

***[Draft] European Sustainability Reporting Standard 5
Definitions for policies, targets, action plans and resources***

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 5

Definitions for policies, targets, action plans and resources

Objective

- 1 The objective of this [draft] standard is to specify, from a generic perspective, the key aspects to disclose (i) when the undertaking is required by other (cross-cutting or topical) ESRS to describe policies, targets, action plans and resources in relation to sustainability matters and (ii) when the undertaking decides to describe policies, targets, action plans and resources in relation to entity-specific sustainability matters.
- 2 This [draft] standard serves therefore as a reference standard for disclosure on policies, targets, action plans and resources as mandated by other ESRS or as defined by the undertaking itself for entity-specific impacts, risks and opportunities

Interaction with other ESRS

- 3 This ESRS does not mandate disclosure requirements *per se*, it provides a common reference for the implementation of other ESRS: disclosure requirements related to policies, targets, action plans and resources mandated by other topical ESRS shall incorporate the disclosure defined in this standard. As a consequence the undertakings shall disclose such combined information under the respective other ESRS.
- 4 ESRS 2, 3 and 4 define disclosure requirements on how sustainability matters taken as a whole interact with the undertaking's (i) strategy and business model(s), (ii) governance and organisation and (iii) assessment of impacts, risks and opportunities. The decisions made by the undertaking following such interactions are translated into implementation measures in terms of established policies, targets set, action plans and resources allocated which shall be described, when required by other ESRS, following the prescriptions of this ESRS.

Disclosure reference contents

- 5 The disclosure reference content in this (draft) standard can be grouped under three overarching disclosures, which serve as reference points for other ESRS.

Disclosure reference content 1 on Policies implemented to manage material sustainability matters

- 6 This disclosure reference content defines the aspects that are to be described for each policy in respect of each sustainability matter identified as material following the assessment performed pursuant to ESRS 4. The undertaking shall disclose the policy in a concise manner in order to provide information which is necessary and relevant for users to understand how the undertaking intends to address the identified material sustainability impacts, risks and opportunities.
- 7 The description of each policy shall include the following information:
 - (a) A summarised description of the policy, including its general objectives,
 - (b) A description of the scope of the undertaking's policy, including operations that are covered by the policy and the policy's perimeter with regard to the value chain and other business relationships,
 - (c) A description of the allocation of responsibilities, including oversight, for the implementation of the policy across the management at all relevant operational levels within the undertaking,
 - (d) A description of third-party standards of conduct, if any, that the undertaking commits to respect through the implementation of the policy, and
 - (e) A description of the consideration given to the interests of stakeholders in setting the policy.

- 8 If the undertaking cannot disclose the above required information, because it has not adopted a policy and/or objectives as outlined in paragraph 7 (a), it may disclose this to be the case and providing reasons for not having adopted a policy or objectives.

Disclosure reference content 2 on Measurable targets in relation to policies and progress against those targets

- 9 The disclosure reference content defines how the undertaking describes (i) the measurable outcome-oriented target set to meet the policy's objectives related to the management of its material impacts, risks and opportunities and (ii) the overall progress against the defined target. Particularly, by describing:
- (a) The undertaking's ambition, formulated as a measurable target, in terms of expected results for people, the environment and the undertaking concerning the impacts, risks and opportunities underpinning the material matter addressed by the policy
 - (b) The undertaking's progress towards the adopted target over time.
- 10 For each target, the undertaking shall include a description of :
- (a) The scope of the target, including explanation of any limitations as to geographical boundaries or activities,
 - (b) The baseline value and/or base year used to measure progress, if applicable,
 - (c) The timeframe to achieve the target, including any milestones or interim targets,
 - (d) The methodologies and significant assumptions used to define targets, including where applicable, the underlying scenarios and alignment with science-based methodologies,
 - (e) Any changes in targets or underlying methodologies and assumptions adopted within the defined time horizon together with an explanation of the rationale for those changes and their effect on comparability
 - (f) The overall progress towards the defined target, including information on whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in performance of the undertaking towards achieving the target .
- 11 If the undertaking has not adopted any measurable outcome-oriented target in line with paragraph 9, it shall provide the following information:
- (a) Whether such targets will be adopted and the timeframe, or
 - (b) Reasons why the undertaking does not plan to adopt such targets, and/or
 - (c) Whether the undertaking measures progress in achieving the policy's objectives without a specific target, and if so how and what progress has been achieved in terms of the outcomes related to impacts, risks and opportunities underpinning the materiality of the related matter.

Disclosure reference content 3 on Actions, action plans and resources in relation to policies and targets

- 12 The disclosure reference content defines the aspects that are to be described for the actions, action plans and allocation of resources to meet undertaking's objectives and targets by providing an understanding of (i) the stand-alone actions and action plans comprising closely interrelated management measures being undertaken in the framework of the policy and (ii) the related allocation of resources.
- 13 For each action plan or stand-alone action, the undertaking shall include the description of:
- (a) The list of actions included in the action plan,
 - (b) The scope of the actions with regard to the undertaking's activities and value chain,
 - (c) The time horizons under which the undertaking intends to complete each action,

- (d) The expected outcomes of each action included in the action plan in relation to the contribution of the actions to the achievement of the underlying policy objectives and targets, and
 - (e) Where relevant, examples of implementation of key actions to address material impacts, risks and opportunities.
- 14 Where the implementation of an action plan requires substantial mobilisation of resources, involving significant operational costs and/or capital expenditures the undertaking shall describe the resources needed and allocated.
- 15 If the undertaking cannot disclose the information required by paragraph 14, because it has not adopted any action plans or stand-alone actions, the undertaking may comply with paragraph 14 by disclosing this to be the case and providing reasons for not having adopted them.
- 16 A transition plan is a specific category of an action plan, which is adopted by the undertaking, to address:
- (a) a public policy objective, and/ or
 - (b) an entity-specific action plan that the undertaking decides to organise as a structured set of targets and actions and to associate when disclosing to:
 - (i) a key strategic decision,
 - (ii) a major change in business model,
 - (iii) a particularly important action plan in terms of objectives or allocation of resources, and/or
 - (iv) the way potential adverse impacts on any other sustainability matter are addressed.
- 17 When the term « transition plan » is used for complying with a disclosure reference content, the undertaking shall:
- (c) follow paragraph 13 above, and
 - (d) ensure that, due to the emphasis on the sustainability matter addressed by the transition plan, the disclosures (i) are comprehensive, coherent and consistent and (ii) are properly related to other disclosures without undue over or under-emphasis.

