

Environmental Stewardship & Circularity (ESC)

Body of Knowledge (BoK) for the ESC
Impact Topic



Intent

The ESC Impact Topic asks companies to take a conscientious and sustainable approach in their business, and to become environmental stewards, demonstrating accountability, and leadership in their sectors. It sets requirements for companies to:

- understand and address their environmental impacts
- operate sustainably as part of a circular economy
- minimize negative environmental impacts in their supply chains.

The world today faces environmental crises on several fronts — from climate change, to water scarcity, to biodiversity loss. Companies need to act urgently to adopt circular business models and contribute to a nature-positive future. Only through profound change can biodiversity be stabilized by 2030 to enable the full recovery of natural ecosystems by 2050 — the target agreed by world leaders under the Convention on Biological Diversity. Environmental stewardship among companies is also critical to meeting the goals of the Paris Climate Agreement.

Companies can demonstrate environmental stewardship in two key ways. First, they can ensure their impact on the environment stays within the thresholds that our planet can sustain and regenerate. Second, they can promote resilient natural systems that circulate resources and reduce extraction of virgin resources to an absolute minimum. This is particularly crucial given humanity's worldwide dependence on finite, non-renewable resources. Embracing environmental stewardship means contributing to a future where businesses, people, and the environment can thrive — without exploiting natural ecosystems and marginalized communities.

Outcome

Companies demonstrate environmental stewardship and contribute to the circular economy in their operations and value chain. They both minimize negative impacts, to help stay within ecological thresholds, and pursue positive impacts.

Requirements Summary

ESC1 The company knows its actual and potential impacts on the environment.

ESC2 The company has a strategy to address its actual and potential negative environmental impacts, and to support staying within ecological thresholds.

ESC3 The company implements circularity principles to reduce waste and its impact on natural resources.

ESC4 The company takes action to prevent and mitigate its actual and potential negative environmental impacts.

ESC5 The company works with suppliers to achieve its environmental objectives.

Scope

Individuals, communities, organisms and aspects of the environment affected by the company's own operations and value chain.



Terms and Definitions

Agriculture

A company that either:

- earns over 10% of its revenue from products grown on its farm or agro-processing facility, from managing land to grow and harvest crops, or from raising and managing livestock
- sources the majority of its raw materials directly from growers or livestock producers.

Companies in the agriculture sector include, for example:

- vegetable farms
- coffee plantations or roasters
- tree planting companies
- livestock farms or ranches.

Advertising & market research

Companies that provide advertising, marketing, or public relations services.

These services include:

- digital advertising
- marketing consulting
- market research
- reward program management.

(Adapted from [GICS](#))

Anaerobic digestion

A method for breaking down organic matter using microbes in an environment with no oxygen.

In a circular economy, anaerobic digestion can be used to create 'digestates' (or 'biosolids') for use as soil enhances and biogas from:

- food by-products
- sewage sludge
- other biodegradable materials.

(Adapted from [Circular Economy Introduction — Glossary](#), Ellen MacArthur Foundation)

Animal welfare

An animal's physical and mental state in relation to the conditions in which it lives and dies.

An animal experiences good welfare if it is:

- healthy, comfortable, well-nourished, and safe
- not suffering from unpleasant states, such as pain, fear, and distress
- able to engage in behaviours that are important for its physical and mental state.

(Adapted from [Terrestrial Animal Health Code](#), World Organisation for Animal Health)

Areas at water risk

Covers several physical aspects related to water, including water availability, quality, quantity (including areas at high water-stress), accessibility of water, regulatory or reputational issues (including the shared use of water with communities and affordability of water) for its facilities and for the facilities of key suppliers.



([European Sustainability Reporting Standards E2](#), 2023)

Biodiversity

The variability among living organisms from all sources, including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.

([Convention on Biological Diversity - Article 2](#), 1992)

Biological cycle

The processes - such as composting and anaerobic digestion - that together help to regenerate natural capital. The only materials suitable for these processes are those that can be safely returned to the biosphere.

([Circular Economy Introduction - Glossary](#) - Ellen MacArthur Foundation)

Book publishing

Companies that provide services related to producing or distributing books in print or electronic formats.

These services include:

- design
- editing
- marketing.

(Adapted from [NAICS](#))

Circular water management

In order of priority:

- a) Reduce: reduce water losses and boost water efficiency
- b) Reuse: reuse water, with minimal or no treatment, within and outside the fence for the same or different processes
- c) Recycle: recycle resources and wastewater (treated by membrane or reverse osmosis to a very high quality) within and outside the fence



- d) Restore: return water of a specific quality to where it was taken from
- e) Recover: take resources (other than water) out of wastewater and put them to use. ([Business Guide to Circular Water Management - World Business Council for Sustainable Development](#))

Circularity

A system centered on reducing pressure on natural resources to a level that:

- respects ecological thresholds
- does not compromise the well-being of other stakeholders who rely on those resources.

Circularity, or a circular economy, involves industrial processes and economic activities that:

- are restorative or regenerative by design
- enable resources to maintain their highest value for as long as possible
- aim to eliminate waste through the superior design of materials, products, and systems (including business models).

(Adapted from [EPA](#), [Ellen MacArthur Foundation](#))

Collective Action

A collaborative, sustained process of cooperation between stakeholders to bring about systemic change. Collective action increases the impact and credibility of individual actions. Examples include multi-stakeholder collaboration, public policy advocacy, mentoring, and thought leadership. Mentoring and thought leadership contribute to systemic change by enhancing the skills, knowledge, or capacity of other stakeholders.

Company

A legal entity (or group of related legal entities) formed to engage in and operate a business (meaning a commercial or industrial enterprise). A company may be organized in various ways depending on the corporate law in its jurisdiction.

Company without workers



A company owned and run by one person. A company without workers may also be known as a sole proprietor, sole trader, individual entrepreneur, or individual proprietor.

Deforestation-free

Products made from (or fed, or containing) commodities produced on land that has not been subject to deforestation after 31 December, 2020.

For products made from or containing wood, the wood has been harvested without causing forest degradation after 31 December, 2020.

(Adapted from [Deforestation Regulation 2023/1115](#), European Union)

Dependencies

Ecosystem services (benefits of nature) that the company relies on to function, such as:

- regulation of water flow and quality
- regulation of hazards, like fires and floods
- pollination
- carbon sequestration.

(Adapted from [Science-based targets for nature: Initial Guidance for Business](#), 2020, Science Based Targets Network)

Designed for disassembly

A characteristic of a product's design that enables it to be taken apart at the end of its useful life so its components and parts can be:

- reused
- recycled
- recovered for energy
- diverted in any other way from waste.



(Adapted from [Designed for disassembly](#), ISO Standard)

Designed for recycling

See recyclable

Double materiality

An approach to identifying material impacts that considers both:

- impact materiality (company's impacts on the environment)
- financial materiality (impacts on the company's finances).

A sustainability issue has double materiality if it is material from either perspective or both.

(Adapted from [European Sustainability Reporting Standards](#), 2023)

Durability

A characteristic of a product that is designed for maintenance, longevity and durability in a way that both:

- encourages longer use than the industry standard, in practice and at scale (e.g. marketing repair rather than replacement, timeless design with durable material choices)
- does not compromise circular treatment at the end of the product's functional life.

(Adapted from [Circulytics](#), Ellen MacArthur Foundation)

Ecological thresholds

Scientific benchmarks or boundaries within Earth's ecological systems that define the safe operating space for human activities (also known as "sustainability limits" or "planetary boundaries").

These scientific thresholds are intended to guide decision-making, and ensure human activities do not exceed the planet's capacity to sustainably

support life. They identify critical limits beyond which some activities may lead to irreversible negative impacts on the environment or society.

(Adapted from [Stockholm Resilience Centre](#))

Ecologically sensitive area(s)

Areas with any of the following.

- Biodiversity importance
- High ecosystem integrity
- Rapid decline in ecosystem integrity
- High physical water risks
- Importance for delivering ecosystem service benefits to Indigenous Peoples, local communities, and other stakeholders

(Adapted from Glossary of Key Terms, [Taskforce on Nature-related Financial Disclosures](#))

Ecosystem

A dynamic complex of plant, animal, and microorganism communities and the non-living environment, interacting as a functional unit.

([Convention on Biological Diversity](#), 2011)

Ecosystem conversion

Includes both of the following, caused by severe degradation or management practices (such as deforestation).

- Loss of a natural ecosystem to another land use
- Profound change in a natural ecosystem's species, composition, structure, or function

Any change to natural ecosystems that meets this definition is considered to be conversion, whether or not it is legal.

(Adapted from [Accountability Framework initiative](#))



End-of-life

When products or assets are no longer fit for purpose, and require either:

- manufacturing or refurbishment to remain in use
- recycling in order to recirculate materials.

(Adapted from [Circulytics Definitions](#), Ellen MacArthur Foundation)

Engineering

Companies that provide engineering services to help design, develop, or use:

- machines
- materials
- instruments
- structures
- processes.

These services include:

- providing advice
- running feasibility studies
- creating preliminary and final plans and designs
- providing technical services during construction or installation
- inspecting and evaluating engineering projects.

(Adapted from [NAICS](#))



Environmental consulting

Companies that provide consulting services to businesses or other organizations to measure and manage their environmental impact.

Environmental stewardship

Responsibly using and protecting the natural environment through conservation and sustainable practices to enhance ecosystem resilience and stay within ecological thresholds.

(Adapted from [National Oceanic and Atmospheric Administration](#)).

Equity investors

Companies that buy, manage, and sell a portfolio of companies. Equity investment is also called "private equity."

Generally, equity investors are companies who:

- buy a majority stake in a company
- manage and operate the company
- increase the profitability of the company
- sell the company after 3–7 years.

Executive team

People with delegated authority from the highest governing body to implement strategies and policies that fulfill the company's purpose.

(Adapted from PAS 808 — [Purpose-driven organizations](#), British Standards Institution)

Exploitation of natural resources



Any use of natural resources that consumes those resources.

Exploitation becomes overexploitation when species, plants, and other natural resources are harvested faster than they can recover. This includes:

- overfishing
- overgrazing
- consumption of finite resources.

(Adapted from [Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services](#))

Film, TV & music production

Companies that produce or sell entertainment products and services.

This includes:

- producing, distributing, and screening movies and television shows
- producing and distributing music.

(Adapted from [GICS](#))

Five freedoms of animal welfare

The following five conditions that animals should experience while under human control.

- Freedom from hunger and thirst
- Freedom from discomfort
- Freedom from pain, injury, and disease
- Freedom to express normal behavior

- Freedom from fear and distress

(Adapted from [Animal Welfare](#), World Organisation for Animal Health)

Food waste hierarchy

A ranked list of preferred strategies for minimizing food waste.

The food waste hierarchy includes, in order:

- preventing food waste at source
- redistributing surplus food for human consumption
- reusing food waste as animal feed
- recycling non-waste material into high added-value products
- recycling food waste into low added-value products
- recovering energy from food waste
- disposing of food waste.

(Adapted from [Food waste measurement](#), European Commission)

Hazardous chemicals

Any substance or mixture that poses a physical, health, or environmental hazard.

(Adapted from [UNECE](#) and [EC No 1272/2008](#)).

Hazardous substances

See hazardous chemicals

High Conservation Values

Biological, ecological, social, or cultural values of outstanding significance or critical importance across six categories:

HCV 1: Species Diversity — Concentrations of biological diversity (including endemic and rare, threatened, or endangered species) that are nationally, regionally, or globally significant.

HCV 2: Landscape-level Ecosystems & Mosaics — Large landscape-level ecosystems, intact forest landscapes, and ecosystem mosaics that are nationally, regionally, or globally significant, and contain viable populations of most naturally occurring species.

HCV 3: Ecosystems & Habitats — Rare, threatened, or endangered ecosystems, habitats, and refugia.

HCV 4: Ecosystem Services — Basic ecosystem services in critical situations (such as threatened water catchments and eroding soils and slopes).

HCV 5: Community Needs — Sites and resources that are fundamental for meeting the basic needs of local communities and Indigenous Peoples, identified through engagement with them. Basic needs include, for example, health, water, nutrition, and livelihoods.

HCV 6: Cultural Values — Sites, resources, habitats, and landscapes that hold critical cultural, ecological, economic, or religious importance for local communities or Indigenous Peoples, identified through engagement with them, or that have national or global cultural, archaeological, or historical significance.

(Adapted from [HCV Network](#))

Highest governing body

The person or group of people who have ultimate accountability for the whole company. Every organizational entity has one highest governing body, even if it is not explicitly established.

A highest governing body can be explicitly established in a number of formats, such as:

- a board of directors
- a supervisory board
- a sole director
- joint and several directors

- trustees.

For larger companies, a board subcommittee may be considered the highest governing body — as long as the full board is regularly updated on progress and performance.

(Adapted from [Governance of organizations](#) — Guidance, ISO Standard)

Impact

An effect the company has, or could have, on:

- the economy
- the environment
- people, including on their human rights.

Impacts can be actual or potential, negative or positive.

(Adapted from [GRI 3](#), 2021, Global Reporting Initiative)

Impact materiality

The company's most significant effects on the economy, environment, and people (including their human rights).

Impact materiality encompasses impacts directly linked to the company's operations, products, services, and value chain, whether they:

- are actual or potential
- are positive or negative
- take place over the short-, medium-, or long-term.

Indicator



In the context of Human Rights, Climate Action, and Environmental Stewardship and Circularity: measurable aspects of the company's progress and results. Indicators identify what to measure to create a clear picture of the company's current status.

Indicators can be qualitative or quantitative. Quantitative indicators can be precise, and enable comparison between measures. Qualitative information is often needed to:

- put quantitative information in context
- enable it to be interpreted and understood
- determine which comparisons and conclusions are most valid.

Indigenous Peoples

Groups of people who meet one of the following definitions.

- Tribal peoples in independent countries whose social, cultural, and economic conditions are different from other sections of the national community. Their tribal status is regulated wholly or partially by either their own customs or traditions, or special laws or regulations.
- Peoples in independent countries who descend from the people who lived in the country, or a region of it, during its conquest or colonization, or the establishment of modern state boundaries. Regardless of their legal status, they retain some or all of their own social, economic, cultural, and political institutions.

(Adapted from [Indigenous and Tribal Peoples Convention](#), 1989, International Labour Organization)

Indigenous Peoples' local knowledge

The understandings, skills, and philosophies developed by societies with long histories with their natural surroundings.

For many Indigenous Peoples, Indigenous knowledge informs decision-making about fundamental aspects of life — from day-to-day activities to longer-term actions. Their knowledge is integral to cultural complexes, which also encompass:

- language
- systems of classification
- resource use practices

- social interactions
- values, rituals, and spirituality.

Indigenous Peoples' distinctive ways of knowing are important facets of the world's cultural diversity.

(Adapted from [IPCC](#))

Invasive or alien (non-native) species

Species introduced or spread by human action outside their natural distribution, which threaten:

- biological diversity
- food security
- human health and well-being.

“Alien” refers to species being introduced outside their natural distribution (they may also be called “exotic”, “non-native”, or “non-indigenous”).

“Invasive” means the species tend to expand into and modify ecosystems where they are introduced.

This means a species may be alien without being invasive, and a native species may expand and become invasive without being alien.

(Adapted from [European Sustainability Reporting Standards](#), 2023)

Information, communication & technology

All companies in the Information Technology and Communications sectors.

The Information Technology sector includes

- companies that offer software and information technology services,
- companies that manufacture and distribute technology hardware and equipment.



Technology hardware and equipment includes, for example:

- communications equipment
- cellular phones
- computers and peripherals
- electronic equipment and related instruments
- semiconductors and related equipment and materials.

The Communication Services sector includes companies that enable communication and offer content and information through various mediums.

It also includes telecom and media & entertainment companies, which covers:

- producers of interactive gaming products
- companies that create or distribute content and information through proprietary platforms.

(Adapted from [GICS](#))

Investment

Any of four types of investment.

- Equity investments
- Debt investments
- Project finance
- Managed investments and client services

This definition applies for investors (i.e. companies who aim to profit from their investment) and companies that provide financial services.

(Adapted from [GHG Protocol](#))



Investment advisors

Companies that buy and sell investments, including equity, debt, and real assets. Investment advisors are also called "asset management".

Investment advisors include:

- fund managers
- fund of funds
- hedge funds
- wealth management.

Landscape services

Companies that provide landscape or maintenance services.

These services include:

- installing trees, shrubs, plants, lawns, or gardens
- designing landscape plans
- installing walkways, retaining walls, decks, fences, ponds, or similar structures.

(Adapted from [NAICS](#))

Legal activities

Companies that provide legal counsel or legal services.

(Adapted from [NAICS](#))

Life cycle

The full set of stages a product goes through, including:

- design
- acquisition of raw materials
- production
- transport and delivery
- use by consumers
- end-of-life treatment
- final disposal.

(Adapted from [Environmental management — Life cycle assessment](#), ISO Standard)

Life Cycle Assessment (LCA)

The evaluation of a product's environmental aspects and potential impacts through its life cycle, from the acquisition of raw materials to use and disposal.

An LCA considers environmental impacts in the general categories of:

- resource use
- human health
- ecological consequences.

See also life cycle.

(Adapted from [Environmental management — Life cycle assessment](#), ISO Standard)

Management consultant



Companies that provide one or more management consulting services to businesses or other organizations.

These services include:

- financial planning and budgeting
- records management
- office planning
- strategic and organizational planning
- site selection
- business process improvement.

(Adapted from [NAICS](#))

Manufacturing

A company that earns over 10% of its revenue from products it makes, either for direct sale or for sale by another company or brand.

Manufacturing involves transforming input materials into a new product. The manufactured product may not be the final product.

Companies in the manufacturing sector include, for example:

- food and beverage producers
- assembly lines
- apparel manufacturers.

Material

See material topic.



Material inflow

Raw materials, products, and components the company procures to produce its products or services.

Material topic

The organization's most significant impacts on the economy, environment, and people, including impacts on their human rights. ([GRI 3: Material Topics](#) 2021)

See also impact materiality. Impact materiality is one half of "double materiality", alongside "financial materiality".

Mining

Companies involved in exploring, extracting, mining, or producing:

- iron, aluminum, or other metals
- non-metallic minerals
- rare mineral, precious metals, and gems.

Mining of "iron, aluminum, or other metals" covers the following companies.

- Producers of iron ore mining and steel and related products
- Producers of aluminum and related products, including companies that mine or process bauxite and companies that recycle aluminum to produce finished or semi-finished products (excluding companies that primarily produce aluminum building materials)
- Companies engaged in the diversified production or extraction of materials, including nonferrous metals, salt and borate, and phosphate rock
- Companies engaged in the diversified production or extraction of metals and minerals not classified elsewhere

Mining of "non-metallic minerals" covers companies engaged in exploring, extracting, and processing minerals, such as:

- sand
- gravel
- clay

- stone.

Mining of "rare minerals, precious metal, and gems" covers companies that:

- explore and produce gold and related products
- mine precious metals and minerals (e.g. platinum, silver, and other precious metals)
- explore and produce rare minerals (e.g. uranium).

See also fossil fuel producers.

(Adapted from [SBTi](#) and [NAICS](#))

Mitigate

Action associated with mitigation (see mitigation)

Mitigation

Actions taken to reduce either:

- the extent of an actual impact
- the likelihood of a potential negative impact.

(Adapted from [GRI 1](#), 2021, Global Reporting Initiative)

Mitigation hierarchy for biodiversity

A ranked framework for actions to mitigate negative impacts on biodiversity.

The mitigation hierarchy for biodiversity includes, in order:

1. Avoidance — efforts to avoid creating impacts in the first place, such as careful placement of infrastructure. Avoidance changes the company's "business as usual" approach.



-
2. Minimization — efforts to reduce by as much as possible the duration, intensity, or extent of impacts that cannot be completely avoided.
 3. Regeneration / restoration — efforts to regenerate degraded ecosystems or restore cleared ecosystems after impacts that cannot be completely avoided or minimized.
 4. Transform — efforts to transform the systems in which companies are embedded.

