describe the composition of the highest governance body and its committees by: i. executive and non-executive members; ii. independence; iii. tenure of members on the governance body; iv. number of other significant positions and commitments held by each member, and the nature of the commitments; v. gender; vi. under-represented social groups; vii. competencies relevant to the impacts of the organization; viii. stakeholder representation.</p>	<p>(g) a description of management's role in assessing and managing sustainability-related risks and opportunities (for example, whether sustainability-related responsibilities have been assigned to specific management-level positions or committees, and that appropriate controls have been put in place by management to monitor sustainability-related matters, including ways in which sustainability-related risks and opportunities are considered and coordinated across different internal functions) and how the body oversees management in that role.</p>
<p>4 Assessment of the extent to which the highest governance body and its individual member have adequate expertise or have access to adequate expertise in sustainability matters identified</p>	<p>Disclosure 2-17 Collective knowledge of the highest governance body Requirements The organization shall:</p>	<p>(c) how the body ensures that the correct skills and competencies are available to oversee strategies designed to respond to sustainability-related risks and opportunities;</p>

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
by the reporting entity as material.	a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	
5 Criteria concerning sustainability applied by the reporting entity for nominating and selecting members of the highest governance body.	Disclosure 2-10 Nomination and selection of the highest governance body Requirements The organization shall: [...] b. describe the criteria used for nominating and selecting highest governance body members, including whether and how the following are taken into consideration: i. views of stakeholders (including shareholders); ii. diversity; iii. independence; iv. competencies relevant to the impacts of the organization.	-
6 The allocation of responsibility for sustainability matters among senior executives and the process of reporting to highest governance body.	Disclosure 2-13 Delegation of responsibility for managing impacts Requirements The organization shall: a. describe how the highest governance body delegates responsibility for managing the organization's impacts on the economy, environment, and people, including: i. whether it has appointed any senior executives with responsibility for the management of impacts; ii. whether it has delegated responsibility for the management of impacts to other employees; b. describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organization's impacts on the economy, environment, and people.	(g) a description of management's role in assessing and managing sustainability-related risks and opportunities (for example, whether sustainability-related responsibilities have been assigned to specific management-level positions or committees, and that appropriate controls have been put in place by management to monitor sustainability-related matters, including ways in which sustainability-related risks and opportunities are considered and coordinated across different internal functions) and how the body oversees management in that role.
7 The allocation of responsibility for sustainability matters among other employees and the process of reporting to highest governance body	same as above	same as above

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
DR 2 Describe how the reporting entity's administrative, management and supervisory body is informed about sustainability matters		
<p>9 The process and frequency by which the highest governance body including its committees is informed about:</p> <p>(a) sustainability-related risks and opportunities</p> <p>(b) the due diligence process and impacts</p> <p>(c) the perspectives of the undertaking's stakeholders (~ GRI 2-12 b.), including</p> <p>i. the primary users of sustainability information disclosed by the reporting entity</p> <p>ii. social partners, including the manner and frequency of direct involvement of the highest governance with workforce representatives.</p> <p>iii. affected stakeholders, including the process and frequency for members of the highest governance body and senior executives to hear and respond to the perspectives of affected stakeholders and/or their legitimate representatives, and whether and how concerns about adverse impacts raised through governance mechanisms (critical concerns) are communicated to the highest governance body</p>	<p>Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts</p> <p>Requirements</p> <p>The organization shall: [...]</p> <p>b. describe the role of the highest governance body in overseeing the organization's due diligence and other processes to identify and manage the organization's impacts on the economy, environment, and people, including:</p> <p>i. whether and how the highest governance body engages with stakeholders to support these processes;</p> <p>Disclosure 2-16 Communication of critical concerns</p> <p>Requirements</p> <p>The organization shall:</p> <p>a. describe whether and how critical concerns are communicated to the highest governance body;</p> <p>b. report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period</p>	<p>(d) the processes and frequency by which the body and its committees (audit, risk or other committees) are informed about sustainability-related matters and the associated sustainability-related risks and opportunities;</p>
<p>10 The integration of sustainability topics in the undertaking's general internal control and risk management systems, as well as internal and external reporting process.</p>	<p>Disclosure 2-14 Role of the highest governance body in sustainability reporting</p> <p>Requirements</p> <p>The organization shall:</p> <p>a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information;</p>	<p>(e) how the body and its committees consider sustainability-related risks and opportunities when overseeing the entity's strategy, decisions on major transactions, and risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required;</p>

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
	b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.	
DR 3 Indicate the sustainability matters which were addressed by the reporting entity's administrative, management and supervisory bodies during the reporting period, and decisions taken		
11 List of the material sustainability issues and their development	-	-
12 Approval of policies and targets process, action plans and resources related to material risks, opportunities and impacts and review of progress against them	Disclosure 2-14 Role of the highest governance body in sustainability reporting Requirements The organization shall: a. report whether the highest governance body is responsible for reviewing and approving the reported information, including the organization's material topics, and if so, describe the process for reviewing and approving the information; b. if the highest governance body is not responsible for reviewing and approving the reported information, including the organization's material topics, explain the reason for this.	(f) how the body oversees the setting of sustainability-related targets and monitors progress towards them, including whether and how related performance metrics are incorporated into remuneration policies;
13 Assessment by the highest governance body of how the business model and strategy of the reporting entity may play a role in severe sustainability impacts, and any approved changes to the business model, strategy, policies or processes to mitigate such impacts.	-	same as above
DR 4 Describe the integration of sustainability strategies and performance objectives in incentives (remuneration policy)		
14 How the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to (a) implementation of the reporting entity's	Disclosure 2-18 Evaluation of the performance of the highest governance body Requirements The organization shall:	same as above

Disclosure requirements	GRI Universal Standards	TRWG 'General Requirements Prototype' and 'Climate Prototypes'
sustainability strategy and targets; (b) management of the undertaking's impacts	<p>a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organization's impacts on the economy, environment, and people; [...]</p> <p>Disclosure 2-19 Remuneration policies Requirements The organization shall: [...]</p> <p>b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organization's impacts on the economy, environment, and people.</p>	
15 Performance incentives linked to the implementation of the reporting entity's sustainability strategy, targets and policies provided to other employees	Same as above	