Appendix A: Defined terms

This appendix is an integral part of the [draft] standard.

[to be included in the general glossary]

Policy	A Policy is a set or framework of general objectives and management principles that the undertaking uses for making decisions. A policy implements the undertaking's strategy or management decisions related to a material sustainability matter. Each policy is under the responsibility of a defined person, specifies its precise perimeter of application, includes one or more objectives linked when applicable to measurable targets. A policy is validated and reviewed following the undertakings' applicable governance rules.
Objective	Objectives are specific, direction setting, outcome-based statements. Objectives are defined in the policies translating the undertaking's strategy.
Target	A Target is a specific and measurable desired outcome, generally defined within the framework of an action plan, with specific time frames, a base year, key performance indicators used to assess progress, that supports the achievement of objectives set by the undertaking's policies. Targets are defined for material sustainability matters with respect to results for people or the environment or in terms of the effect on business.
Sustainability matters	Sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, that is environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters; and governance factors.
Action Plan	An Action Plan is a detailed statement of the steps that need to be taken in order to achieve a particular policy objective or a target. Action Plans are the practical implementation of Policies.
Resources	Resources are a stock of tangible supply of (i) money, (ii) materials or (iii) any other assets, or a stock of useful and valuable intangibles such as skills and time or people an organisation can rely on in order to function effectively.

Appendix B: Application guidance

This appendix is an integral part of the [draft] ESRS 5 *Definitions for policies, targets, action plans, and resources*. It describes the application of the reference contents set for in paragraphs 1 to 17 and has the same authority as the other parts of the [draft] standard. The provisions set under paragraphs 1 to 17 and under paragraphs AG 1 to AG 22 of this Application Guidance below are cumulative.

Disclosure reference content 1 on Policies implemented to manage material sustainability matters

- AG1. A policy is a set or framework of general objectives and management principles that the undertaking uses for making decisions. Within the context of this ESRS, a policy implements the undertaking's strategy or management decisions related to a material sustainability matter. Such material sustainability matters are identified by the undertaking as disclosed following ESRS 4.
- AG2. Due to the interdependency between impacts on people and the environment, risks and opportunities, a single policy may apply to several material matters addressed by more than one ESRS. The undertaking shall report the required information once in the relevant ESRS whilst providing information required by other applicable ESRS, with a clear explanation of the disclosures covered and appropriate cross-references to other disclosures (e.g. the undertaking may enact a single policy to address several interconnected material human rights or environmental issues in its value chain, provided the policy is specific with respect to the management of the underlying material impacts, risks, and opportunities as outlined in this ESRS).
- AG3. This disclosure reference content concerns the policy the undertaking has developed specifically for the related matter. The undertaking shall not describe general policy commitments, such as those concerning responsible business conduct, respecting human rights, or the expectations, values, principles, and norms of behaviour. Such disclosures shall be provided, when applicable, pursuant ESRS 2.
- AG4. The policy description should be concise and include relevant information, which is necessary for understanding how it addresses the identified significant impacts, risks and opportunities, whilst avoiding additional disclosures which obscure such material information. The level of detail should correspond to the severity of the identified impacts and importance of the risks and opportunities which underpin the materiality of the sustainability matter addressed by the policy, and their interconnection to the undertaking's business model and strategy and assessment of impacts, risk and opportunities. The undertaking shall not provide a detailed list or content of all related policy documents, such as codes of conduct, that can be located in the undertaking's website as an example. In addition, prioritisation of relevant policies that relate to a specific material sustainability matter shall be performed by the undertaking. As an illustration for a multinational group, the undertaking should prioritise disclosure of those policies that were implemented in the current year, and that have the potential to contribute significantly to material impacts, risks and opportunities identified.
- AG5. Within the summarised description of the policy the undertaking shall provide information on the objectives of the policy defined in terms of outcomes for people and the environment or the effect on the undertaking's business, corresponding to the impacts, risks or opportunities underpinning the materiality of the matter. When applicable the undertaking shall explain whether the objectives of its policy are based on regulatory compliance or extend beyond it. The undertaking shall further outline the key decisions on how the undertaking intends to achieve such objectives, while the details of the implementation of the policy shall be provided under disclosure reference content related to measurable targets. Where relevant, the undertaking may describe how the policy is aligned with other operational policies and procedures, for example integration of the sustainability objectives and principles in purchasing practices and policies.
- AG6. The description of the scope of the policy shall explain which activities and segments of the undertaking's operations, value chain or other business relationships it concerns. The description should also explain further boundaries relevant to the specific topic or the undertaking's circumstances, which may include geographies, life cycles, etc. In certain cases, when the scope of the value chain perimeter differs from the one defined by other ESRS and the policy may not cover the full value chain, the undertaking should provide clear information regarding the extent of the value chain covered by the policy.

- AG7. The description of the allocation of responsibility shall indicate responsibilities at the appropriate organisational levels within the organisation (for example, senior management or middle management, insofar as this concern specifically the disclosed policy). The undertaking shall not describe the general organisation of sustainability management and governance, that is the allocation of responsibilities for the sustainability-related policies as a whole, which shall be described in the disclosures pursuant to ESRS 3. However, the undertaking may explain how the responsibilities of oversight over the policy and its implementation are connected to such general organisation.
- AG8. The information on the adherence to third-party standards of conduct, if any, shall be provided insofar as such standards explicitly address the sustainability matter addressed by the undertaking's policy (e.g., ETI Base Code for supply chain labour rights). The undertaking shall explain in sufficient detail the extent of its commitment, including whether it considers the standard to be binding and how it intends to act in case of breach. The undertaking should not refer under this disclosure reference content to international frameworks that are of general nature and to those with which undertakings are expected to comply by the governments and intergovernmental organisations, such as the UN Guiding Principles on Business and Human Rights or the OECD Guidelines for Multinational Enterprises.
- AG9. The information on consideration of the interests of stakeholders shall particularly be disclosed by the undertaking with regard to its policies in relation to material impacts which affect specific categories of stakeholders. The undertaking shall explain how it engaged with the stakeholders affected by the impacts underpinning the materiality of the matter, their legitimate representatives, or organisations defending their interests, and how their interests are reflected in the policy.