(Adapted from [European Sustainability Reporting Standards E4](#), 2023, and Science Based Targets Network, 2023)

Nature-based solution

Solutions that use the power of nature and healthy ecosystems to:

- protect people
- optimize infrastructure
- safeguard a stable, biodiverse future.

(Adapted from [International Union for Conservation of Nature](#))

Non-renewable material

Resources that cannot be regenerated or replenished in a timescale relevant to the economy, such as:

- minerals
- metals
- oil, gas, or coal.

(Adapted from [European Sustainability Reporting Standards E5](#), 2023)

Operational control

Full authority of the company (or a subsidiary) to introduce and implement operating policies at a facility.

The company is expected to have operational control over a facility that it (or a subsidiary) operates, except in very rare circumstances.



(Adapted from [GHG Protocol Corporate Standard](#))

Outcome

A change resulting from the company's activities and outputs. An outcome has a direct link between the activities and outputs, and their impact on people and the environment.

Output

The direct result of an activity. Outputs may include, for example:

- training materials
- policies
- reports
- impact-related programs or projects.

Pollution

The introduction of pollution from human activity, directly or indirectly, into air, water, or soil, which may:

- be harmful to human health, the environment, or both
- cause damage to material property
- impair or interfere with amenities and other legitimate uses of the environment.

(Adapted from [European Sustainability Reporting Standards E2](#), 2023)

Pollution of air

Direct emissions of any of the following.

- Sulfur dioxides (SO₂)

- Nitrogen oxides (NO_x)
- Non-methane volatile organic compounds (NMVOC)
- Particulate matter (PM_{2.5} and PM₁₀)
- Ammonia (NH₃)
- Heavy metals (HM)

(Adapted from [European Sustainability Reporting Standards E2](#), 2023)

Pollution of soil

The introduction of substances, vibrations, heat, or noise into soil as a result of human activity, which may:

- be harmful to human health, the environment, or both
- cause damage to material property
- impair or interfere with amenities and other legitimate uses of the environment.

This definition applies whether or not it happens at the company's production site or outside it, or through the use of its products or services.

(Adapted from [European Sustainability Reporting Standards E2](#), 2023)

Programming & broadcasting

Companies that own or operate television or radio broadcasting systems, including programming.

This includes:

- radio and television broadcasting
- radio networks



- radio stations.

(Adapted from [GICS](#))

Publishing - newspapers & magazines

Companies that provide services related to producing or distributing newspapers or magazines in print or electronic formats.

These services include:

- design
- editing
- marketing.

(Adapted from [NAICS](#))

Raw material

A material or resource used to create a product.

Real estate, design & building

Companies that provide products or services related to designing, building, buying, or selling real estate.

Products or services include:

- architecture design and planning
- civil engineering
- contracting and building
- design and building

- property leasing
- real estate development.

Real estate includes:

- land
- residential buildings
- commercial buildings.

Recovery

Any operation that, as its main result, either in the company's facility or the wider economy:

- uses waste to fulfill a particular function, instead of other materials
- prepares waste to fulfill that function.

This includes:

- recycling
- recovering energy
- other operations listed in [Annex II of the EU Waste Framework Directive](#).

(Adapted from [European Sustainability Reporting Standards E5](#), 2023)

Recovery cycles

Refer to processes in the circular economy where products, components, and materials are cycled through various stages of use, repair, recycling, and regeneration. The aim is to keep materials and products in use for as long as possible, minimizing waste and reducing the extraction of raw materials.

(Adapted from [Ellen MacArthur Foundation](#))

Recyclable

Products designed to use existing recycling systems that operate in practice and at scale.

For example, recyclable products may have:

- low materials complexity
- low toxicity
- easily separable materials.

(Adapted from [Circulytics](#), Ellen MacArthur Foundation)

Recycle

Any recovery operation that reprocesses waste materials into products, materials, or substances — either for their original purpose or other purposes.

Recycling includes reprocessing organic material, but does not include:

- energy recovery
- reprocessing into materials to be used as fuels or for backfilling operations.

(Adapted from [European Sustainability Reporting Standards E5](#), 2023)

Refurbishment

Returning a product to good working order by, for example:

- repairing or replacing components
- updating specifications



- improving cosmetic appearance.

(Adapted from [Circular Economy Introduction — Glossary](#), Ellen MacArthur Foundation)

Regenerative production

A range of approaches for managing agroecosystems that provide food and materials (e.g. agriculture, aquaculture, and forestry) in ways that positively impact the environment. Regenerative production may include a variety of context-dependent practices, which together help regenerate degraded ecosystems and build resilience.

Positive outcomes include, for example:

- healthy soils
- improved air and water quality
- higher levels of carbon sequestration.

To apply the most appropriate practices for their managed agroecosystem, farmers may draw on several different schools of thought, such as:

- regenerative agriculture
- restorative aquaculture
- agroecology
- organic agriculture
- permaculture
- agroforestry
- conservation agriculture.

(Adapted from [Circular Economy Introduction — Glossary](#), Ellen MacArthur Foundation)

Remanufacturing



Re-engineering products and components to as-new condition with the same level of performance as a newly manufactured one or better.

Remanufactured products or components are typically provided with a warranty that is equivalent to that of the newly manufactured product or better.

(Adapted from [Circular Economy Introduction — Glossary](#), Ellen MacArthur Foundation)

Renewable (input) material

Raw materials from resources that are replenished quickly, either by natural ecological cycles or agricultural processes. This means using these resources does not endanger the natural services they and other linked resources provide, so they remain available for future use.

Renewable materials include, for example:

- cotton
- hemp
- maize
- wood
- wool
- leather
- agricultural by-products
- nitrogen
- carbon dioxide
- sea salt.

(Adapted from [European Sustainability Reporting Standards E5](#), 2023 and [Circulytics - Definitions List](#), Ellen MacArthur Foundation)

Renewable electricity



A form of renewable energy (see also renewable energy).

Renewable electricity can be:

- produced on-site
- purchased from a utility or other provider (including green tariffs and power purchase agreements)
- purchased through unbundled renewable energy attribute certificates (RECs in North America, Guarantees of Origin in Europe, and I-RECs in some other regions).

(Adapted from [RE100](#))

Renewable energy

Energy from renewable non-fossil sources, including:

- wind
- solar (thermal and photovoltaic) and geothermal energy
- ambient energy
- tide, wave, and other ocean energy
- hydropower
- biomass
- landfill gas, sewage treatment plant gas, and biogas.

(Adapted from [European Sustainability Reporting Standards E1](#), 2023)

Repairability

The ease with which a product or component can be repaired.

Products designed to be repaired using existing systems that operate in practice and at scale (e.g. a network of repair shops, or the company's



own repair service).

For example, repairable products may:

- have a modular design
- use built-in predictive maintenance sensors and repair diagnostics
- be designed with the right to repair by a third party in mind.

(Adapted from [Glossary](#) - Ellen MacArthur Foundation)

Restoration

The process of supporting the recovery of ecosystems, ecosystem services, and associated conservation values that have been degraded, damaged, or destroyed.

Restoration can happen in many ways – for example through actively planting or by removing pressures so that nature can recover on its own.

(Adapted from the [Accountability Framework](#) and the [UN Environment Programme](#))

Restore

Action associated with restoration (see restoration)

Reusability

Products designed for multiple uses in a way that ensures reuse in practice and at scale, for example, through:

- secondary markets
- packaging reuse systems
- standardized design.

(Adapted from [Circulytics – Definitions List](#), Ellen MacArthur Foundation)

Reuse

Any operation to use products and components again for their original purpose, including refurbished products.

Reuse may require cleaning or making small adjustments to ensure the product ready for its next use.

(Adapted from [European Sustainability Reporting Standards E5](#), 2023)

Reused

See reuse.

Scientific R&D

Companies that provide research and development services related to, among others:

- physical sciences
- engineering sciences
- life sciences.

(Adapted from [NAICS](#))

Services with minor footprint

A company that earns 90% or more of its revenue from services that do not involve selling physical products or require a physical location for their delivery.

Services with minor footprints include, for example:

- law firms
- marketing and communications agencies



- software companies.

This was previously named "Services with Minor Environmental footprint". The definition and its application remain the same.

Services with significant footprint

A company that earns 90% or more of its revenue from services that involve significant machinery or equipment, or require a specific operational location (often key to delivering the service).

Services with significant footprint include, for example:

- hotels
- restaurants
- landscaping companies
- universities.

This was previously named "Services with Significant Environmental footprint". The definition and its application remain the same.

Single-use products and packaging

Products and packaging that are used once, or only for a short period, before being thrown away.

Single-use products and packaging can have drastic, global impacts on the environment and human health, and are more likely to end up in the sea than reusable options.

(Adapted from [Single-use plastics](#), European Commission)

Stakeholder

A person, group, or entity who may, positively or negatively:

- affect the company

- be affected by the company's activities
- have an interest that is affected by the company's activities.

Relevant stakeholders may include, for example:

- business partners
- civil society organizations
- consumers
- customers
- employees and other workers
- governments
- local communities
- non-governmental organizations
- shareholders and other investors
- suppliers
- trade unions
- vulnerable groups (including future generations)
- the environment (including species).

(Adapted from [GRI 3: Material Topics](#), 2021.)

Strategy

A kind of plan that outlines the specific ways in which the company will position itself, and the actions it will take to achieve its short- and long-term goals. A strategy draws on other important business resources, such as the company's purpose, mission, vision, and values to set a direction and deliver on objectives.



Under the B Lab Standard, the company uses specific strategies to plan measurable actions over a period of time, related to specific social, environmental, or governance targets.

(Adapted from University of York)

Supply chain

The range of activities by companies and organizations "upstream" from the company, which provide products, raw materials, and services that the company uses in its own products or services.

([GRI 3](#), 2021, Global Reporting Initiative)

Sustainable sources

Materials grown in a way that preserves the ecosystem without degrading it further.

([Circulytics — Definitions List](#), Ellen MacArthur Foundation)

Tier one supplier

External suppliers that the company (or its subsidiaries) directly purchase products or services from.

Tier one suppliers contrast to tier two suppliers, who supply products or services to the company's tier one suppliers.

Value chain

The full range of activities by the company, and by upstream and downstream entities, to bring its products or services from conception to end use. The value chain includes the company's supply chain.

Entities upstream from the company (e.g. suppliers) provide products or services used to develop the company's own products or services.

Entities downstream from the company (e.g. distributors and customers) receive products or services from the company.

(Adapted from [G1 Foundation](#), 2021, Global Reporting Initiative)

Veterinary activities

Companies that provide veterinary medicine, dentistry, surgery, or testing services for animals.

(Adapted from [NAICS](#))

Waste diversion

The prevention and reduction of waste through

- reducing waste at its source
- recycling
- reusing
- other recovery methods.

Waste diversion aims to avoid sending waste to landfill and other forms of disposal that prevent recovery.

Waste hierarchy

A ranked list of methods for preventing and managing waste.

The waste hierarchy includes, in order:

- prevention
- preparing for re-use
- recycling
- other recovery (e.g. energy recovery)
- disposal.

(Adapted from [European Sustainability Reporting Standards E5](#), 2023)



Water consumption

The amount of water the company draws into its boundaries or facilities in a specific period that it does not discharge either:

- back to the water environment
- to a third party.

(Adapted from [Taskforce on Nature-related Financial Disclosures](#), 2023)

Water stewardship

Use of water that is:

- socially and culturally equitable
- environmentally sustainable
- economically beneficial.

Water stewardship is achieved through a process that includes stakeholders and involves actions at both the site and watershed level.

(Adapted from [Alliance for Water Stewardship](#))

Water withdrawal

The total amount of all water the company draws into its boundaries from all sources in a specific period.

(Adapted from [Taskforce on Nature-related Financial Disclosures](#), 2023)

Watershed

An area of land that drains rainfall and snowmelt into a river system of streams and tributaries.

(Adapted from [Watershed](#), National Geographic)



Wholesale/Retail

A company that earns over 10% of its revenue from selling physical products, but does not own or operate the manufacturing processes or facilities that produce them. This includes companies that design products but outsource their production.

Wholesale/retail companies include, for example:

- grocery stores
- consumer goods companies that do not manufacture their own products
- wholesalers of physical goods.

Worker

A person who works for the company as any of the following.

- An employee
- An independent contractor, if they work more than 20 hours per week indefinitely or for more than six months.
- An agency worker, if they work more than 20 hours per week indefinitely or for more than six months.

Interns and apprentices, as defined in the B Lab Standard, do not count as workers.

Zero waste to landfill

A waste mitigation state, whereby no waste from the company's operations (related to its products or services), goes to landfill or is incinerated without energy recovery. To achieve this state, at least 90% of waste from the company's operations (related to its product or service) is diverted from landfill or incineration, and no more than 10% is sent for incineration with energy recovery.

Methods of diverting waste from landfill or incineration may include, for example:

- reuse
- recycle

- composting
- anaerobic digestion
- animal feeding
- biodigestion.

See also Waste hierarchy and Food waste hierarchy.

Notes

- Accountability for and reporting on this topic are covered in the Purpose & Stakeholder Governance topic, and any stakeholder engagement related criteria in this topic may overlap with the stakeholder governance requirements of the Purpose & Stakeholder Governance topic.
- This topic is strongly connected to the Climate Action (CA) topic. For instance enhancing biodiversity is also a critical action towards limiting global warming. In general, most actions under the topic Environmental Stewardship & Circularity could support the company's climate transition plan. Some of the connections are also denoted in square brackets to the specific sub-requirement action.
- ESC5 should be implemented alongside Human Rights (HR4), as procurement and supplier engagement have both social and environmental considerations.



ESC1 The company knows its actual and potential impacts on the environment.

ESC1.1 The company monitors waste production from its operations and where it ends up.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All



Medium	Manufacturing	All
Medium	Agriculture/Growers	All
Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	Wholesale/Retail	All
Micro	Service with Significant Environmental Footprint	All
Micro	Manufacturing	All
Micro	Agriculture/Growers	All
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.1	From Year 0	Micro / Small	The company monitors waste production from its operations and where it ends up.

Compliance Criteria:

1.1.1 The company measures and records its annual hazardous and non-hazardous waste production:

- a) in the last fiscal year
- b) in each subsequent year.

1.1.2 The company's non-hazardous waste is measured in tonnes and recorded as:

- a) the total amount of waste generated
- b) the amount of non-hazardous waste diverted from disposal, and how much is:
 - i) prepared for reuse
 - ii) recycled
 - iii) recovered in another way.
- c) the amount of non-hazardous waste disposed of, including by:
 - i) incineration (without energy recovery)
 - ii) landfilling
 - iii) other disposal methods.

1.1.3 The company's hazardous waste is measured in tonnes and recorded as:

- a) the total amount of hazardous waste generated
- b) the amount of hazardous waste diverted from disposal, and how much is:
 - i) recycled
 - ii) recovered in another way
- c) the amount of hazardous waste disposed of, including by:
 - i) incineration (without energy recovery)



ii) landfilling

iii) other disposal methods.

1.1.4 If the company produces or trades food products it also measures (in tonnes):

a) the total amount of food waste generated

b) the amount of food waste diverted from disposal, and how much is:

i) re-used for human consumption or animal feed

ii) recycled or reused by-products

iii) used in energy recovery;

iv) recovered in another way

c) the amount of food waste disposed of, including by:

i) incineration (without energy recovery)

ii) landfilling

iii) other disposal methods.

1.1.5 If the company cannot confirm where its waste goes, it assumes the waste goes to landfill.

1.1.6 Before Year 0, the company:

a) tracks and records waste generation for all of its facilities identified as material in accordance with ESC1.7

b) has a plan to extend the tracking and recording of waste generation to all remaining facilities.

1.1.7 For Year 5, the company has completed the tracking and recording of waste generation for all facilities.

Intent:

For the company to measure how much waste it creates and diverts. Monitoring waste enables the company to take actions that follow the waste hierarchy and food waste hierarchy.

Clarifying the Compliance Criteria:

[1.1.2, 1.1.3, 1.1.4] The measurement refers to metric tonnes. One metric tonne is 1000 kilograms.

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” means the prevention and reduction of waste through

- reducing waste at its source
- recycling
- reusing
- other recovery methods.

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” aims to avoid sending waste to landfill and other forms of disposal that prevent recovery.

[1.1.2 c.i, 1.1.3 c.i, 1.1.4 c.i] Incineration with (or without) energy recovery is defined as the controlled burning of waste at high temperature. It is with energy recovery when the energy created in the combustion process is harnessed for re-use, for example for power generation. It is without energy recovery when the heat generated by combustion is dissipated in the environment (European Sustainability Reporting Standards - E5) [\[EN\]](#).

[1.1.2, 1.1.3, 1.1.4] The measurement refers to metric tonnes. One metric tonne is 1000 kilograms.

[1.1.3] “Hazardous waste” means wastes that because of their chemical reactivity, toxic, explosive, corrosive, radioactive or other characteristics, cause danger, or are likely to cause danger, to health or the environment. (adapted from the European Commission) [\[EN\]](#).

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” means the prevention and reduction of waste through

- reducing waste at its source
- recycling
- reusing
- other recovery methods.

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” aims to avoid sending waste to landfill and other forms of disposal that prevent recovery.

[1.1.2 c.i, 1.1.3 c.i, 1.1.4 c.i] Incineration with (or without) energy recovery is defined as the controlled burning of waste at high temperature. It is with energy recovery when the energy created in the combustion process is harnessed for re-use, for example for power generation. It is without energy recovery when the heat generated by combustion is dissipated in the environment (European Sustainability Reporting Standards - E5) [\[EN\]](#).

[1.1.2, 1.1.3, 1.1.4] The measurement refers to metric tonnes. One metric tonne is 1000 kilograms.

[1.1.4] For Agriculture/Growers food waste includes organic waste, excluding what is left on the field.

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” means the prevention and reduction of waste through

- reducing waste at its source
- recycling
- reusing
- other recovery methods.

[1.1.2 b, 1.1.3 b, 1.1.4 b] “Waste diversion” aims to avoid sending waste to landfill and other forms of disposal that prevent recovery.

[1.1.2 c.i, 1.1.3 c.i, 1.1.4 c.i] Incineration with (or without) energy recovery is defined as the controlled burning of waste at high temperature. It is with energy recovery when the energy created in the combustion process is harnessed for re-use, for example for power generation. It is without energy recovery when the heat generated by combustion is dissipated in the environment (European Sustainability Reporting Standards - E5) [\[EN\]](#).

[1.1.6] This sub-requirement applies to facilities the company has operational control over.

[1.1.6] This sub-requirement addresses the company’s own facilities, while waste in their supply chains is captured in ESC5.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - the data and mechanism for measuring its own facilities
 - how data is consolidated in the out-of-scope parent’s reporting.

Further Guidance:

- Examples of “other disposal methods” are dumping, open burning, deep well injection, etc.

Recommendations:

- Achieve a zero waste certification for the company’s facilities, whereby the company:
 - diverts at least 90% of its general waste from landfills or incineration without energy recovery, using methods like reuse, recycling, composting, anaerobic digestion, animal feeding, etc.
 - recovers no more than 10% of its waste using incineration with energy recovery.

Implementation Resources:

Resources on zero waste certifications and guidance

- Certification Standard for Zero Waste Facilities SCS-110 Zero Waste Standard, 2023 (SCS Standards) [\[EN\]](#)
- True - Zero Waste certification program and its resources (True) [\[EN\]](#)
- LEED certification [\[AR\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[IT\]](#) [\[JP\]](#) [\[KO\]](#) [\[PT\]](#) [\[ZH\]](#)
- BREEAM (BRE) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Food Waste and Loss Protocol, 2016 (World Resources Institute) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 306: Waste 2020 - 306-3 Waste generated (a)
 - GRI 306: Waste 2020 - 306-4 Waste diverted from disposal (a) (b) iii, (c) iii
 - GRI 306: Waste 2020 - 306-5 Waste directed to disposal (b) i, (c) i.



-
- Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) I.B.2 Reduction of waste generation by reused, re-manufactured and recycled
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B12 Waste - a, d
 - Equivalency Data Point
 - European Sustainability Reporting Standards - E5 2023 - Disclosure Requirement E5-5 – Resource outflows 37 a, b, c, d; 39
 - GRI 306: Waste 2020 - 306-4 Waste diverted from disposal (b) ii., (c) i., ii.
 - GRI 306: Waste 2020 - 306-5 Waste directed to disposal (b) ii., iii., iv, (c) ii., iii., iv.



ESC1.2 The company monitors its energy use.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	Wholesale/Retail	All
Micro	Service with Significant Environmental Footprint	All
Micro	Manufacturing	All
Micro	Agriculture/Growers	All
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.2	From Year 0	Micro / Small	The company monitors its energy use.



Compliance Criteria:

1.2.1 The company measures and records its annual energy use:

- a) in the last fiscal year
- b) in each subsequent year.

1.2.2 The company's energy use is measured by:

- a) total energy in giga-joules, watt-hours or multiples
- b) total renewable energy in giga-joules, watt-hours or multiples
- c) percentage of self-generated renewable energy
- d) percentage of renewable electricity
- e) energy intensity, as either:
 - i) total energy use per \$million of revenue
 - ii) total energy use per unit of product or service.

1.2.3 Before Year 0, the company:

- a) tracks and records energy use for all of its facilities identified as material in accordance with ESC1.7
- b) has a plan to extend the tracking and recording of energy use to all remaining facilities.

1.2.4 For Year 5, the company completes the tracking and recording of energy use for all facilities.

Intent:

For the company to measure its energy efficiency and track the increase in its use of renewable energy.

Clarifying the Compliance Criteria:

[1.2.1] The company's energy use (including renewable energy) includes fuel use and its consumption of purchased or acquired:

- electricity
- heat
- steam
- cooling.

[1.2.2c] "Self-generated renewable energy" means energy that is generated on-site by or for the company.

[1.2.3] This sub-requirement applies to facilities the company has operational control over.

[1.2.3] This sub-requirement addresses the company's own facilities, while energy use in their supply chains is captured in ESC5.

Applying the Criteria to Independently Certifying Subsidiaries:

The measurement covers the company. If the company references an out-of-scope measurement, it records:

- the data and mechanism for measuring its own facilities
- how data is consolidated in the out-of-scope parent's reporting.

Further Guidance:

- The evidence of the origin of purchased energy may take the form of, for example:
 - renewable power purchasing agreements
 - standardized green electricity tariffs
 - market instruments like Guarantee of Origin from renewable sources in Europe, or similar instruments like Renewable Energy Certificates in the US and Canada
 - International Renewable Energy Certificates available in many countries.

- To calculate energy intensity per unit of product or service, the company may measure its energy use per, for example:
 - tonne of product (for the food, steel, or cement industry)
 - liter of beverage (for the beverage industry)
 - vehicle (for the automobile industry)
 - unit of area.

Recommendations:

- The company procures low impact renewable energy.
- “Low impact renewable energy” means energy sourced from natural processes that:
 - are replenished constantly
 - do not have a material environmental impact.
- The concept of “low impact renewable” energy is especially relevant for companies that source their energy from hydropower and biomass.

Implementation Resources:

Resources on low-impact renewable energy

- The Green-e® Renewable Energy Standard, 2017 [\[EN\]](#) [\[ES\]](#) [\[AR\]](#) [\[ZH\]](#) [simplified [ZH](#)] for Canada and the United States
- The Low Impact Hydropower Institute (LIHI) [\[EN\]](#)
- Hydropower Sustainability Standard, 2022 (Hydropower Sustainability Alliance) [\[EN\]](#)
- San José Declaration on Sustainable Hydropower, 2021 (International Hydropower Association) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[FR\]](#) [\[RU\]](#) [\[ZH\]](#)
- ISO 13065:2015 - specifies principles, criteria, and indicators for the bioenergy supply chain to facilitate assessment of environmental, social and economic aspects of sustainability (note, this resource is not free of charge) [\[EN\]](#)

Examples of resources on reducing the impact of energy consumption



- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- RE100 [\[EN\]](#)

Example of resource to convert units of energy

- Inch Calculator [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point
 - GRI 302: Energy 2016 - 302-1 Energy consumption within the organization (b) (e)
 - GRI 302: Energy 2016 - 302-3 Energy intensity (a)
 - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-5 – Energy consumption and mix 37
 - European Sustainability Reporting Standards E1 2023- Disclosure Requirement E1-5 – Energy consumption and mix - Energy intensity based on net revenue 40
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.5 Renewable energy
 - CDP 2024 Questionnaire - 7.30.1
- Equivalency Data Point
 - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-5 – Energy consumption and mix 37 c ii., iii.



ESC1.3 The company monitors its water consumption or withdrawal.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	Wholesale/Retail	All
Micro	Service with Significant Environmental Footprint	All
Micro	Manufacturing	All
Micro	Agriculture/Growers	All
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.3	From Year 0	Micro / Small	The company monitors its water consumption or withdrawal.



Compliance Criteria:

1.3.1 The company measures and records its annual water consumption or withdrawal:

- a) in the last fiscal year
- b) in each subsequent year.

1.3.2 The company's water consumption or withdrawal is measured by:

- a) total water consumption or withdrawal in cubic meters (m3)
- b) total water recycled and reused in m3
- c) water intensity, as either:
 - i) total water consumption or withdrawal in its own facilities in m3 per \$million of revenue
 - ii) total water consumption or withdrawal in its facilities in m3 per unit of product.

1.3.3 The company explains why it chose to measure either water consumption or withdrawal.

1.3.4 Before Year 0, the company:

- a) tracks and records water consumption or withdrawal for all of its facilities identified as material in accordance with ESC1.7
- b) has a plan to extend the tracking and recording of water consumption or withdrawal to all remaining facilities.

1.3.5 For Year 5, the company completes the tracking and recording of water consumption or withdrawal for all facilities.

Intent:

For the company to measure its water efficiency, and track the results from circular water management approaches.

Clarifying the Compliance Criteria:

[1.3.2; 1.3.3] The company may choose to measure either water consumption or water withdrawal, or both, depending on what is suitable for its context. Water withdrawal may be more relevant for companies in industries like power generation, while water consumption may be more relevant for companies in industries like agriculture, food & beverage, etc. In either of the cases the company records a rationale for its choice of indicator.

[1.3.2 b] “Water recycled and reused” means water and wastewater (treated or untreated) that has been used more than once before being discharged from the company’s boundary, so that water demand is reduced. This may be in the same process (recycled) or in a different process within the same facility or another of the company’s facilities (reused). (European Sustainability Reporting Standards - E3, 2023) [\[EN\]](#)

[1.3.2; 1.3.3] The company may choose to measure either water consumption or water withdrawal, or both, depending on what is suitable for its context. Water withdrawal may be more relevant for companies in industries like power generation, while water consumption may be more relevant for companies in industries like agriculture, food & beverage, etc. In either of the cases the company records a rationale for its choice of indicator.

[1.3.4] This sub-requirement applies to facilities the company has operational control over.

[1.3.4] This sub-requirement addresses the company’s own facilities, while water use in their supply chains is captured in ESC5.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - the data and mechanism for measuring its own facilities
 - how data is consolidated in the out-of-scope parent’s reporting.

Further Guidance:

- To calculate water intensity per unit of product or service, the company may measure its water consumption or withdrawal per, for example:
 - ton of product (for the food, steel, or cement industry)
 - piece of garment (for the apparel industry)
 - liter of beverage (for the beverage industry)



- vehicle (for the automobile industry).

Implementation Resources:

Example of resource on indicators for sustainable water management

- Authentic Sustainability Assessment A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)

Example of resource to convert units of water volume

- Inch Calculator [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point
 - GRI 303: Water and Effluents 2018 - 303-5 Water consumption (a)
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) I.B.1 Water recycling and reuse
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - a
 - CDP 2024 Questionnaire - 9.2.2
- Equivalency Data Point
 - European Sustainability Reporting Standards E3 - Disclosure Requirement E3-4 – Water consumption 28 a, c; 29 (if the company measures water consumption)



ESC1.4 The company identifies its facilities in areas at water risk and monitors their water consumption or withdrawal.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.4	From Year 0	Medium / Large / X Large / XX Large	The company identifies its facilities in areas at water risk and monitors their water consumption or withdrawal.



Compliance Criteria:

1.4.1 The company identifies any of its facilities in areas at physical water risk.

1.4.2 Before Year 0, the company:

- a) tracks and records water consumption or withdrawal for any of its facilities in areas at physical water risk identified as material in accordance with ESC1.7
- b) has a plan to extend the tracking and recording of water consumption or withdrawal to all remaining facilities in areas at physical water risk.

1.4.3 For Year 5, the company has completed the tracking and recording of water consumption or withdrawal for all facilities in areas of physical water risk.

1.4.4 The company has measured and recorded its annual water consumption or withdrawal in cubic meters (m³) in areas at physical water risk:

- a) in the last fiscal year
- b) in each subsequent year.

Intent:

To ensure the company develops an understanding of the material environmental impacts related to its direct operations.

Clarifying the Compliance Criteria:

[1.4.1] This sub-requirement applies to facilities the company has operational control over.

[1.4.1] The company considers different types of physical water risk to assess which of its facilities are relevant to this sub-requirement.

[1.4.1] To identify if a facility is in an area at water risk, the company may, for example:

- contact the local authority that controls (or has an overview of) the watershed to understand the pressure on it, combined with an analysis of water risk.
- use any of the tools in the Implementation Resources.

Applying the Criteria to Independently Certifying Subsidiaries:

- The assessment covers the company. If the company references an out-of-scope corporate assessment, it demonstrates:
 - how the assessment considered its stakeholders and operational impacts
 - how the assessment outcome is relevant to its context.

Further Guidance:

- Physical water risks may include, for example:
 - physical quantity risk, related to too little or too much water (e.g. drought risk, water stress, water depletion, flood)
 - physical quality risk, related to water that is unfit for use (e.g. water contamination, untreated connected wastewater)
 - water accessibility (i.e. whether people are able to use physically-available water supplies).

Implementation Resources:

Resources on water risk assessment

- Water risk filter (World Wildlife Fund) [\[EN\]](#)



- Aqueduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Authentic Sustainability Assessment A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point
 - GRI 303: Water and Effluents 2018 - 303-3 Water withdrawal (b)
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - B. Ecosystems and biodiversity - B9. Water withdrawal c)
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - d
 - CDP 2024 Questionnaire - 9.2.4
- Equivalency Data Point
 - European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-4 – Water consumption 28 b



ESC1.5 The company identifies its facilities in or near ecologically sensitive areas, and whether they are negatively affecting these areas.

Track factors:

Size	Sector	Industry
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.5	From Year 0	Medium / Large / X Large / XX Large	The company identifies its facilities in or near ecologically sensitive areas, and whether they are negatively affecting these areas.



Compliance Criteria:

1.5.1 The company assesses its facilities to understand if any are negatively affecting ecologically sensitive areas they are in or near, and records:

- a) the location and size (in hectares) of the facilities
- b) their impacts on biodiversity prioritized by severity and likelihood.

1.5.2 The assessment includes all of its manufacturing and production facilities.

1.5.3 The company has conducted its assessment to understand if its facilities are in or near ecologically sensitive areas within the past 36 months.

Intent:

To ensure the company develops an understanding of the material environmental impacts related to its direct operations.

Clarifying the Compliance Criteria:

[1.5.1] A facility is considered to be “in an ecologically sensitive area” when it is completely or partially located in the ecologically sensitive area.

[1.5.1] A facility is considered to be “near an ecologically sensitive area” when the ecologically sensitive area falls either:

- within the area affected or potentially affected by the company’s operations (sometimes referred to as the area of influence)
- within the radius set by the company (with the facility at its center).

[1.5.1] The company may carry out its assessment in any of the following ways:

- An independent third party carries out the assessment using credible tools or national and regional data available from local authorities or non-governmental organizations.
- The company conducts an assessment designed with credible tools. The tools were developed by reputable organizations in a multi-stakeholder process.
- The company conducts an assessment using the tools in the Implementation Resources.
- The company relies on national and regional data available from local authorities or non-governmental organizations.

[1.5.1] For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact.

[1.5.2] This sub-requirement applies to all facilities the company owns, leases, or manages. The assessment covers all manufacturing and production facilities (including farms). It may exclude offices not involved in manufacturing or production.

Applying the Criteria to Independently Certifying Subsidiaries:

- The assessment covers the company. If the company references an out-of-scope corporate assessment, it demonstrates:
 - how the assessment considered its stakeholders and operational impacts,
 - how the assessment outcome is relevant to its context.

Further Guidance:

- Ecologically sensitive areas may include, for example:

- Protected areas on national, regional, and international lists
- UNESCO Heritage sites (natural criteria) [\[EN\]](#)
- Ramsar Convention sites [\[EN\]](#)
- Ecologically or Biologically Significant Marine Areas (EBSAs) [\[EN\]](#)
- Important Marine Mammal Areas [\[EN\]](#)
- Biodiversity hotspots (Key Biodiversity Areas) [\[EN\]](#)
- Areas important for ecosystems, for example, coastal upwellings and seamounts
- Areas important for ecological connectivity, including, for instant important ecological corridors, areas and routes important for seasonal migratory patterns
- Critical areas for vulnerable, migratory, or endangered species
- Areas of importance to ethnic groups and Indigenous Peoples (Indigenous Peoples and Community Conserved Territories and Areas [\[EN\]](#) ,
FAO Globally Important Agricultural Heritage Systems [\[EN\]](#))
- International Union for Conservation of Nature (IUCN) protected area management categories
- Areas with High Conservation Values

Implementation Resources:

Resources to assess biodiversity risk and risk related to ecologically sensitive areas

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)

- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 101: Biodiversity 2024 - 101-5 Locations with biodiversity impacts (a)
 - European Sustainability Reporting Standards E4 2023 - Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities 19 a
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B01 Impacts on nature - a
 - CDP 2024 Questionnaire - 11.4



ESC1.6 The company monitors the animal welfare conditions in its operations.

Track factors:

Size	Sector	Industry
XX Large	All	All
X Large	All	All
Large	All	All
Medium	All	All
Small	All	All
Micro	All	All
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.6	From Year 0	Micro / Small	The company monitors the animal welfare conditions in its operations.



Compliance Criteria:

1.6.1 The company defines indicators to monitor animal welfare conditions. The indicators in its monitoring process relate to how the animals are:

- a) raised
- b) transported
- c) slaughtered.

1.6.2 The company monitors the five freedoms of animal welfare.

1.6.3 The company creates an annual aggregate summary of animal welfare conditions:

- a) in the fiscal year before Year 0
- b) in each subsequent year.

1.6.4 The company meets any applicable laws regarding animal welfare (both general and species-specific).

Intent:

To ensure the company develops an understanding of the animal welfare impacts related to its direct management of animals.

Clarifying the Compliance Criteria:

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies only to cases where the company is directly involved in the raising, transportation, and slaughtering of animals and does not include the purchase of animal products from third parties. The assessment of animal welfare impacts in the value chain is addressed under ESC1.7.

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies to all operations where the company does all of the following:

- Owns or controls the facility
- Has operational control over the facility
- Is involved in handling, transporting, or slaughtering animals.

[1.6.1; 1.6.2; 1.6.3] If the company has a third-party certification demonstrating that it respects the five freedoms of animal welfare in the handling, transportation, and slaughter of animals related to its products or services, it can apply the method, tool, or data used to help meet this sub-requirement.

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies only to cases where the company is directly involved in the raising, transportation, and slaughtering of animals and does not include the purchase of animal products from third parties. The assessment of animal welfare impacts in the value chain is addressed under ESC1.7.

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies to all operations where the company does all of the following:

- Owns or controls the facility
- Has operational control over the facility
- Is involved in handling, transporting, or slaughtering animals.

[1.6.1; 1.6.2; 1.6.3] If the company has a third-party certification demonstrating that it respects the five freedoms of animal welfare in the handling, transportation, and slaughter of animals related to its products or services, it can apply the method, tool, or data used to help meet this sub-requirement.

[1.6.2] The five freedoms of animal welfare are as follows.

- Freedom from hunger and thirst — ready access to fresh water and a diet to maintain full health and vigor.
- Freedom from discomfort — an appropriate environment, including shelter and a comfortable resting area.

- Freedom from pain, injury, or disease — prevention through rapid diagnosis and treatment.
- Freedom to express normal behavior — sufficient space, proper facilities, and company of the animal's own kind.
- Freedom from fear and distress — conditions and treatment which avoid mental suffering.

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies only to cases where the company is directly involved in the raising, transportation, and slaughtering of animals and does not include the purchase of animal products from third parties. The assessment of animal welfare impacts in the value chain is addressed under ESC1.7.

[1.6.1; 1.6.2; 1.6.3] This sub-requirement applies to all operations where the company does all of the following:

- Owns or controls the facility
- Has operational control over the facility
- Is involved in handling, transporting, or slaughtering animals.

[1.6.1; 1.6.2; 1.6.3] If the company has a third-party certification demonstrating that it respects the five freedoms of animal welfare in the handling, transportation, and slaughter of animals related to its products or services, it can apply the method, tool, or data used to help meet this sub-requirement.

Applying the Criteria to Independently Certifying Subsidiaries:

- The process is embedded, at minimum, at the highest level within the company. If the company references a process belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the process.

Implementation Resources:

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)



- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Interoperability:

- Equivalency Data Point (not exhaustive):
 - Responsible Wool Standard [\[EN\]](#)
 - Krav [\[EN\]](#) [\[SV\]](#)
 - Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
 - Global Animal Partnership [\[EN\]](#)
 - RSCPA Approved Farming Scheme [\[EN\]](#)
 - Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
 - American Humane Certificated [\[EN\]](#)
 - The Good Cashmere Standard [\[EN\]](#)
 - Certified Humane [\[EN\]](#)



-
- o Responsible Down Standard [\[EN\]](#)
 - o Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)



ESC1.7 The company conducts an assessment to identify actual and potential environmental impacts connected to its operations and value chain.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.7	From Year 0	None	The company conducts an assessment to identify actual and potential environmental impacts connected to its operations and value chain.

Compliance Criteria:

1.7.1 The company's assessment:

- a) covers the company's operations and value chain
- b) identifies any actual or potential negative impacts of the company's operations and value chain that may contribute to the five drivers of nature change
- c) identifies any actual or potential negative impacts of the company's operations and value chain on animal welfare
- d) is based on internal and external research, and engagement with stakeholders
- e) prioritizes issues based on severity and likelihood.

1.7.2 The assessment includes:

- a) a high level overview of the company's value chain indicating where actual or potential negative impacts on nature and animal welfare have been identified
- b) a list of prioritized value chain activities and company operations that contribute to negative impacts on nature
- c) a list of high impact commodities or products in the supply chain, and an explanation of how they were identified
- d) a list of prioritized material environmental impact areas.

1.7.3 The assessment was completed or updated in the last 36 months.

1.7.4 If water, biodiversity, and waste were not deemed material, the company records a written explanation why. The written explanation:

- a) includes credible scientific evidence
- b) is approved by the highest governing body or executive team.

1.7.5 The company considers any "potential impacts" from the Risk Tool (FR3.1) in its assessment.



Intent:

To identify actual and potential environmental impacts linked to different parts of the company's value chain, including its operations, supply chain, product usage, and product end-of-life.

Clarifying the Compliance Criteria:

[1.7.1] The assessment under this sub-requirement is connected to the impact or double materiality assessment [PSG2.3]. However, this assessment includes more specific details than a materiality assessment, in the form of impact areas, commodities, and certain operations. The assessment conducted under this requirement is a demonstration of due diligence, and provides a good base to inform the strategies and actions the company develops under this Impact Topic.