Disclosure reference content 2 on Measurable targets in relation to policies and progress against those targets

- AG10. The undertaking shall disclose specific, outcome-oriented measurable targets that support the policy objectives with regard (i) to mitigation of or adaptation to impacts risks, or (ii) to maximisation of positive outcomes expected from opportunities. This means that targets shall be articulated in terms of their relevance to outcomes for affected stakeholders and/or the environment or effect on the undertaking's business performance, position or development.
- AG11. Targets disclosed shall not be defined in terms of implementation of processes (e.g., implementing a risk management system, training of employees or suppliers) which shall be disclosed as part of the action plan under Disclosure reference content related to measurable targets.
- AG12. Targets that concern the prevention or mitigation of environmental impacts shall be specified in terms of reduction of the impacts in absolute and/or intensity-based terms. Targets that concern prevention or mitigation of social impacts shall be specified in terms of the effects on human rights, welfare and opportunities for affected stakeholders.
- AG13. The undertaking shall not include in the calculation of targets any netting or offsetting of impacts.
- AG14. In the description of the methodology, the undertaking shall describe how the targets are set, whether and how the targets take into account the sustainability context in which impacts take place, and whether the targets are based on scientific consensus (science-based), where applicable.
- AG15. The information on progress made towards achieving the targets may be provided in a comprehensive table, including information on the baseline and target value, milestones, and achieved performance over the prior periods.
- AG16. The undertaking shall describe how targets have been tracked and measured, including any estimations used in calculating performance throughout the relevant time horizon. In addition, the undertaking should disclose whether progress is satisfactory or not. If a target has not been achieved, the undertaking should explain why.

AG17. Where an undertaking describes progress in achieving the objectives of a policy in the absence of a measurable target, it may specify a baseline against which the progress is considered. For example, the undertaking may assess an increase of wages by a certain percentage for those below a fair wage or by reference to issues raised by local communities that were resolved. The baseline and the assessment of the progress shall be related to the impacts, risks and opportunities which underpin the materiality of the matter addressed by the policy.

Disclosure reference content 3 on Actions, action plans and resources in relation to policies and targets

AG18. The undertaking shall disclose all relevant actions to meet the policy objectives and its targets for those implemented in the current period together with forward-looking information on planned actions across relevant time horizons.

AG19. The undertaking may adopt stand-alone actions or more comprehensive action plans. A set of actions which are connected to a single objective or a target shall be presented in a form of an action plan. Where the undertaking reports a stand-alone action, the disclosure reference contents concerning the action plans apply analogously.

AG20. The description of the scope of the action plan shall specify which activities and segments of the undertaking's operations, value chain or other business relationships are considered. This information provided by the undertaking is to be consistent with AG6 on the scope of the policy.

AG21. For policies for which it is not meaningful to define a measurable outcome-oriented target, examples that illustrate the implementation of the undertaking's policy and effectiveness should be provided. Such examples should only be provided for actual or potential impacts that the undertaking's policy is addressing but not for past impacts. The examples should present a balanced view of positive and negative issues concerning the undertaking's involvement with the underlying impacts.

AG22. Information on resources needed and their allocation shall be provided, when applicable, at the level of the undertaking's action plan as a whole. The undertaking should provide such information if the implementation of the action plans require substantial dedicated resources, such as significant capital expenditure or operational costs related for instance to the adoption of new technologies, refurbishment or replacement of industrial facilities (e.g., a climate net-zero transition plan in high-impact sectors), investment in people and organisation that the undertaking can rely on in order to effectively implement the action plan and meet policy objectives or targets. Conversely, where the effectiveness of the action plans does not depend on specific dedicated resources, the undertaking should clearly indicate it instead of disclosing resource allocations.

AG23. Information on resources needed and allocated may be disclosed at the level of the entire action plan or by key action taken or planned.

AG24. Information on resources allocation should be presented in the form of a table and should be broken down between capital expenditures and operating expenditures, and across the relevant time horizons, at minimum for the current reporting year resources, and the planned allocation of resources over specific time horizons.

Basis for conclusions on ESRS 5

Definitions for policies, targets, action plans and resources

- BC1 This [draft] Basis for conclusions accompanies, but is not part of, ESRS 5 *Definitions for Policies, Targets, Action Plans and Resources*. 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 [Board's] approach in developing the disclosure reference content for the [draft] ESRS 5 *Definitions for Policies, Targets, Action Plans and Resources* included the following steps:
- (a) Complying first with the requirement of the [CSR proposal],
 - (b) Taking into account the existing [NFRD and its 2017 implementation guidelines], to the extent they are compatible with the [CSR proposal],
 - (c) Aligning with the needs of financial market participants in accordance with the disclosure requirements specified in the [SFRD], in particular as regards key performance indicators concerning principal adverse impacts,
 - (d) Analysing the current international frameworks as [recitals (37) of the CSR proposal] stipulates 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 [(a part of the TRWG)], the Task-Force on Climate-related Financial Disclosures, the Carbon Disclosure Standards Board, and CDP.", and
 - (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 CSR 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'.

Objective of the [draft] standard

- BC3 The objective of the [draft] standard ESRS 5 *Definitions for Policies, Targets, Action Plans, and Resources* is to define standard disclosure requirement definitions for the description by the undertaking of its policies, targets, action plans and resources in the context of the reporting of sustainability matters, when mandated by other ESRS. The purpose is to establish a common basis for all ESRS and therefore to avoid diverging content in respect of the implementation measures hereby defined.
- BC4 This objective follows the explicit requirement stipulated in in [Article 19a(2) point (b), (d) and (e)(iii) of the CSR proposal].
- BC5 Paragraphs 345, 346, 368 – 374 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, also recommended that the cross-cutting standard on sustainability governance and organisation should address "how a reporting entity manages its material topics and their related risks, opportunities and impacts including policies and targets as well as action plans and resources allocation [...and] achievements (qualitative and/or quantitative) and results (*performance oriented*) of a company's operations and activities based on metrics/KPIs [...]". 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 'General Requirements Prototype' of the Technical Readiness Working Group of the IFRS Foundation (TRWG prototypes) with respect to risks and opportunities.