[1.7.1] A company includes the environmental impacts linked to the usage of their products or services if:

- There's a clear cause-and-effect link between the product or service and the environmental impact. For instance, a company that sells chainsaws directly to a logging company has a direct connection to deforestation. But a retailer selling chainsaws to individual customers doesn't have the same direct link since it's harder to predict or measure the impact.
- It is reasonable to expect the company to have sufficient knowledge about the environmental impacts linked to the use of their product or service and mitigate them. For example, a retailer selling chainsaws to the general public likely wouldn't know how each chainsaw will be used or the environmental consequences. However, a wholesaler supplying chainsaws to a logging company can reasonably predict that their product will contribute to environmental damage and should take steps to address or mitigate this.

[1.7.1] The scope for the assessment is intentionally broad to avoid the company accidentally excluding its most material environmental impacts. For example, an electronics manufacturer may already know that high water usage during manufacturing is a material impact. The broad scope of the assessment helps the company consider the impacts related to mining its raw materials too.

[1.7.1] The assessment's broad scope is a starting point — it does not mean the company prioritizes all parts of its direct operations and value chain equally. The company's focus within the scope will vary, based on the severity and likelihood of negative impacts. Companies often reassess their material impacts as they receive stakeholder feedback and learn more about their value chain. The company is not expected to have full visibility of its supply chain to assess its material impacts.

[1.7.1] The company is likely to identify potential negative environmental impacts beyond its tier one suppliers (e.g. if a tier one supplier receives raw materials from a farm in an area at water risk). In these cases, the company may prioritize the relevant tier one supplier and include a plan in its strategy [Link to ESC2.1] to increase the scope of its assessment to tier two or beyond. Increasing the scope over time enables the company to assess impacts further upstream or downstream in its value chain, to identify further potential impacts and mitigations [Link to ESC5].

[1.7.1 b; 1.7.1 c] To assess its value chain, the company may prioritize impacts in phases:

- using a high-level screening and investigating a small number of highly material issues deeply
- improving the assessment when it is reviewed and updated, every 36 months at minimum.

[1.7.1 b] The five drivers of nature change are the following.

- Land- and sea-use change
- Climate change
- Pollution (air, water, soil, plastic, and noise pollution)
- Resource use and overexploitation
- Invasive alien species

[1.7.1 b] The company follows the steps below (or equivalent) to identify its nature-related impacts. (The first two phases are adapted from the Taskforce on Nature-related Financial Disclosures — LEAP Approach [\[EN\]](#).)

- Phase 1: Locate — Determine the scope of the assessment of environmental impacts by locating where the company interacts with nature. To do this, map the company's operations and value chain, including its downstream products or services, to the ecosystem they operate in. Determine whether those locations are ecologically sensitive.
- Phase 2: Evaluate — Identify and list all of the company's potential environmental impacts. This helps understand how the company's operations and value chain (up- and downstream) may interact with ecosystems, what natural resources are used, and how they are exploited. The evaluation may be based on:
 - available environmental performance data
 - internal and external research
 - sector or industry tools to identify sector risk or high-risk materials (e.g. raw materials commonly linked to deforestation)
 - stakeholder engagement with suppliers, local communities, non-governmental organizations (NGOs), or government agencies.
- Phase 3: Assess — Prioritize impacts by assessing their severity and likelihood.

[1.7.1 b] For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact.

[1.7.1 b] Where applicable, the company may use the metrics under ESC1.1–ESC1.6, among others, to help quantify the impacts of its own facilities.

[1.7.1 b; 1.7.1 c] To assess its value chain, the company may prioritize impacts in two phases:

- using a high level screening and investigating a small number of highly material issues deeply

- improving the assessment when it is reviewed and updated, every 36 months at minimum.

[1.7.1 c] The company treats animal welfare as a material impact if it has no information on the animal welfare conditions in its operations and value chain (the five freedoms of animal welfare). Animal welfare may also be impacted if animals are used in the production or harvesting of raw materials in the company's supply chain.

[1.7.1 e] The company prioritizes environmental impacts based on severity and likelihood. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.

- Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remedied.
- Likelihood considers how likely the impact is, and how frequently it might occur.

[1.7.1 e] The scale of a negative impact may depend on whether it violates regulations or authoritative intergovernmental instruments. For example, a negative impact can be considered greater if it risks noncompliance with the reductions in greenhouse gas (GHG) emissions in line with the 1.5°C goal of the Paris Agreement.

[1.7.1 e] The scale of a negative impact often depends on its context. For example, if the company withdraws water from an area affected by water risk, the scale of the impact is greater than if it takes from an area with abundant water resources.

[1.7.2 b] The company's "prioritized value chain activities and operations" are those that it identifies as contributing the most material negative impacts. These may be, for example:

- specific operations (e.g. factories, offices)
- suppliers
- customers
- projects the company is undertaking.

[1.7.2 d] The company may use tools listed under Implementation Resources (or other external sources) for identifying industry-specific information on which environmental impacts are material.

[1.7.2 d] Climate change is a material impact for all companies. It is addressed in more detail under the Climate Action topic.

[1.7.5] FR3.1 only applies to the company if it is considered small or above. If a company is considered micro or a company without workers, then it is exempt from FR3.1 and this compliance criterion does not apply.

[1.7.5] "Considers" means to understand how the potential impact relates to the company and decide whether it is prioritized for further action.

Applying the Criteria to Independently Certifying Subsidiaries:

- The assessment covers the company. If the company references an out-of-scope corporate assessment, it demonstrates:
 - how the assessment considered its stakeholders and operational impacts
 - how the assessment outcome is relevant to its context.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that a written explanation by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body or executive team within its scope of certification.

Further Guidance:

- Severity can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
 - Medium — the impact is expected to cause significant and lasting damage to the environment.
 - Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact is expected to occur continuously.
 - Medium — the impact is expected to occur regularly (i.e. from several times per year to several times per month).
 - Low — the impact is expected to occur only occasionally (i.e. only during a specific phase of a project).

- “Prioritized value chain activities” that contribute to the most material negative impacts may be, for example:
 - specific operations (e.g. factories, offices)
 - suppliers
 - customers
 - projects the company is undertaking.
- Examples of “credible scientific evidence” include:
 - Peer reviewed and credible scientific journal articles
 - Recent credible reports related to water availability, biodiversity, and ecosystem status (e.g. no red listed species in the areas of operation and value chain).

Recommendations:

- If the company cannot quantify its impacts before Year 0, it develops an action plan for how it will quantify its impacts within the coming years. In these cases, the company includes an action point in its environmental strategy [Link to ESC2.1] to further quantify its environmental impacts within the coming years.
- When evaluating pollution, the company also evaluates if its products or packaging contain hazardous substances, including substances of very high concern (SVHC). SVHCs are substances that may have serious and often irreversible effects on human health and the environment. These can be found in the EU REACH Candidate List [[Various languages](#), including BG, CS, DA, DE, EL, EN, ES, ET, FI, FR, HR, HU, IT, LT, LV, MT, NL, PL, PT, RO, SK, SL, SV] or ChemSec SIN List [[EN](#)].
- Use a third-party standard for the company’s assessment of environmental impacts. Examples include:
 - step 1 and 2 from the Science Based Targets Network (2020) [[EN](#)]
 - the Taskforce on Nature-related Financial Disclosures’ LEAP Approach [[EN](#)].
- Use a comprehensive Life Cycle Assessment (LCA) methodology to help identify material environmental impacts.
- Evaluate the company’s impacts according to both their quantifiable effects and to the state of nature where they are occurring. (See Technical guidance materials for Step 1 of the Science Based Targets Network, under Implementation Resources [[EN](#)].)

- Include in the assessment not only the actual and potential negative impacts the company may have on nature, but also the company's dependencies on nature. This enables a holistic understanding of the interactions between the company and natural world.
- Consider an environmental impact area material if it is likely to cause severe impact on society as a whole — even if the company's contribution to the impact is small.

Implementation Resources:

Examples of resources to assess a company's environmental impacts

- Guidance on the identification and assessment of nature-related issues: the LEAP approach, 2024 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)
- Initial Guidance for Business by the Science-Based Targets for Nature (Science Based Targets Network, 2020) [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 1 - Assess [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 2 - Prioritize [\[EN\]](#)
- People and planet in business - A simple guide to how small and micro companies can start or strengthen their due diligence, 2023 (B Lab, Fairtrade International) [\[EN\]](#)
- Science-Based Targets for Nature: Initial Guidance for Business, 2020 (Science Based Targets Network) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Natural Capital Protocol, 2021 (Capitals Coalition) [\[AR\]](#) [\[EN\]](#) [\[JP\]](#) [\[ZH\]](#)
- Nature-Related Risk & Opportunity Management and Disclosure Framework (Taskforce on Nature-related Financial Disclosures) [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]
- Authentic Sustainability Assessment - A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- High-level Business Actions on Nature (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)

- Knowledge Hub - Various tools (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to obtain information on potential negative environmental impact of specific sectors or industries

- Materiality Screening Tool – Tool to aid in initial corporate sector-level screening of environmental impacts (Science Based Targets Network) [\[EN\]](#)
- ENCORE [\[EN\]](#) [\[ES\]](#)
- The Global Assessment of Private Sector Impacts on Water, 2022 (CERES) [\[EN\]](#)
- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Prioritising Nature-related Disclosures, 2022 (UN Environment Programme) [\[EN\]](#)
- CDP (covering water, forests and climate) [\[EN\]](#) [\[ES\]](#) [\[JA\]](#) [\[PT\]](#) [\[ZH\]](#)
- GRI Sector Standards [\[EN\]](#)

Example of resource on stakeholder engagement

- Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders, 2023 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)

- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Examples of resources to conduct a Life Cycle Assessment

- General Guide for Life Cycle Assessment - ILCD Handbook (European Commission) [\[EN\]](#)
- Overview of life cycle inventory databases by GHG Protocol [\[EN\]](#)
- PEF (Product Environmental Footprint) and OEF (Organisation Environmental Footprint): PEF and OEF are currently under development. With PEF and OEF, the European Commission aims to harmonize methodology for the calculation of the environmental footprint of products and organizations. The system has been under development for several years now, and will in the end provide a standardized impact assessment method, a database with background LCA data and calculation rules for different industrial sectors (PEFCRs). [\[BG\]](#) [\[CS\]](#) [\[DA\]](#) [\[DE\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[FI\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LV\]](#) [\[LT\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#) [\[SV\]](#)
- Recommendations for Life Cycle Impact Assessment in the European context - based on existing environmental impact assessment models and factors (International Reference Life Cycle Data System - ILCD handbook) (European Commission) [\[EN\]](#)
- ISO 14040:2006 & ISO 14044: Life Cycle Assessment Framework (note, this resource is not free of charge) [\[EN\]](#) [\[FR\]](#) [\[RU\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3 Material Topics 2021 - 3-1 Process to determine material topics
 - GRI 3 Material Topics 2021 - Disclosure 3-2 List of material topics
 - GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 - 13.11.1
 - GRI 303: Water and Effluents 2018 - 303-1 Interactions with water as a shared resource (a, b)

- GRI 101: Biodiversity 2024 - 101-6 Direct drivers of biodiversity loss (a, b, c, d, e)
- GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken (c)
- European Sustainability Reporting Standards E1 2023 - Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
- European Sustainability Reporting Standards E1 2023 - Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities
- European Sustainability Reporting Standards E2 2023 - Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities
- European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-4 – Pollution of air, water and soil
- European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-5 – Substances of concern and substances of very high concern
- European Sustainability Reporting Standards E3 2023 - Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities 8 a, b
- European Sustainability Reporting Standards E4 2023 - Disclosure Requirement SBM 3 – Material impacts, risks and opportunities and their interaction with strategy and business model 16.
- European Sustainability Reporting Standards E4 2023 - Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies and opportunities 17, 18, 19
- European Sustainability Reporting Standards E5 2023 - Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities 11 a, b
- European Sustainability Reporting Standards 2 - Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model 46, 48 a, c
- European Sustainability Reporting Standards 2 - Disclosure Requirement IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities 51, 53
- DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 6

- The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - A. Governance - A01 Impact materiality and sustainability strategy - a, b, c
- The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B02 Nature-related dependencies, risks and opportunities a, b, c, d
- The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B01 Impacts on nature - a, b, c
- Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Strategy - A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term
- Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Strategy - D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.
- Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Risk and Impact Management
- CDP 2024 Questionnaire - 7.5
- CDP 2024 Questionnaire - 9.4
- Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.2.1



ESC1.8 The company publicly shares its material environmental issues.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC1.8	From Year 3	None	The company publicly shares its material environmental issues.



Compliance Criteria:

- 1.8.1 The company's material environmental issues (ESC1.7) are available on its webpage or the company has another way for stakeholders to easily access it.
- 1.8.2 The company publicly shares the methodology it used in its assessment of material environmental issues.

Intent:

To increase public accountability and enable companies to compare their material environmental issues.

Clarifying the Compliance Criteria:

[1.8.1, 1.8.2] The company's material environmental issues are available in one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

[1.8.1, 1.8.2] The company's material environmental issues are available in one of the following.

- Its annual report
- An annual sustainability report
- An integrated annual report and sustainability report
- Another public report available on its webpage

Applying the Criteria to Independently Certifying Subsidiaries:

- The reporting scope covers the company. If the company references a corporate group report that includes out-of-scope entities, either:
 - the performance of the company is clearly identifiable within the group report
 - the company publicly shares its own report on its webpage.



ESC2 The company has a strategy to address its actual and potential negative environmental impacts, and to support staying within ecological thresholds.

ESC2.1 The company has a strategy to address its actual and potential negative environmental impacts.

Track factors:

Size	Sector	Industry
XX Large	Service with Significant Environmental Footprint	All
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Service with Significant Environmental Footprint	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Service with Significant Environmental Footprint	All
Large	Wholesale/Retail	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Service with Significant Environmental Footprint	All
Medium	Wholesale/Retail	All



Medium	Manufacturing	All
Medium	Agriculture/Growers	All
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.1	From Year 3	None	The company has a strategy to address its actual and potential negative environmental impacts.

Compliance Criteria:

2.1.1 The company's strategy addresses the material negative environmental impacts in its direct operations and value chain identified in ESC1.7.

2.1.2 The strategy, or a related implementation plan, includes:

- a) quantified targets for the next 36 months at minimum
- b) indicators
- c) clearly defined roles and responsibilities
- d) a plan to engage and work with stakeholders
- e) how the company prioritizes avoidance and reduction of negative environmental impacts
- f) how the company uses its water and biodiversity assessments (where applicable) and:
 - i) protects ecologically sensitive areas or areas at water risk that its facilities are in or near
 - ii) sets objectives to avoid and reduce negative impacts on those areas
- g) how the company's business model aligns with this strategy, or how it plans to align it.

2.1.3 The strategy is approved by the highest governing body or executive team.

2.1.4 The strategy was adopted or reviewed in the last twelve months.

Intent:

For the company to create an environmental strategy informed by its assessment of actual and potential material environmental impacts.

Clarifying the Compliance Criteria:

[2.1.1] The strategy sets out how the company intends to address each of its material environmental issues. More specifically, it describes how the company will:

- assess the potential negative environmental impacts of working with potential clients and projects, and on investments if applicable [link to ESC2.6; ESC2.7]
- use inputs from stakeholders [links to PSG2]
- prevent and mitigate actual and potential negative environmental impacts [links to ESC4]
- evaluate the effectiveness of the strategy and update it as required [link to ESC4.2]
- work with suppliers to achieve environmental objectives and trace raw materials in the supply chain to their origins [link to ESC5].

[2.1.2] The company may include collective action or other forms of collaboration in its strategy [Link to GACA2].

Applying the Criteria to Independently Certifying Subsidiaries:

- The strategy is embedded, at minimum, at the highest governance level within the company. If the company references a strategy belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the strategy.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body or executive team within its scope of certification.

Further Guidance:

- The company's strategy, depending on material issues, may include the following actions (among others).
 - Implementing practices that help to maintain and enhance biodiversity (in line with the mitigation hierarchy for biodiversity)
 - Implementing a circular water management approach and water stewardship to address any water risks
 - Implementing practices in line with the waste hierarchy and food waste hierarchy
 - Implementing practices to avoid or reduce pollution (of air, water, soil, and noise)

- Following animal welfare regulations and standards that are generally consistent with the World Organisation for Animal Health (WOAH) Terrestrial Code or Aquatic Code
- Implementing energy efficiency practices and switching to renewable electricity
- Reducing intense use of natural resources and reducing overconsumption in general
- Collective action may be especially impactful where limited local infrastructure hinders the company's ability to directly mitigate its environmental impact. For example, if no local infrastructure for recycling is available, the company may not be able to increase the amount of waste it recovers. In these cases, the company collaborates with others to improve the infrastructure while also working to reduce its waste.
- Stakeholders the company engages or works with could include, for example:
 - stakeholders in the value chain (e.g. suppliers, buyers)
 - peers
 - industry alliances
 - governments
 - trade associations
 - Civil Society Organizations (CSOs)
 - Indigenous Peoples.
- To address its material environmental impacts, the company may first focus on the drivers it is responsible for, and follow a hierarchy of actions: avoid, reduce, restore & regenerate, and transform. For example, if the company is responsible for pollution, it:
 - avoids — first, it works on avoiding pollution by addressing the cause directly (e.g. eliminating water discharge)
 - reduce — then it aims to reduce pollution by adopting best practice processes (e.g. replacing water-intensive systems)
 - restore & regenerate — next, the company works on addressing the negative impact it has already caused (e.g. remediating contaminated water)
 - transform — finally, the company transforms the way it works to address the drivers of pollution (e.g. advocating for industry-wide adoption of regenerative practices, influencing policy and supplier standards).

- To determine how the company's business model aligns with its strategy (or identify how it plans to align its business model if it is misaligned) the company may reflect on its inherent environmental impacts, as in the following examples.
 - If a company's business model depends on a lot of air travel (e.g. to participate in conferences or visit clients), how can it shift to a more sustainable model? Could the company participate in events only remotely, make onsite visits only for local clients, or move to a different type of client or industry?
 - If the company's current business model depends on putting more and more products on the market, is that approach aligned with reducing its negative environmental impact? Could the company take on a more novel business model by providing its products as a service instead?
 - If the company's products use ingredients from all over the world, how can it lower the impact of transporting those raw materials? Could the company source more ingredients locally, or diversify to other products or revenue streams?
 - If the company is in a water scarce area and it uses a lot of water in manufacturing, how can it shift its business model to mitigate the stress on water sources? Could the company diversify its portfolio to produce less water-intensive products?
- Examples of quantifiable objectives that the company may consider incorporating in its strategy:
 - Biodiversity outcomes
 - Measurable maintenance or improvement of biodiversity, carbon storage or sequestration, soil health, or the health of other ecosystems
 - A reduction of invasive alien species
 - An increase in the stock and diversity of native species
 - Water outcomes
 - Reduced water consumption
 - Improved water quality
 - Water consumption reduced to within proportionate allocations of available water supplies.
 - Waste outcomes
 - Reduced waste
 - Increased waste recovery
 - Zero waste to landfill for all operations



- Energy outcomes
 - Reduced energy consumption
 - Increased procurement of renewable electricity
 - Achieved 100% renewable electricity
- Pollution outcomes
 - Reduced pollution (of soil, water, noise, and air)
 - Elimination of intentionally added substances from the EU REACH Candidate List and ChemSec SIN List from all products and packaging at any concentration
 - Reduction of substances from the EU REACH Candidate List and ChemSec SIN List in any material outflows to under 0.1% w/w (1,000 ppm).
 - Elimination of substances from the Cradle to Cradle Certified Products Program Restricted Substances List (RSL) above the RSL's maximum allowable concentration.
- Animal welfare
 - Improved animal welfare conditions in line with the five freedoms of animal welfare

Recommendations:

- Set specific commitments as part of the strategy. Depending on the material environmental impacts identified in the company's own operations and value chain under ESC1.7, these commitments may help the company to align its operations more closely with certain ecological thresholds. For example, depending on the company's context, consider adding:
 - a commitment to send zero waste to landfill from the company's operations within a certain timeframe
 - a commitment to use 100% renewable electricity at the company's owned operations within a certain timeframe.
- Consider ecological thresholds when setting targets (e.g. by setting science-based targets for nature).
- Whenever possible, incorporate local and traditional knowledge from local communities and Indigenous Peoples into the strategy, building on their existing environmental stewardship and nature-based solutions.

- Compensate Indigenous Peoples appropriately when integrating their views or knowledge, and acknowledge their time and efforts.
- Ultimately, the company reduces its impact to within ecological thresholds and fully respects animal welfare. This may involve, among other outcomes:
 - prioritizing avoidance and minimization of negative impacts on biodiversity (in line with the mitigation hierarchy for biodiversity)
 - reducing its water consumption to within proportionate allocations of available water supplies
 - reducing its waste to the minimum, and sending zero waste to landfill
 - reducing its energy consumption to the minimum, and procuring 100% renewable electricity
 - reducing pollution to within safe, legal limits.

Implementation Resources:

Examples of resources to develop an environmental strategy, targets and indicators

- People and planet in business - A simple guide to how small and micro companies can start or strengthen their due diligence, 2023 (B Lab, Fairtrade International) [\[EN\]](#)
- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JA\]](#) [\[PT\]](#) [\[ZH\]](#)
- Nature Benchmark Methodology, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Science-Based Targets for Nature: Initial Guidance for Business (Science Based Targets Network) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Step 4 - ACT - Action Framework (AR3T) (Science Based Targets Network) [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Step 3 [\[EN\]](#)
- Authentic Sustainability Assessment - A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Nature Positive Strategy: Practical Guidance for Corporates, 2024, Pollination Group [\[EN\]](#)

Examples of resources on developing a water strategy

- Putting Water Strategy Into Context, 2021 (World Wildlife Fund) [\[EN\]](#)
- AWS International Water Stewardship Standard, 2019 [\[Various languages\]](#) including AR, BN, EN, ES, FR, JP, PT, TR, VI, ZH]

Examples of resources on developing a biodiversity transition plan

- High-level Business Actions on Nature (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Guidance for using the IUCN Global Standard for Nature-based Solutions, 2021 (International Union for Conservation of Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[KO\]](#) [\[JA\]](#) [\[SQ\]](#) [\[SR\]](#) [\[MK\]](#) [\[ZH\]](#)
- Nature in transition plans: Why and how?, 2023 (World Wildlife Fund) [\[EN\]](#)
- Various guidance on how to eliminate deforestation, ecosystem conversion (Accountability Framework Initiative) [\[EN\]](#)
- High Carbon Stock and High Conservation Value assessment [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[ID\]](#) [\[PT\]](#) - to consider if operating or sourcing in the humid tropics and for all other ecosystems: High Conservation Value assessment [\[EN\]](#)
- Agricultura Regenerativa - Minimum and desirable criteria for a regenerative farm [\[EN\]](#) [\[ES\]](#)
- Bioprotection Portal [\[AR\]](#) [\[BN\]](#) [\[DE\]](#) [\[ES\]](#) [\[EN\]](#) [\[PT\]](#) [\[FR\]](#) [\[HU\]](#) [\[IN\]](#) [\[MS\]](#) [\[NE\]](#) [\[SI\]](#)
- The Four Labours of Regenerative Agriculture - Paving the way towards meaningful commitments, 2023 (FAIRR) [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3: Material Topics 2021 - Disclosure 3-3 Management of material topics (c, d, e, f)
 - GRI 303: Water and Effluents 2018 - 303-1 Interactions with water as a shared resource (c, d)
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-3 – Targets related to pollution
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
 - European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-3 – Targets related to water and marine resources
 - European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-2 – Actions and resources related to water and marine resources 15.

- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-5 – Impact metrics related to biodiversity and ecosystems change
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems 25, 28 a, c
- o European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-3 – Targets related to resource use and circular economy
- o DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 7, 8
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - A. Governance - A01 Impact materiality and sustainability strategy - d
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - A. Governance - A02 Sustainability targets and plans - a, c, d
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Atmosphere - B07 Air pollution - b
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - b
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - A. Governance - A03 Accountability for sustainability performance - a, b
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B12 Waste - b
- o Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Strategy - B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place
- o Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Strategy - C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.
- o Recommendations of the Taskforce on Nature-related Financial Disclosures, 2023 - Metrics and Targets
- o CDP 2024 Questionnaire - 9.15
- o Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.1.2, 3.1.4, 4.2.4



ESC2.2 The company has a biodiversity transition plan to halt and reverse biodiversity loss caused by its operations and value chain.

Track factors:

Size	Sector	Industry
XX Large	Service with Significant Environmental Footprint	All
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Service with Significant Environmental Footprint	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Manufacturing	Mining
Large	Agriculture/Growers	All
Medium	Manufacturing	Mining
Medium	Agriculture/Growers	All
Small	None	None
Micro	None	None
Company without workers	None	None



ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.2	From Year 3	None	The company has a biodiversity transition plan to halt and reverse biodiversity loss caused by its operations and value chain.

Compliance Criteria:

2.2.1 If the company identified biodiversity-related impacts as material in its assessment of environmental impacts, then the company's biodiversity transition plan includes:

- a) a commitment to contribute to the global goal of halting and reversing biodiversity loss by 2030
- b) quantified targets for its own facilities
- c) a plan to engage its material suppliers (by impact) to understand:
 - i) whether they are located in or near areas important for biodiversity.
 - ii) what actions they take to manage their biodiversity impacts
- d) how the company integrates Indigenous Peoples' local knowledge or traditional ecological knowledge and nature-based solutions.

2.2.2 The plan includes actions to:

- a) support aspects such as:
 - i) maintenance and enhancement of biodiversity
 - ii) carbon storage or sequestration
 - iii) soil health
 - iv) the health of other ecosystems
- b) measure positive conservation and regenerative outcomes, such as:
 - i) healthy and stable soils
 - ii) improved local biodiversity
 - iii) improved air and water quality
- c) prevent potential negative impacts associated with the company's facilities located in or near ecologically sensitive areas.

2.2.3 The plan is approved by the highest governing body or executive team.

2.2.4 The plan follows the mitigation hierarchy for biodiversity.



2.2.5 The plan was adopted or reviewed in the last twelve months.

Intent:

For companies to contribute to the global goal of halting and reversing biodiversity loss by 2030, in line with the Kunming-Montreal Global Biodiversity Framework, 2022 (Convention on Biological Diversity) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[ZH\]](#). Investing in nature's protection and restoration is critical to this effort. This includes halting the loss of priority ecosystems, protecting land and seas, and mitigating negative impacts by, for example, reducing pollutants and eliminating plastic waste.

Clarifying the Compliance Criteria:

[2.2.1, 2.2.2; 2.2.3; 2.2.4; 2.2.5] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.2.1; 2.2.2] The biodiversity transition plan addresses the priority operations, high impact commodities, and value chain activities identified as material in ESC1.7.

[2.2.1 b; 2.2.2 c] The company's biodiversity transition plan is expected to set quantified targets, as signaled under ESC2.1. Before Year 3, the company does both of the following.

- Sets targets for its own facilities.
- Has an action plan to engage its value chain to gather data and measure progress over time. The company may prioritize its material suppliers (by impact) and other material members of its value chain (by impact). These foundational steps enable the company to set concrete targets for its value chain in the future.

[2.2.1 c] The company's "material suppliers" are those it identifies as having the most actual and potential negative environmental impacts.

[2.2.1 d] Whenever possible, the company co-creates with Indigenous Peoples, incorporating their local or traditional knowledge into the plan, and building on their good stewardship and nature-based solutions.

[2.2.1 d] The company compensates Indigenous Peoples appropriately when integrating their views or knowledge, and acknowledges their time and efforts.

[2.2.1, 2.2.2; 2.2.3; 2.2.4; 2.2.5] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.2.1; 2.2.2] The biodiversity transition plan addresses the priority operations, high impact commodities, and value chain activities identified as material in ESC1.7.

[2.2.2 a.iv] The health of "other ecosystems", besides terrestrial ecosystems, refers to:

- freshwater bodies
- marine and coastal ecosystems (including oceans).

[2.2.1 b; 2.2.2 c] The company's biodiversity transition plan is expected to set quantified targets, as signaled under ESC2.1. Before Year 3, the company does both of the following.

- Sets targets for its own facilities.
- Has an action plan to engage its value chain to gather data and measure progress over time. The company may prioritize its material suppliers (by impact) and other material members of its value chain (by impact). These foundational steps enable the company to set concrete targets for its value chain in the future.

[2.2.1, 2.2.2; 2.2.3; 2.2.4; 2.2.5] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.2.1, 2.2.2; 2.2.3; 2.2.4; 2.2.5] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.2.4] Following the “mitigation hierarchy for biodiversity” means the company's plan prioritizes avoidance, mitigation, restoration, or rehabilitation of biodiversity onsite, and only uses offsetting and compensation as a last resort.

[2.2.4] Under the mitigation hierarchy, the company prefers restoration over offsetting and compensation. However, if restoration cannot be done onsite (in the area directly affected by the company's operations), the company may compensate through restoration of an equivalent ecosystem offsite as part of its plan. The compensation should also aim for equivalent ecosystem types and ecological values.

[2.2.1, 2.2.2; 2.2.3; 2.2.4; 2.2.5] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

Applying the Criteria to Independently Certifying Subsidiaries:

- The biodiversity transition plan is embedded, at minimum, at the highest level within the company. If the company references a biodiversity transition plan belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the biodiversity transition plan.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body or executive team within its scope of certification.

Further Guidance:

- Nature-based solutions may include, for example:
 - halting deforestation and ecosystem conversion, and reversing course toward conservation
 - expanding regenerative agriculture
 - halting and reversing mangrove and coastal wetland conversion.
- If the company is directly involved in agriculture through growing, or indirectly involved by sourcing raw materials, the company may promote regenerative farming practices in its plan. These include, among others:
 - Fertilizer and pesticide use
 - introducing nitrogen fixing plants
 - reducing or removing synthetic inputs, including by eliminating agricultural inputs containing substances of concern
 - Soil health and agrobiodiversity
 - minimizing or removing tillage
 - prioritizing perennial plants
 - cover cropping
 - rotating crops
 - controlling invasive species
 - planting forage and biomass
 - maintaining grassed waterways
 - establishing herbaceous wind barriers and field borders
 - creating vegetative barriers
 - establishing trees or shrubs
 - Forest management
 - protecting High Conservation Values and natural forests, including High Carbon Stock forests

- undertaking forest stand improvement and managing forest slash
- Water conservation
 - mulching soil
 - improving irrigation efficiency with moisture-sensing technologies
- Livestock management
 - using rotational grazing
 - using anaerobic digestion
- Integrated systems
 - practicing agroforestry
 - using an integrated crop-livestock system (ICLS)
 - establishing silvopasture (integrating trees, forage, and grazing livestock).

Recommendations:

- Set a science-based target for nature to respect ecological thresholds in the company's operations and value chain.
- If the company is involved in construction, strive for a holistic understanding of its project's impacts — both during construction and throughout the building's lifespan. This may involve, for example, understanding how a project has an influence on its surroundings, and how changing surroundings can impact the project (e.g. through climate change).

Implementation Resources:

Resources on international frameworks and reports

- COP15: Kunming-Montreal Global Biodiversity Framework, 2022 (Convention on Biological Diversity) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[ZH\]](#)
- Global Assessment Report on Biodiversity and Ecosystem Services - Summary for policymakers, 2022 (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services) [\[AR\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[RU\]](#) [\[ZH\]](#)

Resource on target setting

- Onboarding support and target setting for companies (Science Based Targets Network) - Step 3 [\[EN\]](#)

Other resources to develop a biodiversity transition plan

- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Nature in transition plans: Why and how? (World Wildlife Fund) [\[EN\]](#)
- Nature-based solutions - various resources (International Union for Conservation of Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Various guidance on how to eliminate deforestation, ecosystem conversion (Accountability Framework Initiative) [\[EN\]](#)
- High Carbon Stock and High Conservation Value assessment [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[ID\]](#) [\[PT\]](#) - to consider if operating or sourcing in the humid tropics and for all other ecosystems: High Conservation Value assessment [\[EN\]](#)
- Agricultura Regenerativa - Minimum and desirable criteria for a regenerative farm [\[EN\]](#) [\[ES\]](#)
- Bioprotection Portal [\[AR\]](#) [\[BN\]](#) [\[DE\]](#) [\[ES\]](#) [\[EN\]](#) [\[PT\]](#) [\[FR\]](#) [\[HU\]](#) [\[IN\]](#) [\[MS\]](#) [\[NE\]](#) [\[SI\]](#)
- The Four Labours of Regenerative Agriculture - Paving the way towards meaningful commitments, 2023 (FAIRR) [\[EN\]](#)

Resources on benchmarks and standards

- Nature Benchmark Methodology, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Methodology for the 2023 Food and Agriculture Benchmark, 2022 (World Benchmarking Alliance) [\[EN\]](#)
- European Sustainability Reporting Standards - E4 Biodiversity and Ecosystems, 2023 (EFRAG) [\[BG\]](#) [\[CS\]](#) [\[DA\]](#) [\[DE\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[FI\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#) [\[SV\]](#)

Example of resource on stakeholder engagement

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders, 2023 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-3 – Targets related to pollution

- o European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems 25, 28 a, c
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-5 – Impact metrics related to biodiversity and ecosystems change
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B03 Ecosystem protection and restoration - b
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B04 Halting biodiversity loss - a, b, d
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B09 Water pollution - b
- o CDP 2024 Questionnaire - 11.3



ESC2.3 The company has a water stewardship strategy that limits water use in its operations and value chain to within sustainable thresholds.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Agriculture/Growers	All
Medium	Manufacturing	Mining
Small	None	None
Micro	None	None



Company without workers	None	None
-------------------------	------	------

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.3	From Year 3	None	The company has a water stewardship strategy that limits water use in its operations and value chain to within sustainable thresholds.

Compliance Criteria:

2.3.1 If the company identified water-related impacts as material in its assessment of environmental impacts then the company's water stewardship strategy includes:

- a) an emphasis on a circular water management approach
- b) quantified targets for its own facilities
- c) a plan to engage its material suppliers (by impact) to understand:
 - i) what actions they take to manage their water-related impact
 - ii) whether they are located in areas at water risk
- d) actions to reduce water use and minimize water pollution, especially in areas at water risk
- e) how the company integrates Indigenous Peoples' local knowledge or traditional ecological knowledge and nature-based solutions.

2.3.2 The company identifies if contextual data exists for the watershed or basin in which the company has its facilities. If data is available, the company's strategy:

- a) describes how it ensures to stay within its proportionate allocation of local renewable water supplies.

2.3.3 The strategy is approved by the highest governing body or executive team.

2.3.4 The strategy was adopted or reviewed in the last twelve months.

Intent:

For companies to:

- address their water-related impacts and contribute to the responsible, sustainable management of freshwater resources
- go beyond water efficiency practices and lead collective action in the watersheds of their value chain.

Clarifying the Compliance Criteria:

[2.3.1; 2.3.2.; 2.3.3; 2.3.4] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.3.1 a] Implementing a circular water management approach may help the company reduce its water-related environmental impact to within ecological thresholds.

[2.3.1 b; 2.3.2] The company's water stewardship strategy is expected to set quantitative targets, as signaled under ESC2.1. Before Year 3, the company does both of the following.

- Sets targets for its own operations (facilities).
- Has an action plan to engage its value chain to gather data and measure progress over time. The company may prioritize its material suppliers (by impact) and other material members of its value chain (by impact). These foundational steps enable the company to set concrete targets for its value chain in the future.

[2.3.1 c] The company's "material suppliers" are those it identifies as having the most actual and potential negative environmental impacts.

[2.3.1 c] Actions the company's suppliers take to manage their water-related impacts may relate to water quantity or quality (with a preference for both).

[2.3.1 e] Whenever relevant and possible, the company co-creates with Indigenous Peoples, incorporating their local or traditional knowledge into the plan, and building on their good stewardship and nature-based solutions.

[2.3.1 e] The company compensates Indigenous Peoples appropriately when integrating their views or knowledge, and acknowledges their time and efforts.

[2.3.1; 2.3.2.; 2.3.3; 2.3.4] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.3.1 b; 2.3.2] The company's water stewardship strategy is expected to set quantitative targets, as signaled under ESC2.1. Before Year 3, the company does both of the following.

- Sets targets for its own operations (facilities).

- Has an action plan to engage its value chain to gather data and measure progress over time. The company may prioritize its material suppliers (by impact) and other material members of its value chain (by impact). These foundational steps enable the company to set concrete targets for its value chain in the future.

[2.3.2] The company's water stewardship plan prioritizes its facilities located in regions with physical water risk, as identified in ESC1.4.

[2.3.1; 2.3.2.; 2.3.3; 2.3.4] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[2.3.1; 2.3.2.; 2.3.3; 2.3.4] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

Applying the Criteria to Independently Certifying Subsidiaries:

- The strategy is embedded, at minimum, at the highest governance level within the company. If the company references a strategy belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the strategy.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that approval by an out-of-scope parent body does not meet the sub-requirement, unless the company has additional approval at the highest governing body or executive team within its scope of certification.

Further Guidance:

- To define a "proportionate allocation of available renewable supplies of the local watershed", the company may, for example:
 - use any of the tools under the Implementation Resources
 - contact the local authority that controls (or has an overview of) the watershed to understand the pressure on it, combined with an analysis of water risk
 - rely on other scientific resources or expert advice.

Recommendations:

- Set a science-based target for nature to respect ecological thresholds in the company's operations and value chain.

- If no contextual data is available for the watershed or basin in which the company operates, engage in collective action to make it possible to collect this data.
- Partner with other stakeholders (including local government, non-governmental organizations (NGOs), or other businesses) to protect or restore local watersheds to sustainable levels.

Implementation Resources:

Examples of resources to develop an environmental strategy, targets and indicators

- Putting Water Strategy Into Context, 2021 (World Wildlife Fund) [\[EN\]](#)
- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Step 3 [\[EN\]](#)
- Authentic Sustainability Assessment A User Manual for the Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)

Resources on standards

- AWS International Water Stewardship Standard [\[Various languages\]](#) including AR, BN, EN, ES, FR, JP, PT, TR, VI, ZH]
- European Sustainability Reporting Standards - E3 Water and marine resources, 2023 (EFRAG) [\[BG\]](#) [\[CS\]](#) [\[DA\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[EL\]](#) [\[ET\]](#) [\[FI\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LV\]](#) [\[LT\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#) [\[SV\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 303: Water and Effluents 2018 - 303-1 Interactions with water as a shared resource (c, d)
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-4 – Pollution of air, water and soil 26.
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-3 – Targets related to pollution

-
- o European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-2 – Actions and resources related to water and marine resources 15.
 - o European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-3 – Targets related to water and marine resources 20., 23., 24.
 - o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - b
 - o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B09 Water pollution - b
 - o CDP 2024 Questionnaire - 9.15



ESC2.4 The company's policies and procedures address its material environmental impact areas.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.4	From Year 3	Medium / Large / X Large / XX Large	The company's policies and procedures address its material environmental impact areas.



Compliance Criteria:

2.4.1 The company explicitly addresses each material environmental impact area with a policy or procedure.

2.4.2 The scope of each policy and procedure matches the nature of the material environmental impact area.

Intent:

To ensure the company's policies and procedures address all material environmental impact areas.

Clarifying the Compliance Criteria:

[2.4.1; 2.4.2] The company determines its material environmental impacts under ESC1.7.

[2.4.1; 2.4.2] The company uses policies and procedures to prevent or mitigate its potential negative environmental impacts.

[2.4.1; 2.4.2] The company determines its material environmental impacts under ESC1.7.

[2.4.1; 2.4.2] The company uses policies and procedures to prevent or mitigate its potential negative environmental impacts.