- BC6 In addition to the above, [Article 19a(2) of the CSRD proposal] prescribes several other disclosures which are connected to the subject matter of this ESRS, namely:
- a. [...] the plans of the undertaking to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement,
 - b. (g) indicators relevant to the disclosures referred to in points (a) to (f).
- BC7 The information relating to items (i) and (ii) above is not covered in this ESRS 5 *Definitions for Policies, Targets, Action Plans and Resources*. Point (i) is addressed in ESRS 2 Strategy and business model. Point (ii) is addressed in topical ESRS.

Structure of the [draft] standard

- BC8 Disclosure reference content 1 and 2 directly correspond to the wording of the [CSRD] in Art 19a 2(b), (d) and (g), that requires undertakings to disclose information on a description of the targets related to sustainability matters set by the undertaking and of the progress the undertaking has made towards achieving those targets, and a description of the undertaking's policies in relation to sustainability. These disclosure reference contents are aligned with international standards, as identified by [the CSRD].
- BC9 Disclosure reference content 3 partly, with regard to actions and action plans, corresponds to the wording of in [Article 19a(2) point (e)(iii) of the CSRD proposal] that requires undertakings to disclose information on a description of any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts. In this part the disclosure is also aligned with international standards, as identified by [the CSRD], while with regard to resources to meet the policy objectives and targets, Disclosure reference content 3 is derived from such international standards.
- BC10 Based on the above, the following disclosure reference contents emerged as relevant:

Disclosure reference content #	International framework references
1	GRI 2-24-a, 3-3-c, IFRS 35 (c), CDSB REQ-02
2	GRI 3-3-e, IASB/IFRS, CDSB REQ-02, REQ-05, TCFD, SASB, UNGP 20, OECD DD 4.1 (a)
3	GRI 3-3-d, UNGP 19, OECD DD 3.1 (a,c), 3.2 (a,b)

Specific disclosure reference content

- BC11 The paragraphs below describe the considerations of the [Board] in developing the reference contents in the [draft] standard.

Disclosure reference content 1 on Policies implemented to manage each material sustainability topic

- BC12 This disclosure reference content asks for a general description of the policies the undertaking has decided to implement in order to manage its material sustainability topics, which includes a description of policies for each material sustainability topic, including such policies' objectives and principles, scopes (including operations and perimeter), stakeholders interests stakeholders interests considered, and indication of the third-party standards of conduct that the undertaking may commit to respect through the implementation of respective policies, as well as indication of those responsible for oversight over and implementation of each policy within the organisation. Disclosing such policies is specifically required by [the CSRD proposal], existing NFRD and the EU non-binding Guidelines and is necessary for users to understand how the undertaking's strategy as regards sustainability topics is implemented from an operational point of view.

- BC13 The materiality of sustainability topics is determined on the basis of identification and assessment of specific impacts, risks and opportunities, as required by ESRS 4 [Sustainability material impacts, risks and opportunities]. Therefore, this disclosure reference content is focused on topical policies designed by the undertaking to manage the underlying impacts, risks, and opportunities. More general issues in relation to the integration of sustainability in the undertaking's business strategy, which may include broader goals and policy commitments, shall be addressed in the disclosures pursuant to the ESRS 2 [Strategy and business model].
- BC14 The data point related to the consideration of stakeholders interests is based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, which address the engagement of stakeholders throughout the due diligence process. [The CSRD proposal] explicitly refers to the need to ensure consistency with these two instruments. These international frameworks stipulate that the undertakings' due diligence process should take into account the concerns of potentially affected stakeholders including at the stage of determination of appropriate actions to address those impacts and tracking effectiveness of the undertaking's response. The extent and nature of the engagement with stakeholders should correspond to the nature and severity of the impacts and the reporting entity's relation to those impacts.
- BC15 The topical ESRS may provide more specific disclosure requirements, including additional specifications which should be considered material and thus included in the undertaking's disclosure of policies, targets, action plans and resources. For this reason, Disclosure reference content 1 makes also reference to such topical standards.
- BC16 Disclosure reference content 1 and generally the entire standard align with the EU 2017 non-binding Guidelines which require undertakings to consider disclosing "their approaches to key non-financial aspects, main objectives, and how they are planning to deliver on those objectives and implementing those plans".
- BC17 Disclosure reference content 1 is also aligned with major sustainability reporting initiatives, in particular:
- (a) Global Reporting Initiative Universal Standard, GRI 2: General Disclosures and GRI 3: Material topics:
 - 2-24 Embedding policy commitments
 - 3-3 Management of material topics
 - (b) IFRS General Requirements Prototype:
 - 35 To achieve the objective in paragraph 34 the entity shall describe: [...]
 - (c) for each significant sustainability-related risk, information that enables an understanding of how the risk is being monitored, managed and mitigated, including related policies;

Disclosure reference content 2 on Measurable targets of the policy and progress against those targets

- BC18 Disclosing the undertaking's targets related to sustainability matters and its progress towards achieving those targets is explicitly required by [Article 19a(2) point (b) of the CSRD proposal]. Disclosure of targets and performance against them is instrumental in enabling users' understanding of the undertaking's plans and overall effectiveness in the implementation of sustainability-related policies. Consequently, all ESRS refer to targets or objectives, with different levels of focus and granularity.
- BC19 In line with international standards, as identified by [the CSRD], providing users with the following details about the target setting process is required: target's scope (perimeter: boundaries and activities), baselines, timeline and milestones/interim targets, methodologies and significant assumptions used. In addition, any changes in targets and methodologies should be disclosed as well as the overall progress against the targets in the context of the initially scheduled ones, existing trends and/or significant changes in performance.

BC20 Recognising that setting targets may not always be feasible or necessary, thus Disclosure reference content 2 allows for the undertaking to comply with its provisions by stating that the undertaking has not adopted targets, by explaining its plans and/or stating the reasons why it does not have such plans.