[2.4.2] Matching the “scope” of policies and procedures to material environmental impact areas means ensuring they apply where the impacts are relevant (e.g. for the company’s own operations or the supply chain). For example, if waste management is a material impact in the company’s supply chain, a policy to address waste management in the company’s own operations would not be sufficient, because the scope is different.

Applying the Criteria to Independently Certifying Subsidiaries:

- The policies and procedures are embedded, at minimum, at the highest level within the company. If the company references policies and procedures belonging to an out-of-scope parent, it records evidence of roll-out, enforcement and accountability mechanisms to support the policies and procedures.

Further Guidance:

- Using policies and procedures to prevent or mitigate its potential negative environmental impacts may include, for example:
 - If the company contributes to ecosystem conversion (such as deforestation), it has a policy for zero conversion of natural habitats.
 - If the company has potential impacts related to animal welfare, it has an animal welfare policy, or explicitly covers animal welfare in relevant policies and procedures.

Interoperability:

- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E1 2023 - Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-1 – Policies related to pollution

- o European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-1 – Policies related to water and marine resources
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems
- o European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-1 – Policies related to resource use and circular economy
- o European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-1– Business conduct policies and corporate culture 10 f
- o European Sustainability Reporting Standards 2 - Minimum Disclosure Requirement – Policies MDR-P – Policies adopted to manage material sustainability matters 63, 65
- o DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 5
- o CDP 2024 Questionnaire - 4.6
- o Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.1.2



ESC2.5 Workers in relevant roles receive the guidance they need to implement the environmental policies and procedures.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.5	From Year 3	Medium / Large / X Large / XX Large	Workers in relevant roles receive the guidance they need to implement the environmental policies and procedures.

Compliance Criteria:

2.5.1 Workers in relevant roles receive training, guidance documents, or tools to help implement the environmental policies and procedures.

2.5.2 The guidance is tailored for the relevant role or department.

Intent:

To ensure the right people are prepared to implement the environmental policies and procedures.

Clarifying the Compliance Criteria:

[2.5.1; 2.5.2] Relevant roles can be at any level within a company. They may range from members of the highest governing body to workers who work on environmental issues.

[2.5.1] “The environmental policies and procedures” are those related to each material environmental impact area (ESC1.7)

[2.5.1] Workers in relevant roles are given information tailored to their role. Generic training about the company’s material environmental issues is not sufficient.

[2.5.1; 2.5.2] Relevant roles can be at any level within a company. They may range from members of the highest governing body to workers who work on environmental issues.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Interoperability:

- Conceptual Alignment Data Point:
 - Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.1.3

ESC2.6 The company assesses the potential negative environmental impacts related to potential organizational clients and projects, and takes necessary mitigation actions.

Track factors:

Size	Sector	Industry
XX Large	Service with Minor Environmental Footprint	Landscape services
XX Large	Service with Minor Environmental Footprint	Advertising & market research
XX Large	Service with Minor Environmental Footprint	Environmental consulting
XX Large	Service with Minor Environmental Footprint	Engineering
XX Large	Service with Minor Environmental Footprint	Scientific R&D
XX Large	Service with Minor Environmental Footprint	Veterinary activities
XX Large	Service with Minor Environmental Footprint	Legal activities
XX Large	Service with Minor Environmental Footprint	Management consultant - for-profits
XX Large	Service with Minor Environmental Footprint	Book publishing
XX Large	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
XX Large	Service with Minor Environmental Footprint	Film, TV & music production
XX Large	Service with Minor Environmental Footprint	Programming & broadcasting
XX Large	Service with Minor Environmental Footprint	Computer programming services
XX Large	Service with Minor Environmental Footprint	Data processing & hosting
XX Large	Service with Minor Environmental Footprint	Mobile applications
XX Large	Service with Minor Environmental Footprint	Social networks & info sharing



XX Large	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
XX Large	Service with Minor Environmental Footprint	Telecommunications
XX Large	Service with Minor Environmental Footprint	Web portals
XX Large	Service with Minor Environmental Footprint	Other info service activities
XX Large	Service with Minor Environmental Footprint	Architecture design & planning
XX Large	Service with Minor Environmental Footprint	Civil engineering
XX Large	Service with Minor Environmental Footprint	Contracting & building
XX Large	Service with Minor Environmental Footprint	Design & building
XX Large	Service with Minor Environmental Footprint	Other install & construction
XX Large	Service with Minor Environmental Footprint	Real estate development
XX Large	Service with Minor Environmental Footprint	Real estate- fee/contract
XX Large	Service with Minor Environmental Footprint	Real estate - leased property
X Large	Service with Minor Environmental Footprint	Advertising & market research
X Large	Service with Minor Environmental Footprint	Architecture design & planning
X Large	Service with Minor Environmental Footprint	Book publishing
X Large	Service with Minor Environmental Footprint	Civil engineering
X Large	Service with Minor Environmental Footprint	Computer programming services
X Large	Service with Minor Environmental Footprint	Contracting & building
X Large	Service with Minor Environmental Footprint	Data processing & hosting

X Large	Service with Minor Environmental Footprint	Design & building
X Large	Service with Minor Environmental Footprint	Engineering
X Large	Service with Minor Environmental Footprint	Environmental consulting
X Large	Service with Minor Environmental Footprint	Film, TV & music production
X Large	Service with Minor Environmental Footprint	Landscape services
X Large	Service with Minor Environmental Footprint	Legal activities
X Large	Service with Minor Environmental Footprint	Management consultant - for-profits
X Large	Service with Minor Environmental Footprint	Mobile applications
X Large	Service with Minor Environmental Footprint	Other info service activities
X Large	Service with Minor Environmental Footprint	Other install & construction
X Large	Service with Minor Environmental Footprint	Programming & broadcasting
X Large	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
X Large	Service with Minor Environmental Footprint	Real estate - leased property
X Large	Service with Minor Environmental Footprint	Real estate development
X Large	Service with Minor Environmental Footprint	Real estate- fee/contract
X Large	Service with Minor Environmental Footprint	Scientific R&D
X Large	Service with Minor Environmental Footprint	Social networks & info sharing
X Large	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
X Large	Service with Minor Environmental Footprint	Telecommunications



X Large	Service with Minor Environmental Footprint	Veterinary activities
X Large	Service with Minor Environmental Footprint	Web portals
Large	Service with Minor Environmental Footprint	Advertising & market research
Large	Service with Minor Environmental Footprint	Architecture design & planning
Large	Service with Minor Environmental Footprint	Book publishing
Large	Service with Minor Environmental Footprint	Civil engineering
Large	Service with Minor Environmental Footprint	Computer programming services
Large	Service with Minor Environmental Footprint	Contracting & building
Large	Service with Minor Environmental Footprint	Data processing & hosting
Large	Service with Minor Environmental Footprint	Design & building
Large	Service with Minor Environmental Footprint	Engineering
Large	Service with Minor Environmental Footprint	Environmental consulting
Large	Service with Minor Environmental Footprint	Film, TV & music production
Large	Service with Minor Environmental Footprint	Landscape services
Large	Service with Minor Environmental Footprint	Legal activities
Large	Service with Minor Environmental Footprint	Management consultant - for-profits
Large	Service with Minor Environmental Footprint	Mobile applications
Large	Service with Minor Environmental Footprint	Other info service activities
Large	Service with Minor Environmental Footprint	Other install & construction
Large	Service with Minor Environmental Footprint	Programming & broadcasting



Large	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
Large	Service with Minor Environmental Footprint	Real estate - leased property
Large	Service with Minor Environmental Footprint	Real estate development
Large	Service with Minor Environmental Footprint	Real estate- fee/contract
Large	Service with Minor Environmental Footprint	Scientific R&D
Large	Service with Minor Environmental Footprint	Social networks & info sharing
Large	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
Large	Service with Minor Environmental Footprint	Telecommunications
Large	Service with Minor Environmental Footprint	Veterinary activities
Large	Service with Minor Environmental Footprint	Web portals
Medium	Service with Minor Environmental Footprint	Advertising & market research
Medium	Service with Minor Environmental Footprint	Architecture design & planning
Medium	Service with Minor Environmental Footprint	Book publishing
Medium	Service with Minor Environmental Footprint	Civil engineering
Medium	Service with Minor Environmental Footprint	Computer programming services
Medium	Service with Minor Environmental Footprint	Contracting & building
Medium	Service with Minor Environmental Footprint	Data processing & hosting
Medium	Service with Minor Environmental Footprint	Design & building
Medium	Service with Minor Environmental Footprint	Engineering



Medium	Service with Minor Environmental Footprint	Environmental consulting
Medium	Service with Minor Environmental Footprint	Film, TV & music production
Medium	Service with Minor Environmental Footprint	Landscape services
Medium	Service with Minor Environmental Footprint	Legal activities
Medium	Service with Minor Environmental Footprint	Management consultant - for-profits
Medium	Service with Minor Environmental Footprint	Mobile applications
Medium	Service with Minor Environmental Footprint	Other info service activities
Medium	Service with Minor Environmental Footprint	Other install & construction
Medium	Service with Minor Environmental Footprint	Programming & broadcasting
Medium	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
Medium	Service with Minor Environmental Footprint	Real estate - leased property
Medium	Service with Minor Environmental Footprint	Real estate development
Medium	Service with Minor Environmental Footprint	Real estate- fee/contract
Medium	Service with Minor Environmental Footprint	Scientific R&D
Medium	Service with Minor Environmental Footprint	Social networks & info sharing
Medium	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
Medium	Service with Minor Environmental Footprint	Telecommunications
Medium	Service with Minor Environmental Footprint	Veterinary activities
Medium	Service with Minor Environmental Footprint	Web portals



Small	Service with Minor Environmental Footprint	Architecture design & planning
Small	Service with Minor Environmental Footprint	Book publishing
Small	Service with Minor Environmental Footprint	Civil engineering
Small	Service with Minor Environmental Footprint	Computer programming services
Small	Service with Minor Environmental Footprint	Contracting & building
Small	Service with Minor Environmental Footprint	Data processing & hosting
Small	Service with Minor Environmental Footprint	Design & building
Small	Service with Minor Environmental Footprint	Engineering
Small	Service with Minor Environmental Footprint	Environmental consulting
Small	Service with Minor Environmental Footprint	Film, TV & music production
Small	Service with Minor Environmental Footprint	Landscape services
Small	Service with Minor Environmental Footprint	Legal activities
Small	Service with Minor Environmental Footprint	Management consultant - for-profits
Small	Service with Minor Environmental Footprint	Mobile applications
Small	Service with Minor Environmental Footprint	Other info service activities
Small	Service with Minor Environmental Footprint	Other install & construction
Small	Service with Minor Environmental Footprint	Programming & broadcasting
Small	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
Small	Service with Minor Environmental Footprint	Real estate - leased property
Small	Service with Minor Environmental Footprint	Real estate development



Small	Service with Minor Environmental Footprint	Real estate- fee/contract
Small	Service with Minor Environmental Footprint	Scientific R&D
Small	Service with Minor Environmental Footprint	Social networks & info sharing
Small	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
Small	Service with Minor Environmental Footprint	Telecommunications
Small	Service with Minor Environmental Footprint	Veterinary activities
Small	Service with Minor Environmental Footprint	Web portals
Small	Service with Minor Environmental Footprint	Advertising & market research
Micro	Service with Minor Environmental Footprint	Advertising & market research
Micro	Service with Minor Environmental Footprint	Architecture design & planning
Micro	Service with Minor Environmental Footprint	Book publishing
Micro	Service with Minor Environmental Footprint	Civil engineering
Micro	Service with Minor Environmental Footprint	Computer programming services
Micro	Service with Minor Environmental Footprint	Contracting & building
Micro	Service with Minor Environmental Footprint	Data processing & hosting
Micro	Service with Minor Environmental Footprint	Design & building
Micro	Service with Minor Environmental Footprint	Engineering
Micro	Service with Minor Environmental Footprint	Environmental consulting
Micro	Service with Minor Environmental Footprint	Film, TV & music production



Micro	Service with Minor Environmental Footprint	Landscape services
Micro	Service with Minor Environmental Footprint	Legal activities
Micro	Service with Minor Environmental Footprint	Management consultant - for-profits
Micro	Service with Minor Environmental Footprint	Mobile applications
Micro	Service with Minor Environmental Footprint	Other info service activities
Micro	Service with Minor Environmental Footprint	Other install & construction
Micro	Service with Minor Environmental Footprint	Programming & broadcasting
Micro	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
Micro	Service with Minor Environmental Footprint	Real estate - leased property
Micro	Service with Minor Environmental Footprint	Real estate development
Micro	Service with Minor Environmental Footprint	Real estate- fee/contract
Micro	Service with Minor Environmental Footprint	Scientific R&D
Micro	Service with Minor Environmental Footprint	Social networks & info sharing
Micro	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
Micro	Service with Minor Environmental Footprint	Telecommunications
Micro	Service with Minor Environmental Footprint	Veterinary activities
Micro	Service with Minor Environmental Footprint	Web portals
Company without workers	Service with Minor Environmental Footprint	Advertising & market research
Company without workers	Service with Minor Environmental Footprint	Architecture design & planning



Company without workers	Service with Minor Environmental Footprint	Book publishing
Company without workers	Service with Minor Environmental Footprint	Civil engineering
Company without workers	Service with Minor Environmental Footprint	Computer programming services
Company without workers	Service with Minor Environmental Footprint	Contracting & building
Company without workers	Service with Minor Environmental Footprint	Data processing & hosting
Company without workers	Service with Minor Environmental Footprint	Design & building
Company without workers	Service with Minor Environmental Footprint	Engineering
Company without workers	Service with Minor Environmental Footprint	Environmental consulting
Company without workers	Service with Minor Environmental Footprint	Film, TV & music production
Company without workers	Service with Minor Environmental Footprint	Landscape services
Company without workers	Service with Minor Environmental Footprint	Legal activities
Company without workers	Service with Minor Environmental Footprint	Mobile applications
Company without workers	Service with Minor Environmental Footprint	Other info service activities
Company without workers	Service with Minor Environmental Footprint	Other install & construction
Company without workers	Service with Minor Environmental Footprint	Programming & broadcasting
Company without workers	Service with Minor Environmental Footprint	Publishing - newspapers & magazines
Company without workers	Service with Minor Environmental Footprint	Real estate - leased property
Company without workers	Service with Minor Environmental Footprint	Real estate development
Company without workers	Service with Minor Environmental Footprint	Real estate- fee/contract
Company without workers	Service with Minor Environmental Footprint	Scientific R&D



Company without workers	Service with Minor Environmental Footprint	Social networks & info sharing
Company without workers	Service with Minor Environmental Footprint	Software publishing and SaaS platforms
Company without workers	Service with Minor Environmental Footprint	Telecommunications
Company without workers	Service with Minor Environmental Footprint	Veterinary activities
Company without workers	Service with Minor Environmental Footprint	Web portals
Company without workers	Service with Minor Environmental Footprint	Management consultant - for-profits

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.6	From Year 0	Company without workers / Micro	The company assesses the potential negative environmental impacts related to potential organizational clients and projects, and takes necessary mitigation actions.



Compliance Criteria:

2.6.1 The company has a process in place to assess the potential negative environmental impacts of working with potential organizational clients and projects.

2.6.2 The process sets out mitigation actions.

2.6.3 The company records how it assessed the potential negative environmental impacts of its three most material potential clients, and the outcomes of the process:

- a) in the fiscal year before Year 0
- b) annually in each subsequent year.

2.6.4 For Years 3 and 5 the company:

- a) records the mitigation action it took, if its assessments identified any potential or actual negative impacts
- b) records the effectiveness of its mitigation actions

Intent:

To ensure the company selects clients and projects with environmental impacts in mind. Companies in the service sector with a minor footprint may have indirect environmental impacts through their choice of clients and projects (e.g. an advertising firm may contribute to potential impacts by marketing products that encourage overconsumption and exacerbate climate change). This also reduces the likelihood of contributing to greenwashing or other negative consequences. The intent is not to prohibit specific clients or projects.

Clarifying the Compliance Criteria:

[2.6.1] “Organizational client” means clients that are organizations, including businesses, public sector organizations and civil society organizations. It excludes individuals.

[2.6.1] If the company has multiple projects with one client, it does not need to reassess that client. The company may also assess related clients in groups — such as subsidiaries of the same corporate family. However, it still needs to assess each project individually.

[2.6.3] The company determines its “most material” clients or projects using any of the following categories.

- Revenue from the project or client
- Number of hours involved
- Importance of a potential negative environmental impact

[2.6.3] To assess the importance (or “materiality”) of a potential negative environmental impact, the company considers its likelihood and severity. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.

- Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remedied.
- Likelihood considers how likely the impact is, and how frequently it might occur.



Applying the Criteria to Independently Certifying Subsidiaries:

- The process is embedded, at minimum, at the highest level within the company. If the company references a procedure belonging to an out-of-scope parent, it records evidence of roll-out, enforcement, and accountability mechanisms to support the procedure.

Further Guidance:

- The potential negative environmental impacts may include, among others, contributing to:
 - climate change
 - pollution of water, soil, air, or noise
 - loss of biodiversity or other environmental degradation
 - exploitation of natural resources
 - waste.
- The company's process for assessing potential negative environmental impacts may include, for example:
 - conducting online research of potential clients, such as their:
 - participation in initiatives
 - scores in public benchmarks and rankings
 - certifications
 - approach to assessing and mitigating their own environmental impacts
 - having an internal committee that reviews clients and projects
 - gathering worker or peer feedback on a potential client or project
 - setting exclusion criteria — for example, not working with specific high-risk industries, countries, or clients
 - creating a risk matrix to evaluate industries or clients based on the severity and likelihood of potential impacts and the client's mitigation measures.

- The company's mitigation actions may include, among others:
 - talking to the client and jointly adjusting the project to consider environmental criteria and prevent or mitigate environmental impacts
 - declining clients and projects with potential negative impacts, unless the company's project addresses the potential negative impacts.
- Severity can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
 - Medium — the impact is expected to cause significant and lasting damage to the environment.
 - Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects on the environment are expected to occur continuously.
 - Medium — the impact and its resulting effects on the environment are expected to occur regularly (i.e. from several times per year to several times per month).
 - Low — the impact and its resulting effects on the environment are expected to occur only occasionally (i.e. only during a specific phase of a project).
- The scale of a negative impact depends on the context in which it happens. For example, if the company withdraws water from an area at water risk, it has a larger-scale impact than if it withdraws from an area with abundant water resources.

Recommendations:

- If the company is in public relations or advertising, publicly disclose its revenue by client industry through a Client Disclosure Report. See the Implementation Resources for further guidance.
- Use multiple categories to determine the “most material” clients or projects, including the importance of potential negative impacts.

Implementation Resources:

Resources on impacts of clients of creative agencies

- Clean Creatives [\[EN\]](#)



- Race to Zero Interpretation Guide, 2022 (United Nations Race to Zero) - for creative agencies on client disclosure [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - CDP 2024 Questionnaire - 5.11.9

ESC2.7 The company assesses the potential negative environmental impacts of investments, and takes necessary mitigation actions.

Track factors:

Size	Sector	Industry
XX Large	Service with Minor Environmental Footprint	Investment advising
XX Large	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
XX Large	Service with Minor Environmental Footprint	Equity investing - Developed Markets
X Large	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
X Large	Service with Minor Environmental Footprint	Equity investing - Developed Markets
X Large	Service with Minor Environmental Footprint	Investment advising
Large	Service with Minor Environmental Footprint	Investment advising
Large	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
Large	Service with Minor Environmental Footprint	Equity investing - Developed Markets
Medium	Service with Minor Environmental Footprint	Investment advising
Medium	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
Medium	Service with Minor Environmental Footprint	Equity investing - Developed Markets
Small	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
Small	Service with Minor Environmental Footprint	Equity investing - Developed Markets
Small	Service with Minor Environmental Footprint	Investment advising
Micro	Service with Minor Environmental Footprint	Investment advising



Micro	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
Micro	Service with Minor Environmental Footprint	Equity investing - Developed Markets
Company without workers	Service with Minor Environmental Footprint	Equity investing - Developed Markets
Company without workers	Service with Minor Environmental Footprint	Equity investing - Emerging Markets
Company without workers	Service with Minor Environmental Footprint	Investment advising

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC2.7	From Year 0	Company without workers / Micro	The company assesses the potential negative environmental impacts of investments, and takes necessary mitigation actions.



Compliance Criteria:

2.7.1 The company has a process in place to assess the potential negative environmental impacts of potential investments.

2.7.2 The process sets out mitigation actions.

2.7.3 The company records how it assessed the potential negative environmental impacts of its three most material potential investments, and the outcomes of the process:

a) in the fiscal year before Year 0

b) annually in each subsequent year.

2.7.4 For Years 3 and 5, the company:

a) records the mitigation action it took, if its assessments identified any potential or actual negative impacts

b) records the effectiveness of its mitigation actions

Intent:

To ensure the company selects investment with environmental impacts in mind.

Clarifying the Compliance Criteria:

[2.7.1] If the company invests multiple times in one investment, it does not need to reassess that investment. The company may also assess related investments in groups — such as subsidiaries of the same corporate family, or bodies within the same government.

[2.7.3] The company determines its “most material” investment using any of the following categories.

- Value of the investment
- Importance of a potential negative environmental impact

[2.7.3] To assess the importance (or “materiality”) of a potential negative environmental impact, the company considers its likelihood and severity. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.

- Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remedied.
- Likelihood considers how likely the impact is, and how frequently it might occur.

Applying the Criteria to Independently Certifying Subsidiaries:

- The process is embedded, at minimum, at the highest level within the company. If the company references a procedure belonging to an out-of-scope parent, it records evidence of roll-out, enforcement, and accountability mechanisms to support the procedure.

Further Guidance:

- The potential negative environmental impacts may include, among others, contributing to:
 - climate change
 - pollution of water, soil, air, or noise

- loss of biodiversity or other environmental degradation
- exploitation of natural resources
- waste.
- The company's process for assessing potential negative environmental impacts may include, for example:
 - conducting online research of potential investments, including on the investment company or investment manager's:
 - participation in initiatives
 - scores in public benchmarks and rankings
 - certifications
 - approach to assessing and mitigating their own environmental impacts
 - having an internal committee reviews and advises on investment selection
 - gathering worker or peer feedback on a potential investment
 - setting exclusion criteria — for example, not investing in specific high-risk industries or countries
 - creating a risk matrix to evaluate investments based on the severity of potential impacts and the investment company or investment manager's mitigation measures.
- The company's mitigation actions may include, among others:
 - talking to the investment company or manager to ensure the investment considers their potential negative environmental impacts
- Severity can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
 - Medium — the impact is expected to cause significant and lasting damage to the environment.
 - Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects on the environment are expected to occur continuously.



- Medium — the impact and its resulting effects on the environment are expected to occur regularly (i.e. from several times per year to several times per month).
- Low — the impact and its resulting effects on the environment are expected to occur only occasionally (i.e. only during a specific phase of a project).
- The scale of a negative impact depends on the context in which it happens. For example, if the company withdraws water from an area at water risk, it has a larger-scale impact than if it withdraws from an area with abundant water resources.

Recommendations:

- Use multiple categories to determine the “most material” investments, including the importance of potential negative impacts.

Interoperability:

- Conceptual Alignment Data Point:
 - CDP 2024 Questionnaire - 5.11.9



ESC3 The company implements circularity principles to reduce waste and its impact on natural resources.

ESC3.1 The company monitors its material inflow.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None



Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.1	From Year 0	Large / X Large / XX Large	The company monitors its material inflow.

Compliance Criteria:

3.1.1 The company has an overview of its material inflow indicators (see Compliance Criteria 3.1.2 & 3.1.3), separated by products and packaging, for:

- a) the fiscal year before Year 0
- b) each subsequent year.

3.1.2 The company's overview includes the following information about its products (in tonnes).

- a) The total weight of input materials used to manufacture the company's products (excluding packaging)
- b) The amount of renewable input materials from third-party verified, sustainable sources used to manufacture the company's products (excluding packaging), by weight and as a percentage of total input materials
- c) The amount of reused or recycled products and materials (non-virgin) used to manufacture the company's products (excluding packaging), by weight and as a percentage of total input materials

3.1.3 The company's overview includes the following information about its packaging (in tonnes).

- a) The total weight of input materials used to manufacture packaging for the company's products
- b) The amount of renewable input materials from third-party verified, sustainable sources used to manufacture packaging for the company's products, by weight and as a percentage of total input materials used to manufacture packaging for the company's products
- c) The amount of reused or recycled products and materials (non-virgin) used to manufacture packaging for the company's products, by weight and as a percentage of total input materials used to manufacture packaging for the company's products

Intent:

For the company to understand its dependence on natural resources, and its impacts on their sustainability. Using renewable materials from sustainable sources gives the company an opportunity to reduce its impact on natural resources.

Clarifying the Compliance Criteria:

[3.1.1; 3.1.2; 3.1.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.1.1; 3.1.2; 3.1.3] The company includes the following material types in its overview.

- Raw materials — natural resources converted into products or services, such as ores, minerals, and wood. Raw materials excludes water, which is captured under ESC1.3.
- Associated process materials — materials that are used in the manufacturing process but not part of the final product, such as lubricants and coolants.
- Semi-manufactured goods or parts — all forms of materials and components other than raw materials that are part of the final product.
- Packaging materials — including paper, cardboard, and plastics.

[3.1.1; 3.1.2; 3.1.3] If the company faces challenges calculating the weight of its raw materials or components, it may use estimates at its first step. However, by Year 3, the company has the actual weight of its raw materials or components.

[3.1.1; 3.1.2; 3.1.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.1.1; 3.1.2; 3.1.3] The company includes the following material types in its overview.

- Raw materials — natural resources converted into products or services, such as ores, minerals, and wood. Raw materials excludes water, which is captured under ESC1.3.
- Associated process materials — materials that are used in the manufacturing process but not part of the final product, such as lubricants and coolants.
- Semi-manufactured goods or parts — all forms of materials and components other than raw materials that are part of the final product.
- Packaging materials — including paper, cardboard, and plastics.

[3.1.1; 3.1.2; 3.1.3] If the company faces challenges calculating the weight of its raw materials or components, it may use estimates at its first step. However, by Year 3, the company has the actual weight of its raw materials or components.

[3.1.2 b; 3.1.3 b] If the company sources renewable input materials from sustainable sources, it has a third-party assessment or certification confirming the materials were sustainably produced.

[3.1.2 b; 3.1.3 b] The company may evaluate “renewable inputs from sustainable sources” using criteria such as the following (adapted from “responsibly sourced renewable content” in the Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#)).

- Compliance with all applicable laws and regulations in the country where farming or harvesting happens
- Operations that respect land rights and land use rights, and are unlikely to displace food production
- Planning, monitoring, management, and continuous impact assessment of farming and harvesting practices
- Maintenance, conservation, or enhancement of biodiversity in the forest and vegetation, or other ecosystems
- Maintenance or enhancement of the productive function of the forest and vegetation or other ecosystem area, and efficient use of harvested materials (e.g. the rate of harvest does not exceed the long-term rate of regrowth)
- Maintenance or enhancement of the health and vitality of the forest and vegetation, or other ecosystem, and its protective systems like soil and water (e.g. controlling erosion of vulnerable soils and slopes)
- Maintenance or enhancement of the High Conservation Values in the forest, vegetation, or other ecosystems (Note: this overlaps with the previous three bullet points)

[3.1.1; 3.1.2; 3.1.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.1.1; 3.1.2; 3.1.3] The company includes the following material types in its overview.

- Raw materials — natural resources converted into products or services, such as ores, minerals, and wood. Raw materials excludes water, which is captured under ESC1.3.
- Associated process materials — materials that are used in the manufacturing process but not part of the final product, such as lubricants and coolants.
- Semi-manufactured goods or parts — all forms of materials and components other than raw materials that are part of the final product.
- Packaging materials — including paper, cardboard, and plastics.



[3.1.1; 3.1.2; 3.1.3] If the company faces challenges calculating the weight of its raw materials or components, it may use estimates at its first step. However, by Year 3, the company has the actual weight of its raw materials or components.

[3.1.2 b; 3.1.3 b] If the company sources renewable input materials from sustainable sources, it has a third-party assessment or certification confirming the materials were sustainably produced.

[3.1.2 b; 3.1.3 b] The company may evaluate “renewable inputs from sustainable sources” using criteria such as the following (adapted from “responsibly sourced renewable content” in the Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#)).

- Compliance with all applicable laws and regulations in the country where farming or harvesting happens
- Operations that respect land rights and land use rights, and are unlikely to displace food production
- Planning, monitoring, management, and continuous impact assessment of farming and harvesting practices
- Maintenance, conservation, or enhancement of biodiversity in the forest and vegetation, or other ecosystems
- Maintenance or enhancement of the productive function of the forest and vegetation or other ecosystem area, and efficient use of harvested materials (e.g. the rate of harvest does not exceed the long-term rate of regrowth)
- Maintenance or enhancement of the health and vitality of the forest and vegetation, or other ecosystem, and its protective systems like soil and water (e.g. controlling erosion of vulnerable soils and slopes)
- Maintenance or enhancement of the High Conservation Values in the forest, vegetation, or other ecosystems (Note: this overlaps with the previous three bullet points)

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - the data and mechanism for measuring its own operations
 - how data is consolidated in the out-of-scope parent’s reporting.

Recommendations:

- Source materials that were produced in a regenerative way (e.g. crops from regenerative agriculture, wood from agroforestry, or fish from restorative aquaculture).



Implementation Resources:

Resources on sustainability certifications

- Commodity certification schemes that are members of the ISEAL Alliance [\[EN\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - GRI 301: Materials 2016 - 301-1 Materials used by weight or volume (a)
 - GRI 301: Materials 2016 - 301-2 Recycled input materials used (a)
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-4 – Resource inflows 28, 31 a, b, c
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 17.
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B10 Resource use - a, d



ESC3.2 The company reduces its use of virgin non-renewable materials.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.2	From Year 3	Large / X Large / XX Large	The company reduces its use of virgin non-renewable materials.



Compliance Criteria:

3.2.1 The company's material inflow indicators confirm that, over the previous 36 months, the company has:

- a) reduced its total use of virgin non-renewable materials
- b) increased the percentage of renewable materials from sustainable sources, or reused or recycled input materials in its products and packaging.

Intent:

To ensure the company reduces its reliance on virgin non-renewable materials, and to avoid the unsustainable depletion of natural resources.

Clarifying the Compliance Criteria:

[3.2.1] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.2.1] The company automatically meets this sub-requirement if the amount of recycled or renewable materials from sustainable sources it uses, as a percentage of total input materials, meets the values achieved by industry leaders for the product type.

[3.2.1] If legal barriers prevent the company from reducing its use of virgin non-renewable materials in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.2.1 a] “Virgin non-renewable” materials are finite materials that have not yet been used in the economy, and do not renew in short time periods (adapted from Ellen McArthur Foundation [\[EN\]](#) and European Sustainability Reporting Standards, 2023 [\[EN\]](#)). Examples include iron ore mined from the ground, and plastics made without recycled content.

[3.2.1 a] The company may calculate the amount of virgin non-renewable materials using the inputs from ESC3.1.

[3.2.1 a] The company may reduce its use of virgin non-renewable materials in its products, packaging, or both.

[3.2.1 a] The company may calculate the reduction in its total use of virgin non-renewable materials as an average over the last 36 months.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)

- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20. b
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-3 – Targets related to resource use and circular economy 24 c, d
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B10 Resource use - c
 - Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 4.2.5



ESC3.3 The company's product development incorporates circularity principles.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.3	From Year 3	Small / Medium / Large / X Large / XX Large	The company's product development incorporates circularity principles.



Compliance Criteria:

3.3.1 The company chooses one or more of the following four options.

- a) ESC3.3a The company avoids and reduces single-use products and packaging in its portfolio
- b) ESC3.3b The company designs its products for long-term use.
- c) GAC3.3c The company's products are able to recirculate after use.
- d) ESC3.3d The company's products are able to recirculate at their end-of-life.

3.3.2 The company can explain how its product design follows the priority order established in the waste hierarchy.

3.3.3 For Year 5 the company either or both:

- a) increases the percentage of the indicators used in the sub-requirement option
- b) adds an option that is higher in the hierarchy of options.

3.3.4 If the company chose ESC3.3d previously, for Year 5 it chooses one of:

- a) ESC3.3a The company avoids and reduces single-use products and packaging in its portfolio.
- b) ESC3.3b The company designs its products for long-term use.
- c) ESC3.3c The company's products are able to recirculate after use.

3.3.5 If the company has multiple products in its portfolio, it measures its entire portfolio along the four options in ESC3.3.1.

Intent:

For the company to reduce waste and minimize pressure on natural resources — and enhance recovery through the best available recovery cycle — by implementing circularity principles in its product development.

Clarifying the Compliance Criteria:

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] Circularity principles do not replace other environmental factors (e.g. water use, greenhouse gasses, etc.) in product development, but are an additional consideration. Incorporating circularity requires the company to carefully consider its product and packaging choices, preferring options that help reduce the pressure on natural resources. This means that the company also follows the waste hierarchy — meaning, it avoids unnecessary packaging, or moves to reusable packaging, before considering recyclability.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If legal barriers prevent the company from adopting circularity principles in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.3.1; 3.3.2] When considering circular design principles, the company examines the recycling infrastructure in locations where its products are sold. If recycling infrastructure is scarce, the company may instead focus on durability and material choice.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] Circularity principles do not replace other environmental factors (e.g. water use, greenhouse gasses, etc.) in product development, but are an additional consideration. Incorporating circularity requires the company to carefully consider its product and packaging choices, preferring options that help reduce the pressure on natural resources. This means that the company also follows the waste hierarchy — meaning, it avoids unnecessary packaging, or moves to reusable packaging, before considering recyclability.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If legal barriers prevent the company from adopting circularity principles in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.3.1; 3.3.2] When considering circular design principles, the company examines the recycling infrastructure in locations where its products are sold. If recycling infrastructure is scarce, the company may instead focus on durability and material choice.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] Circularity principles do not replace other environmental factors (e.g. water use, greenhouse gasses, etc.) in product development, but are an additional consideration. Incorporating circularity requires the company to carefully consider its product and packaging choices, preferring options that help reduce the pressure on natural resources. This means that the company also follows the waste hierarchy — meaning, it avoids unnecessary packaging, or moves to reusable packaging, before considering recyclability.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If legal barriers prevent the company from adopting circularity principles in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.3.3] The hierarchy of options (in terms of preference from highest to lowest):

- ESC3.3a The company avoids and reduces single-use products and packaging in its portfolio.
- ESC3.3b The company designs its products for long-term use.
- ESC3.3c The company's products are able to recirculate after use.
- ESC3.3d The company's products are able to recirculate at their end-of-life.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] Circularity principles do not replace other environmental factors (e.g. water use, greenhouse gasses, etc.) in product development, but are an additional consideration. Incorporating circularity requires the company to carefully consider its product and packaging choices, preferring options that help reduce the pressure on natural resources. This means that the company also follows the waste hierarchy — meaning, it avoids unnecessary packaging, or moves to reusable packaging, before considering recyclability.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If legal barriers prevent the company from adopting circularity principles in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] Circularity principles do not replace other environmental factors (e.g. water use, greenhouse gasses, etc.) in product development, but are an additional consideration. Incorporating circularity requires the company to carefully consider its product and packaging choices, preferring options that help reduce the pressure on natural resources. This means that the company also follows the waste hierarchy — meaning, it avoids unnecessary packaging, or moves to reusable packaging, before considering recyclability.

[3.3.1; 3.3.2; 3.3.3; 3.3.4; 3.3.5] If legal barriers prevent the company from adopting circularity principles in its product, or in its primary or secondary packaging, the company is only required to meet this sub-requirement to the extent legally permissible.

[3.3.5] If the company has multiple products in its portfolio, it applies this sub-requirement to its entire portfolio of products and their packaging. This means the company:

- evaluates which product fits under which of the four options in ESC3.3.1
- calculates the required indicators based on its entire portfolio.

[3.3.5] The company demonstrates improvement in line with 3.3.3 and 3.3.4. However, if one or more of the company's products and their packaging do not yet fit into any of the four options in ESC3.3.1, the company may reselect option ESC3.3d for Year 5.

[3.3.5] If some of the company's portfolio does not yet fit into any of the four options in ESC3.3.1, the company:

- provides an overview of the percentage, by weight, of products and packaging separately that do not fit any of the four options
- decreases this percentage for Year 5.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms

- o how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Primary packaging materials include: The materials that physically contain, envelop, or hold the certified product, and typically come into direct contact with the product.
- Secondary packaging materials include: Any other packaging materials contained in one sales unit as it is offered to the end user or consumer at the point of purchase and not added exclusively for shipping (e.g., a toothpaste box, outer box containing individually wrapped product units)
- Tertiary packaging materials include: Materials used exclusively for shipping the product, such as a box, pallet, or shrink or plastic wrap. (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#))

Recommendations:

- Incorporate the selected circularity principle from ESC3.3a–d in the design principles of the company’s products and packaging.
- Look at the whole picture in terms of the waste hierarchy and incorporate circularity principles that reflect the higher rungs of the waste hierarchy (such as ESC3.3a–c) into the company’s product design.
- Conduct a study on behavior and disposal to understand the impacts of product usage and support product development.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)

- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Examples of networks on circular economy

- Ellen MacArthur Foundation Business Network [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[ZH\]](#)
- B Corp Beauty Coalition [\[EN\]](#)
- Platform for Accelerating the Circular Economy (PACE) [\[EN\]](#)
- The African Circular Economy Network (ACEN) [\[EN\]](#)
- The African Circular Economy Alliance (ACEA) [\[EN\]](#) [\[FR\]](#) [\[PT\]](#)
- European Remanufacturing Council [\[EN\]](#)
- Coalición de Economía Circular para América Latina y el Caribe [\[EN\]](#) [\[ES\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 c, d
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-5 – Resource outflows 33, 35
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators



ESC3.3a The company avoids and reduces single-use products and packaging in its portfolio.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.3a	From Year 3	None	The company avoids and reduces single-use products and packaging in its portfolio.



Compliance Criteria:

3.3a.1 The company knows the following for its portfolio.

- a) The amount of single-use products, as a percentage of the total weight of its products (excluding packaging)
- b) The amount of single-use packaging, as a percentage of the total weight of its packaging

3.3.a.2 The company records the reduction in percentage of single-use products or packaging in its portfolio resulting from the actions it took.

Intent:

For the company to avoid depleting natural resources and avoid generating waste by eliminating single-use products and packaging from its portfolio.

Clarifying the Compliance Criteria:

[3.3a.1; 3.3a.2] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3a.1; 3.3a.2] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3a.1; 3.3a.2] The company automatically meets this sub-requirement if it has avoided single-use products and packaging in more than 50% of its portfolio, in industries where single-use products and packaging are the norm.

[3.3a.1] If the company has multiple product lines, it calculates the percentage indicators across its entire portfolio to establish the baseline.

[3.3a.1; 3.3a.2] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3a.1; 3.3a.2] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3a.1; 3.3a.2] The company automatically meets this sub-requirement if it has avoided single-use products and packaging in more than 50% of its portfolio, in industries where single-use products and packaging are the norm.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Single-use products and packaging include, for example:



- cotton bud sticks
- disposable cutlery, plates, straws, and stirrers
- balloons and sticks for balloons
- disposable food containers
- disposable cups for drinks
- drink containers
- plastic bags
- packets and wrappers
- wet wipes and sanitary items (e.g. diapers).
- Actions to eliminate single-use products and packaging may include, for example:
 - reducing product or packaging components
 - switching to sustainable materials
 - eliminating packaging
 - switching to product as a service.