BC21 In line with GRI Universal Standard 3-3-e, UN Guiding Principles on Business and Human Rights, Principle 20 and para 4.1 of the OECD Due Diligence Guidance for Responsible Business Conduct, which provide for tracking effectiveness (based on appropriate qualitative and quantitative indicators) of the business enterprise's response to adverse impacts in order to verify that they are being addressed, Disclosure reference content 2 provides for an option to report on progress in terms of results for people and the environment in cases where an undertaking has not set a specific target. Such an option is equally applicable to risks and opportunities and results for the business.

BC22 Disclosure reference content 2 is aligned with major sustainability reporting initiatives, in particular:

- (a) GRI 3: Material topics / Management of material topics
- (b) Application guidance to GRI 3-3-e further elaborates that the organisations should report:
 - whether and how the goals and targets take into account the sustainability context in which the impacts take place (e.g., sustainable development goals and conditions, the limits and demands placed on environmental resources).
 - whether the goals and targets are informed by expectations in authoritative intergovernmental instruments and, where relevant, by scientific consensus;
 - whether goals and targets are mandatory (based on legislation) or voluntary. If they are mandatory, the organization can list the relevant legislation;
 - the organization's activities or business relationships to which the goals and targets apply;
 - the baseline for the goals and targets;
 - the timeline for achieving the goals and targets.
- (c) IFRS General Requirements Prototype:

§37 To achieve the objective in paragraph 36, an entity shall disclose: [...]

(b) targets set by its governance body or bodies (which includes a board, committee or equivalent body charged with governance and management); and

(c) other key performance indicators used by the governance body and bodies to measure progress towards the targets identified in 37(b). [...]

§43 The entity shall disclose:

(a) targets set by management to mitigate or adapt to sustainability-related risks or enhance sustainability-related opportunities and achieve strategic goals

(b) information about the nature of the target, including where relevant: [target type, timeline, base period, milestones or interim targets; baseline - external parameters or validated as part of sustainability initiatives]

(c) metrics and other key performance indicators used to assess progress towards reaching targets and achieving strategic goals;

(d) the entity's performance against disclosed targets and analysis of trends or significant changes to performance; and

(e) explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods.

§44 [...] If a target or entity-specific key performance indicator is redefined the entity shall: [explain the changes; the reasons; provide restated comparative figures]

§47 When a metric, entity-specific key performance indicator or target is replaced by another one that better achieves the same objectives, the entity shall explain the change and why the new measure provides more reliable or relevant information compared to the previous measure used.

Disclosure reference content 3 on Actions, action plans and resources to meet the policy objectives and targets

- BC23 Whereby the [PTF Report] recommended that the implementation part of the ESRS should address “action plans”, [CSRD proposal] refers in Article 19a (2) point e(iii) to “to actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts”. Other international reporting standards and frameworks also focus on “actions”. For consistency and clarity purposes, the PTF-NFRS made the choice to organise single actions into consistent action plans articulated with the undertaking’s respective policies. Transparency on comprehensive action plans is necessary, for instance in the context of net-zero transition in high-impact sectors. For other topics, effective management of impacts, risks and opportunities, often requires implementation of specific actions, activities or adjustments of existing practices.
- BC24 [Recitals 27 and 39 of the CSRD proposal] stipulate the need for alignment with international instruments such as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Due Diligence Guidance for Responsible Business Conduct (OECD DD Guidance). In particular, development and implementation of action plans to address sustainability matters closely align with:
- (a) UNGPs Principle 19, which instructs companies to take appropriate action to prevent and mitigate identified and assessed adverse human rights impacts;
 - (b) paragraphs 3.1 and 3.2 OECD DD Guidance, which recommends companies to develop and implement plans that are fit-for-purpose to prevent and mitigate actual and potential adverse impacts on RBC, which should list specific actions the enterprise will take, as well as its expectations of its business relationships.
- BC25 In line with GRI Universal Standard, ESRS 5 Definitions for policies, targets, action plans and resources provides for a data point for the undertaking’s reporting of examples of implementation of key actions. The standard encourages such disclosure in particular when abstract description of actions and plans would not provide sufficient insight in their effectiveness. This is often the case with respect to the management of specific human rights impacts.
- BC26 To facilitate performance tracking, the requirement for disclosures related to action plan aligns with those of targets as regards the time horizons for intended completion and the expected outcomes of each action.
- BC27 The standard further requires disclosure of resources allocated to a given action plan. Although not specifically required by any of the considered standards, identified by [the CSRD], such information allows for the assessment by users of the level of commitment of the undertaking and robustness of the action plan, and thus the likelihood that the policy objectives and targets will be met. The information on resource allocation is important in case of complex, resource-intensive action plans that involve major investments in technology, R&D or facilities (e.g., in the context of climate transition plans in high-impact sectors). However, it is less relevant where the management of the underlying impact, risk and opportunity requires only modest investment and where the causal connection between the amount of resources and effectiveness of the management is not clear. In order to avoid unnecessary onerous disclosures, the requirement to disclose resource allocation allows flexibility.

Appendix: References to reporting frameworks and standards

BC28 Table 1 below lists out disclosures related to policies, targets, action plans, and resources in other standards and frameworks, that were taken into consideration for the development of the [proposed] disclosure reference content in the [draft] standard:

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

Table 1

GRI	<p>In its Universal Standards issued in 2021, GRI requires specific disclosures in relation with policies, targets, action plans, and resources:</p> <p>GRI 2: General Disclosures</p> <p>Disclosure 2-24 Embedding policy commitments (commitments for responsible business conduct and to respect human rights) Requirements The organization shall:</p> <ul style="list-style-type: none"> a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including: <ul style="list-style-type: none"> i. how it allocates responsibility to implement the commitments across different levels within the organization; ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments. <p>GRI 3: Material topics</p> <p>Disclosure 3-3 Management of material topics Requirements For each material topic reported under Disclosure 3-2, the organization shall: [...]</p> <ul style="list-style-type: none"> c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts, including: <ul style="list-style-type: none"> i. actions to prevent or mitigate potential negative impacts; ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation; iii. actions to manage actual and potential positive impacts. e. report the following information about tracking the effectiveness of the actions taken: <ul style="list-style-type: none"> i. processes used to track the effectiveness of the actions; ii. goals, targets, and indicators used to evaluate progress; iii. the effectiveness of the actions, including progress toward the goals and targets; iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;
TRWG	<p>IFRS General Requirements Prototype (General Requirements for Disclosure of Sustainability-related Financial Information Prototype) does not set any specific requirement for policies and action plans, while along with a brief mention in the risk management section, focuses on disclosure requirements about metrics and targets.</p> <p>Risk management</p>

	<p>34 The objective of sustainability-related financial disclosures on risk management is to enable users to understand how an entity's existing and emerging sustainability-related risks are identified, assessed, managed and mitigated and whether those processes are integrated into existing risk management processes. Such information supports users of sustainability-related financial disclosures in evaluating the organisation's overall risk profile and risk management activities.</p> <p>35 To achieve the objective in paragraph 34 the entity shall describe: [...]</p> <p>(c) for each significant sustainability-related risk, <u>information that enables an understanding of</u> how the risk is being monitored, managed and mitigated, including <u>related policies</u>; [...]</p> <p>Metrics and targets</p> <p>36 The objective of sustainability-related financial disclosures on metrics and targets is to enable users to understand how an entity measures and monitors its significant sustainability-related financial risks and opportunities. Such information supports users of sustainability-related financial disclosures in assessing the entity's progress and performance in relation to those issues.</p> <p>37 To achieve the objective in paragraph 36, an entity shall disclose:</p> <ul style="list-style-type: none">(a) cross-industry, industry-based and activity metrics;(b) targets set by its governance body or bodies (which includes a board, committee or equivalent body charged with governance and management); and(c) other key performance indicators used by the governance body and bodies to measure progress towards the targets identified in 37(b). <p>38 A cross-industry metric is relevant to entities, regardless of industry and business model. An industry-based metric is relevant to entities within an industry, based on common features of business models within that industry, and the manner in which the underlying business activities comprising those business models result in exposures to specific sustainability related risks or opportunities.</p> <p>39 An activity metric facilitates the normalisation of cross-industry and industry-based metrics for the purposes of comparison with other entities. Examples of activity metrics include number of employees, amount of product sold and retail space.</p> <p>40 Key performance indicators include cross-industry metrics, industry-based metrics and other, entity-specific, key performance indicators.</p> <p>41 Cross-industry, industry-based and activity metrics (together referred to as 'metrics') shall be defined in accordance with the applicable IFRS Sustainability Disclosure Standard and related application guidance. An entity shall disclose those industry-based metrics that apply to its activities in line with its business model and in relation to specific sustainability-related risks or opportunities. Some entities will have a range of activities and thus may need to apply metrics applicable to more than one industry.</p> <p>42 In the absence of an IFRS Sustainability Disclosure Standard and associated metrics, an entity shall follow the guidance in paragraphs 71–73.</p> <p>43 The entity shall disclose:</p> <ul style="list-style-type: none">(a) targets set by management to mitigate or adapt to sustainability-related risks or enhance sustainability-related opportunities and achieve strategic goals;(b) information about the nature of the target, including where relevant:<ul style="list-style-type: none">(i) a clear indication of whether the target is absolute, normalised, intensity, or activity based;(ii) the timeframe over which the target applies;(iii) the base period from which progress is measured;(iv) any milestones or interim targets; and(v) whether the target is determined based on external parameters or validated as part of sustainability initiatives(c) metrics and other key performance indicators used to assess progress towards reaching targets and achieving strategic goals;(d) the entity's performance against disclosed targets and analysis of trends or significant changes to performance ; and(e) explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods. <p>44 The definition and calculation of targets and entity-specific key performance indicators shall be consistent over time. If a target or entity-specific key performance indicator is redefined the entity shall:</p> <ul style="list-style-type: none">(a) explain the changes;(b) explain the reasons for those changes and(c) provide restated comparative figures, unless it is impracticable to do so. <p>45 If an entity stops disclosing a metric, entity-specific key performance indicator or target, the entity shall explain why this measure no longer provides relevant information.</p>
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	<p>46 When a metric, entity-specific key performance indicator or target is replaced by another one that better achieves the same objectives, the entity shall explain the change and why the new measure provides more reliable or relevant information compared to the previous measure used.</p> <p>47 When a metric, entity-specific key performance indicator or target is replaced by another one that better achieves the same objectives, the entity shall explain the change and why the new measure provides more reliable or relevant information compared to the previous measure used.</p>
TCFD	<p>TCFD Recommendations do not make specific distinction between the policies and the targets, the latter being closely articulated with metrics: “Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. The recommended disclosure requirements regarding metrics and targets set by the TCFD are the following:</p> <ul style="list-style-type: none"> a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b) [...] c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. <p>[...] In describing their targets, organizations should consider including the following:</p> <ul style="list-style-type: none"> • whether the target is absolute or intensity based; • time frames over which the target applies; • base year from which progress is measured; and • key performance indicators used to assess progress against targets. <p>Organizations disclosing medium-term or long-term targets should also disclose associated interim targets in aggregate or by business line, where available. Where not apparent, organizations should provide a description of the methodologies used to calculate targets and measures.”</p>
SASB	<p>SASB has not developed a general standard dealing with policies, and plans, targets and resources. However, section 5.0 Governance, Internal Control, and Assurance of SASB Standards Application Guidance stipulates: [...] 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: d. The entity’s use of metrics or targets to assess and manage topic-related risks and opportunities.</p>
IIRC	<p>IIRC International Integrated Reporting Framework 4F Performance 4.31 An integrated report should answer the question: To what extent has the organization achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals? Governance (one of the content elements) 4.32 An integrated report contains qualitative and quantitative information about performance that may include matters such as:</p> <ul style="list-style-type: none"> • Quantitative indicators with respect to targets, risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them [...]
CDSB	<p>CDSB Framework for reporting environmental & climate change information REQ-02 Management’s environmental policies, strategy and targets Disclosures shall report management’s environmental policies, strategy and targets, including the indicators, plans and timelines used to assess performance <i>Purpose:</i> To facilitate a complete assessment by readers of the rationale, quality and efficacy of the organisation’s environmental policies, strategy and targets and an understanding of the indicators and timelines used to manage and assess performance. This requirement will be satisfied when disclosures describe the organisation’s: [...]</p> <ul style="list-style-type: none"> (a) Environmental policies, strategy and objectives and how those relate to or support the organisation’s overall policies, strategy and operational performance; (b) Resourcing of management’s environmental policy, strategy and targets; and (c) Targets, timeline and key performance indicators against which delivery of environmental strategy and policies is measured and resourced.

	<p>REQ-05 Performance and comparative analysis Disclosures shall include an analysis of the information disclosed in REQ-04 compared with any performance targets set and with results reported in previous periods</p> <p><i>Purpose:</i> To communicate to readers how the organisation’s environmental results compare with results for previous reporting periods and with performance targets set in previous periods. [...] The comparative analysis is useful where it: [...]</p> <ul style="list-style-type: none"> ● Cross-refers to targets, baselines and other criteria used for analysing environmental performance; and [...] ● Any significant changes to performance or unexpected results against targets due to: <ul style="list-style-type: none"> – Changes in the organisation’s strategy, policies and governance; – Changes in the methodology or KPIs used for calculating results; – Changes due to acquisitions, divestments, organic growth or decline, efficiency or process improvements, alterations to processes for collecting data, practices in satellite operations, missing data etc.; and – Other reasons; [...] <p>CDSB Framework Application guidance for climate-related disclosures <i>(applies exclusively to material climate-related information and complements the above framework)</i></p> <p>REQ-02 Management’s environmental policies, strategy and targets Disclosures shall report management’s environmental policies, strategy and targets, including the indicators, plans and timelines used to assess performance</p> <p><i>Disclosure checklist</i> Does the disclosure:</p> <ul style="list-style-type: none"> ● Describe the climate policies and strategies as well as how they support or link to the company’s overall strategies? ● Detail the resourcing of the delivery and management of climate policies and strategies? ● Set out the targets, timelines and indicators for delivery of climate policy and strategy been with methods and baselines, as well as explain progress or developments? <p>REQ-05 Performance and comparative analysis Disclosures shall include an analysis of the information disclosed in REQ-04 compared with any performance targets set and with results reported in a previous period</p> <p><i>Disclosure checklist</i> Does the disclosure: [...]</p> <ul style="list-style-type: none"> ● Contextualise the performance with baselines, targets and other criteria used to assess progress? [...]
<p>UNGPs</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.</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: (a) Be based on appropriate qualitative and quantitative indicators; [...]</p>
<p>OECD Due Diligence Guidance</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</p> <p><i>Practical actions</i></p> <p>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>c. Update the enterprise’s policies to provide guidance on how to avoid and address the adverse impacts in the future and ensure their implementation. [...]</p>

	<p>3.2. Based on the enterprise’s prioritisation (see Section 2.4), 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. [...] These plans should detail the actions the enterprise will take, as well as its expectations of its suppliers, buyers and other business relationships</p> <p><i>Practical actions</i></p> <ul style="list-style-type: none">a. Assign responsibility for developing, implementing and monitoring these plans.b. Support or collaborate with the relevant business relationship(s) in developing fit-for-purpose plans for them to prevent or mitigate adverse impacts identified within reasonable and clearly defined timelines, using qualitative and quantitative indicators for defining and measuring improvement (sometimes referred to as “corrective action plans”). [...] <p>4.1. Track the implementation and effectiveness of the enterprise’s due diligence activities, i.e. its measures to identify, prevent, mitigate and, where appropriate, support remediation of impacts, including with business relationships. In turn, use the lessons learned from tracking to improve these processes in the future.</p> <p><i>Practical actions</i></p> <ul style="list-style-type: none">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. [...]
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BC29 Table 2 below provides a comparison of the data points of the disclosure reference content in the [draft] standard with respective provisions on disclosures related to policies, targets, action plans and resource in the GRI Universal Standards, as well as the 'General Requirements Prototype' of the Technical Readiness Working Group of the IFRS Foundation (TRWG), UNGPs, and OECD Due Diligence Guidance.

Table 2

Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
<p>1 - Policies implemented to manage each material sustainability topic</p> <p>The disclosure required by paragraph 9 shall include the following information:</p> <p>General objectives of the policy (what the policy aims to achieve) and its key principles (how the policy aims to achieve its objectives),</p>	<p>Disclosure 2-24 Embedding policy commitments</p> <p>The organization shall:</p> <p>a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:</p> <p>i. how it allocates responsibility to implement the commitments across different levels within the organization; [...]</p>	<p>TRWG</p> <p>Risk management</p> <p>35 To achieve the objective in paragraph 34 the entity shall describe: [...]</p> <p>(c) for each significant sustainability-related risk, information that enables an understanding of how the risk is being monitored, managed and mitigated, including related policies; [...]</p>
<p>The scope of the undertaking's policy, including operations that are covered by the policy and the policy's perimeter with regard to the value chain,</p>	<p>Disclosure 3-3 Management of material topics</p> <p>For each material topic reported under Disclosure 3-2, the organization shall: [...]</p> <p>c. describe its policies or commitments regarding the material topic; [...]</p>	
<p>Who is responsible for providing oversight over each policy and how the undertaking allocates responsibility to implement the policy across different levels within the undertaking,</p>		
<p>The third-party standards of conduct that the undertaking commits to respect through the implementation of the policy.</p>	-	-
<p>The third-party standards of conduct that the undertaking commits to respect through the implementation of the policy, and.</p>	-	-
<p>How is the policy aligned with other operational policies and procedures</p>	<p>Disclosure 2-24 Embedding policy commitments</p> <p>The organization shall:</p> <p>a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships, including:</p>	<p>Risk management</p> <p>35 To achieve the objective in paragraph 34 the entity shall describe: [...]</p>

Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
	ii. how it integrates the commitments into organizational strategies, operational policies, and operational procedures; [...] iii. how it implements its commitments with and through its business relationships; iv. training that the organization provides on implementing the commitments.	(c) for each significant sustainability-related risk, information that enables an understanding of how the risk is being monitored, managed and mitigated, including related policies; [...]
2 - Measurable targets of the policy and progress against those targets For each target, the undertaking shall disclose: The scope of the target (perimeter), including explanation of any limitations as to geographical boundaries or activities.	Disclosure 3-3 Management of material topics For each material topic reported under Disclosure 3-2, the organization shall: [...] e. report the following information about tracking the effectiveness of the actions taken: ii. goals, targets, and indicators used to evaluate progress	TRWG 37 To achieve the objective in paragraph 36, an entity shall disclose: [...] (b) targets set by its governance body or bodies (which includes a board, committee or equivalent body charged with governance and management); and (c) other key performance indicators used by the governance body and bodies to measure progress towards the targets identified in 37(b). [...] 43 The entity shall disclose: (a) targets set by management to mitigate or adapt to sustainability-related risks or enhance sustainability-related opportunities and achieve strategic goals; [...] (c) metrics and other key performance indicators used to assess progress towards reaching targets and achieving strategic goals; (d) the entity's performance against disclosed targets and analysis of trends or significant changes to performance; and (e) explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods
The baseline value and base year.	same as above	43 The entity shall disclose: [...] (b) information about the nature of the target, including where relevant: [...] (iii) the base period from which progress is measured;
Timeline to achieve the target including any milestones or interim targets.	same as above	43 The entity shall disclose: [...] (b) information about the nature of the target, including where relevant: [...]

Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
		(ii) the timeframe over which the target applies; (iii) the base period from which progress is measured; (iv) any milestones or interim targets;
Methodologies and significant assumptions used to define targets, including where applicable, the underlying scenarios and alignment with science-based methodologies.	same as above	43 The entity shall disclose: [...] <ul style="list-style-type: none"> (b) information about the nature of the target, including where relevant: [...] (v) whether the target is determined based on external parameters or validated as part of sustainability initiatives [...] (e) explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods
Any changes in targets and methodologies adopted throughout the defined time horizon.	same as above	44 [...] If a target or entity-specific key performance indicator is redefined the entity shall: <ul style="list-style-type: none"> (a) explain the changes; (b) explain the reasons for those changes and (c) provide restated comparative figures, unless it is impracticable to do so. 45 If an entity stops disclosing a metric, entity-specific key performance indicator or target, the entity shall explain why this measure no longer provides relevant information. 46 When a metric, entity-specific key performance indicator or target is replaced by another one that better achieves the same objectives, the entity shall explain the change and why the new measure provides more reliable or relevant information compared to the previous measure used. 47 When a metric, entity-specific key performance indicator or target is replaced by another one that better achieves the same objectives, the entity shall explain the change and why the new measure provides more reliable or relevant information compared to the previous measure used

Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
<p>The overall progress against the defined target, including information on whether the progress is in line with what had been initially scheduled, and analysis of trends or significant changes to performance.</p>	<p>Disclosure 3-3 Management of material topics</p> <p>For each material topic reported under Disclosure 3-2, the organization shall: [...]</p> <p>e. report the following information about tracking the effectiveness of the actions taken:</p> <p>ii. goals, targets, and indicators used to evaluate progress</p> <p>iii. the effectiveness of the actions, including progress toward the goals and targets;</p>	<p>43 The entity shall disclose: [...]</p> <p>(d) the entity's performance against disclosed targets and analysis of trends or significant changes to performance;</p>
<p>If the undertaking has not adopted any targets meeting the above criteria, it shall disclose:</p> <p>Whether such targets will be adopted and when, or</p> <p>Reasons why the reporting entity does not plan to adopt such targets, and/or</p>	<p>-</p>	<p>-</p>

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Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
<p>Whether the undertaking measures progress without a specific target, and if so how and what progress has been achieved in terms of the outcomes related to risks, opportunities and impacts underpinning the materiality of the topic</p>	<p>Disclosure 3-3 Management of material topics</p> <p>For each material topic reported under Disclosure 3-2, the organization shall: [...]</p> <p>e. report the following information about tracking the effectiveness of the actions taken:</p> <p>i. processes used to track the effectiveness of the actions; [...]</p> <p>iv. lessons learned and how these have been incorporated into the organization's operational policies and procedures;</p>	<p>UNGP 20</p> <p>In order to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should:</p> <p>(a) Be based on appropriate qualitative and quantitative indicators; [...]</p> <p>OECD Due Diligence Guidance 4.1. Track the implementation and effectiveness of the enterprise's due diligence activities, i.e. its measures to identify, prevent, mitigate and, where appropriate, support remediation of impacts, including with business relationships. In turn, use the lessons learned from tracking to improve these processes in the future.</p> <p><i>Practical actions</i></p> <p>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>3 - Actions, action plans and resources to meet the policy objectives and targets</p> <p>For each action plan, an undertaking shall disclose:</p> <p>The list of actions, activities and practices included in the action plan.</p> <p>Scope of the actions with respect to the undertaking's activities and value chain</p> <p>The time horizons into which the undertaking intends to complete each action.</p> <p>The expected outcomes of each action included in the action plan in relation to the contribution of the actions to the achievement of the underlying policy objectives and targets.</p>	<p>Disclosure 3-3 Management of material topics</p> <p>For each material topic reported under Disclosure 3-2, the organization shall:</p> <p>d. describe actions taken to manage the topic and related impacts, including:</p> <p>i. actions to prevent or mitigate potential negative impacts;</p> <p>ii. actions to address actual negative impacts, including actions to provide for or cooperate in their remediation;</p> <p>iii. actions to manage actual and potential positive impacts.</p>	<p>UNGP 19</p> <p>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.</p> <p>OECD DD Guidance 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</p> <p><i>Practical actions</i></p>

Disclosure reference content	GRI Universal Standards	TRWG General Requirements Prototype, UNGPs and OECD Due Diligence Guidance
<p>Where relevant, examples of implementation of key actions in practice.</p>		<p>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>c. Update the enterprise's policies to provide guidance on how to avoid and address the adverse impacts in the future and ensure their implementation. [...]</p> <p>3.2. Based on the enterprise's prioritisation (see Section 2.4), 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. [...] These plans should detail the actions the enterprise will take, as well as its expectations of its suppliers, buyers and other business relationships</p> <p>Practical actions</p> <p>a. Assign responsibility for developing, implementing and monitoring these plans.</p> <p>b. Support or collaborate with the relevant business relationship(s) in developing fit-for-purpose plans for them to prevent or mitigate adverse impacts identified within reasonable and clearly defined timelines, using qualitative and quantitative indicators for defining and measuring improvement (sometimes referred to as "corrective action plans"). [...]</p>
<p>Where the implementation of the action plan requires substantial business investments, an undertaking should disclose the resources needed and allocated</p>	-	-