Recommendations:

- Take other actions to eliminate single-use products and packaging through:
 - Investment in collective action to support eliminating single-use products and packaging, in terms of the percentage of revenue invested [Link to GACA2.1b; GACA2.1c; GACA2.1d; GACA2.3b; GACA2.3c; GACA2.3d].
 - Initiatives to fight overconsumption, such as capping the company's annual production.

- o Investment in efforts to ensure that consumers use the company's products and packaging consciously, in terms of the percentage of revenue invested. The company's efforts should have a demonstrable reduction in waste (e.g. reusable products are used multiple times, preventing overconsumption of single-use products). Successful examples include the National Health Service's "Gloves Off" campaign [\[EN\]](#) and Médecins Sans Frontières' "Wear with Care" campaign [\[EN\]](#) for reducing overconsumption of medical gloves.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Examples of networks on circular economy

- Ellen MacArthur Foundation Business Network [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[ZH\]](#)
- B Corp Beauty Coalition [\[EN\]](#)
- Platform for Accelerating the Circular Economy (PACE) [\[EN\]](#)
- The African Circular Economy Network (ACEN) [\[EN\]](#)
- The African Circular Economy Alliance (ACEA) [\[EN\]](#) [\[FR\]](#) [\[PT\]](#)
- European Remanufacturing Council [\[EN\]](#)
- Coalición de Economía Circular para América Latina y el Caribe [\[EN\]](#) [\[ES\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products



-
- The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B11 Plastic use - d
 - Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 c, d
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-5 – Resource outflows 33, 35
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators



ESC3.3b The company designs its products for long-term use.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.3b	From Year 3	None	The company designs its products for long-term use.



Compliance Criteria:

3.3b.1 The company records:

- a) the amount of its products, as a percentage of the total weight of its products (excluding packaging) that were designed for:
 - i) durability during use
 - ii) repairability during use
 - iii) reusability.
- b) the amount of its packaging, as a percentage of the total weight of its packaging, that was designed for:
 - i) durability during use
 - ii) repairability during use
 - iii) reusability.

Intent:

For the company to circulate its products and materials at their highest value, by designing for durability, repairability, and re-use.

Clarifying the Compliance Criteria:

[3.3b.1] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3b.1] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3b.1] If a product or packaging meets multiple criteria (e.g. it is designed for both durability and repairability), the company counts it only once in its calculations.

[3.3b.1] If the company has multiple product lines, it calculates the percentage indicators across its entire portfolio to establish the baseline.

[3.3b.1a.i; 3.3b1b.i] If the company designs its products for durability, it has information on any testing it has conducted (in-house or with external bodies). The testing confirms that the product is designed for maintenance, longevity and durability in such a way that encourages longer use than what is typical for the type of product. For products that are inherently long-lasting (e.g. timeless design with durable material choices), the company may prioritize other principles and explain why.

[3.3b.1a.i; 3.3b1b.i] If the company designs its products for reusability, it has information on how their designs enable reuse. The company may evaluate “reusability” using the following criteria (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#) and Glossary - Ellen MacArthur Foundation [\[EN\]](#)).

- The product has at least one design feature that enables it to be used for its original purpose more than once. This may require users or the company to make small adjustments or clean the component or product, depending on the type of product.
- The packaging is part of a refill system (e.g. refill pouches), or the company has a product-specific take-back program for users to return used packaging packaging, or both.

[3.3b.1a.ii; 3.3b1b.ii] If the company designs its products for repairability during use, it has information on how their designs enable repair. The company may evaluate “repairability during use” using the following criteria (adapted from Glossary - Ellen MacArthur Foundation [\[EN\]](#)).

- The product has at least one design feature that enables it to be repaired using existing systems that operate in practice and at scale (e.g. a network of repair shops or the company's own repair service) or enables users to repair the product themselves.
- For example, repairable products may:
 - have a modular design

- use built-in predictive maintenance sensors and repair diagnostics
- be designed with the right to repair.
- designed for remanufacturing
- designed using standardised components across a sector.
- include repair manuals
- make spare parts or software available at reasonable prices.

[3.3b.1a.i; 3.3b1b.i] If the company designs its products for durability, it has information on any testing it has conducted (in-house or with external bodies). The testing confirms that the product is designed for maintenance, longevity and durability in such a way that encourages longer use than what is typical for the type of product. For products that are inherently long-lasting (e.g. timeless design with durable material choices), the company may prioritize other principles and explain why.

[3.3b.1a.i; 3.3b1bii] If the company designs its products for reusability, it has information on how their designs enable reuse. The company may evaluate “reusability” using the following criteria (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#) and Glossary - Ellen MacArthur Foundation [\[EN\]](#)).

- The product has at least one design feature that enables it to be used for its original purpose more than once. This may require users or the company to make small adjustments or clean the component or product, depending on the type of product.
- The packaging is part of a refill system (e.g. refill pouches), or the company has a product-specific take-back program for users to return used packaging packaging, or both.

[3.3b.1a.ii; 3.3b1bii] If the company designs its products for repairability during use, it has information on how their designs enable repair. The company may evaluate “repairability during use” using the following criteria (adapted from Glossary - Ellen MacArthur Foundation [\[EN\]](#)).

- The product has at least one design feature that enables it to be repaired using existing systems that operate in practice and at scale (e.g. a network of repair shops or the company's own repair service) or enables users to repair the product themselves.
- For example, repairable products may:
 - have a modular design
 - use built-in predictive maintenance sensors and repair diagnostics
 - be designed with the right to repair.



- o designed for remanufacturing
- o designed using standardised components across a sector.
- o include repair manuals
- o make spare parts or software available at reasonable prices.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - o the data and mechanism for measuring its own operations
 - o how data is consolidated in the out-of-scope parent's reporting.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Examples of networks on circular economy

- Ellen MacArthur Foundation Business Network [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[ZH\]](#)
- B Corp Beauty Coalition [\[EN\]](#)



- Platform for Accelerating the Circular Economy (PACE) [\[EN\]](#)
- The African Circular Economy Network (ACEN) [\[EN\]](#)
- The African Circular Economy Alliance (ACEA) [\[EN\]](#) [\[FR\]](#) [\[PT\]](#)
- European Remanufacturing Council [\[EN\]](#)
- Coalición de Economía Circular para América Latina y el Caribe [\[EN\]](#) [\[ES\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 c, d
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-5 – Resource outflows 33, 35
 - Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators



ESC3.3c The company's products are able to recirculate after use.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Agriculture/Growers	All
Large	Manufacturing	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.3c	From Year 3	None	The company's products are able to recirculate after use.



Compliance Criteria:

3.3c.1 The company records:

- a) the amount of its products, as a percentage of the total weight of its products (excluding packaging) that were designed for:
 - i) disassembly
 - ii) remanufacturing or refurbishment
- b) the amount of its packaging, as a percentage of the total weight its packaging, that was designed for:
 - i) disassembly
 - ii) remanufacturing or refurbishment.

Intent:

For the company to enable recirculation of its products and materials after they are used, by designing for disassembly, remanufacturing, and refurbishment.

Clarifying the Compliance Criteria:

[3.3c.1] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3c.1] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3c.1] If a product or packaging meets multiple criteria (e.g. it is designed for both disassembly and refurbishment), the company counts it only once in its calculations.

[3.3c.1] If the company designs its products for disassembly, it has information on how their designs improve the ease of disassembly. The company may evaluate “ease of disassembly” using criteria such as the following (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#)).

- The product has at least one design feature that improves its ease of disassembly compared to an alternative product.
- The design avoids processes that involve the loss of specific materials in the product to recover other materials (e.g. burning plastics to recover metals).
- Disassembly instructions are publicly available, and third parties can follow a standardized disassembly process, including the general public using common tools (e.g. hammers, screwdrivers, or pliers).

[3.3c.1] A product is "designed for remanufacturing" if it has the following design elements (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#)).

- The product includes at least one design feature that lets users:
 - Disassemble it
 - Remove functioning, reusable parts
 - Use those parts to be rebuilt into a new product.
- Products rebuilt using old product parts can perform at the same level as a newly manufactured product (or better).

[3.3c.1] A product is "designed for refurbishment" if it has the following design elements (adapted from Cradle to Cradle Certified® Product Standard, Version 4.1 [\[EN\]](#)).

- The product includes at least one design feature that lets users return a product to good working condition, without changing its functionality, by
 - replacing or repairing major components that are faulty or close to failure
 - making cosmetic changes to update its appearance, such as cleaning, changing fabric, painting, or refinishing
 - updating its specifications.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - the data and mechanism for measuring its own operations
 - how data is consolidated in the out-of-scope parent's reporting.

Further Guidance:

- Products and packaging designed for disassembly include, for example:
 - product-component passports
 - modular design
 - reversible connections.
- Products and packaging designed for remanufacturing or refurbishment include, for example:
 - modular design
 - engine blocks with a removable sleeve in the cylinder bore.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)

- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Examples of networks on circular economy

- Ellen MacArthur Foundation Business Network [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[ZH\]](#)
- B Corp Beauty Coalition [\[EN\]](#)
- Platform for Accelerating the Circular Economy (PACE) [\[EN\]](#)
- The African Circular Economy Network (ACEN) [\[EN\]](#)
- The African Circular Economy Alliance (ACEA) [\[EN\]](#) [\[FR\]](#) [\[PT\]](#)
- European Remanufacturing Council [\[EN\]](#)
- Coalición de Economía Circular para América Latina y el Caribe [\[EN\]](#) [\[ES\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 c, d
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-5 – Resource outflows 33, 35



-
- o Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators

ESC3.3d The company's products are able to recirculate at their end-of-life

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Agriculture/Growers	All
Medium	Wholesale/Retail	Fabricated metal products



Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.3d	From Year 3	None	The company's products are able to recirculate at their end-of-life



Compliance Criteria:

3.3d.1 The company records:

- a) the amount of its products, as a percentage of the total weight of its products (excluding packaging) that were designed for:
 - i) recycling
 - ii) recirculation by the biological cycle
- b) the amount of packaging, as a percentage of the total weight of its packaging, that was designed for:
 - i) recycling
 - ii) recirculation by the biological cycle.

3.3d.2 The company's products or packaging have been designed for recycling or recirculation by the biological cycle in a way that exceeds standard practice.

Intent:

For the company to enable recirculation of its products and materials at their end of life, by designing for recycling and recirculation by the biological cycle.

Clarifying the Compliance Criteria:

[3.3d.1; 3.3d.2] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3d.1; 3.3d.2] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3d.1; 3.3d.2] The company follows the hierarchy of recovery cycles, and considers the available infrastructure in locations where its products are sold.

[3.3d.1] If the company has multiple product lines, it calculates the percentage indicators across its entire portfolio to establish the baseline.

[3.3d.1a.i; 3.3d.1b.i] When evaluating its products and packaging that are “designed for recycling”, the company considers whether they are compatible with existing recycling systems that currently operate at scale.

[3.3d.1a.ii; 3.3d.1b.ii] Recirculation by the biological cycle includes, for example:

- composting;
- anaerobic digestion.

[3.3d.1a.i; 3.3d.1b.i] When evaluating its products and packaging that are “designed for recycling”, the company considers whether they are compatible with existing recycling systems that currently operate at scale.

[3.3d.1a.ii; 3.3d.1b.ii] Recirculation by the biological cycle includes, for example:

- composting;
- anaerobic digestion.

[3.3d.1; 3.3d.2] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.3d.1; 3.3d.2] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.3d.1; 3.3d.2] The company follows the hierarchy of recovery cycles, and considers the available infrastructure in locations where its products are sold.

[3.3d.2] The company explains how it defines “standard practice”, and how its design exceeds it. The explanation can use quantitative or qualitative measures.

Applying the Criteria to Independently Certifying Subsidiaries:

- The measurement covers the company. If the company references an out-of-scope measurement, it records:
 - the data and mechanism for measuring its own operations
 - how data is consolidated in the out-of-scope parent’s reporting.

Further Guidance:

- To explain how the design exceeds standard practice, the company may include:
 - comparisons with industry peers
 - data from third parties, such as recycling facilities, research organizations, or academic institutions
 - results from a Life Cycle Assessment (LCA) showing better performance in recycling or recirculation.

Recommendations:

- Conduct a study on behavior and disposal to understand the impacts of product usage and support product development.
- When considering circular design principles, the company examines the recycling infrastructure in locations where its products are sold. If recycling infrastructure is scarce, the company may instead focus on durability and material choice.

Implementation Resources:

Examples of resources on implementing circularity

- Circulytics: measuring circular economy performance (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)

- Circular Economy Introduction (Ellen MacArthur Foundation) [\[EN\]](#) [\[ES\]](#) [\[PT\]](#)
- Circular Transition Indicators v3.0 – Metrics for business, by business, 2022 (World Business Council for Sustainable Development) [\[EN\]](#)
- Corporate circular target-setting guidance, 2023 (Circular Economy Indicators Coalition) [\[EN\]](#)
- Nature Benchmark, 2024 (World Benchmarking Alliance) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- Various Resources/Knowledge Hub (Circle Economy) [\[EN\]](#)

Examples of networks on circular economy

- Ellen MacArthur Foundation Business Network [\[EN\]](#) [\[ES\]](#) [\[PT\]](#) [\[ZH\]](#)
- B Corp Beauty Coalition [\[EN\]](#)
- Platform for Accelerating the Circular Economy (PACE) [\[EN\]](#)
- The African Circular Economy Network (ACEN) [\[EN\]](#)
- The African Circular Economy Alliance (ACEA) [\[EN\]](#) [\[FR\]](#) [\[PT\]](#)
- European Remanufacturing Council [\[EN\]](#)
- Coalición de Economía Circular para América Latina y el Caribe [\[EN\]](#) [\[ES\]](#)

Interoperability:

- Equivalency Data Point:
 - Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
- Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 c, d
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-5 – Resource outflows 33, 35



-
- o Sustainable Development Performance Indicators 2022 (United Nations Research Institute for Social Development) II.A.6 Life cycle assessment and circularity indicators



ESC3.4 The company understands the recovery infrastructure available where it sells its products.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.4	From Year 0	None	The company understands the recovery infrastructure available where it sells its products.



Compliance Criteria:

3.4.1 The company conducts and records an analysis of available recovery infrastructure for its products and packaging after their end-of-life. The analysis:

- a) covers all the company's material products and packaging
- b) includes 25% of countries where the company's products are sold at minimum
- c) is based on desk research or stakeholder engagement
- d) identifies the recovery infrastructure challenges for each included country.

3.4.2 The analysis produces a document that summarizes the company's methodology.

3.4.3 The analysis was either completed or updated in the last 36 months.

3.4.4 For each update, the company increases the extent of coverage of the analysis (measured as a percentage of aggregate production and number of countries) as compared to the previous analysis.

Intent:

To create a foundation for the company to increase the recovery of its products and packaging under ESC3.5. This analysis helps the company identify hotspots for recovery infrastructure challenges, and tailor its actions toward the areas of highest need.

Clarifying the Compliance Criteria:

[3.4.1; 3.4.2; 3.4.3; 3.4.4] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.4.1a] The company's "material products and packaging" are determined as a combination of those that (1) have the highest environmental impacts, as assessed in ESC1.7, and (2) the aggregate volume of products sold.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.4.1; 3.4.2; 3.4.3; 3.4.4] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.4.4] The company may determine the pace at which it increases the coverage of the analysis. The ultimate objective is 100% coverage of all countries where the company's products are sold.



Applying the Criteria to Independently Certifying Subsidiaries:

- The analysis and methodology covers the company. If the company references an out-of-scope corporate assessment, it demonstrates:
 - how the analysis and methodology outcome is relevant to its context.

ESC3.5 The company takes steps to increase the recovery of its products and packaging after their end-of-life.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC3.5	From Year 3	None	The company takes steps to increase the recovery of its products and packaging after their end-of-life.



Compliance Criteria:

3.5.1 The company records its actions or programs to improve the infrastructure for the intended recovery option of its material products or packaging.

3.5.2 Before Year 3, the company has introduced these actions or programs in the two countries that represent the largest end-user sales of its material products or packaging.

3.5.4 For Year 5, the company either:

- a) increases the scale of existing programs
- b) introduces additional actions or programs.

Intent:

For the company, using its analysis from ESC3.4, to focus its efforts on:

- improving the recovery infrastructure for its products and packaging
- preventing its products and packaging from entering landfills.

Clarifying the Compliance Criteria:

[3.5.1; 3.5.2; 3.5.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.5.1; 3.5.2; 3.5.3] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.5.1] The “intended recovery option” for each product and packaging refers to the circularity principle from ESC3.3a–d used in its design to reduce waste.

[3.5.1; 3.5.2; 3.5.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.

[3.5.1; 3.5.2; 3.5.3] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.5.2, 3.5.3] The company bases its actions or programs on the findings of its analysis under ESC3.4.

[3.5.2, 3.5.3] The company may engage in collective action to improve the available recovery infrastructure [Link to GACA2].

[3.5.2, 3.5.3] Company contributions towards Extended Producer Responsibility (EPR) schemes can be considered actions to improve the available infrastructure for recovery, as long as they are:

- linked to the company’s material products and packaging
- contributed in countries with recovery infrastructure barriers.

[3.5.2] The company’s “material products and packaging” are determined as a combination of those that (1) have the highest environmental impacts, as assessed in ESC1.7, and (2) the aggregate volume of products sold.

[3.5.1; 3.5.2; 3.5.3] This sub-requirement applies to products the company produces or has produced on its behalf. Products the company resells may be exempted (e.g. in the case of wholesale/retail). For companies in the Service with Significant Footprint and Agriculture/Growers sectors, this sub-requirement only applies if the company sells a physical product and has control over their production.



[3.5.1; 3.5.2; 3.5.3] If the product is a fast moving consumer good, this sub-requirement applies to its packaging. Fast moving consumer goods include food products, beverages, toiletries, cleaning supplies, medicines, and other products.

[3.5.2, 3.5.3] The company bases its actions or programs on the findings of its analysis under ESC3.4.

[3.5.2, 3.5.3] The company may engage in collective action to improve the available recovery infrastructure [Link to GACA2].

[3.5.2, 3.5.3] Company contributions towards Extended Producer Responsibility (EPR) schemes can be considered actions to improve the available infrastructure for recovery, as long as they are:

- linked to the company's material products and packaging
- contributed in countries with recovery infrastructure barriers.

[3.5.3b] The company may introduce additional actions or programs in either:

- the same countries as under 3.5.3
- other countries with recovery infrastructure barriers, based on its analysis under ESC3.4.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Recommendations:

- Address historic pollution, including plastic pollution, that the company has contributed to through its products and packaging. This may include, for example, removing plastics from the ocean, or investing in ways to upcycle existing plastic pollution.

Interoperability:

- Equivalency Data Point:



-
- Cradle to Cradle Certified® Product Standard (Cradle to Cradle Products Innovation Institute) 5 // Product Circularity Requirements - level Gold or Platinum covering all the company's products
 - Conceptual Alignment Data Point:
 - European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 17.



ESC4 The company takes action to prevent and mitigate its actual and potential negative environmental impacts.

ESC4.1 The company implements actions to prevent or mitigate its actual and potential negative environmental impacts.

Track factors:

Size	Sector	Industry
XX Large	Service with Minor Environmental Footprint	All
X Large	Service with Minor Environmental Footprint	All
Large	Service with Minor Environmental Footprint	All
Medium	None	None
Small	Wholesale/Retail	All
Small	Service with Significant Environmental Footprint	All
Small	Manufacturing	All
Small	Agriculture/Growers	All
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC4.1	From Year 3	Large / XX Large / X Large / Small	The company implements actions to prevent or mitigate its actual and potential negative environmental impacts.



Compliance Criteria:

4.1.1 The company takes action to prevent or mitigate its actual and potential negative environmental impacts:

a) in the twelve months before Year 3

b) in each subsequent year.

4.1.2 The company records the action and any demonstrable output.

4.1.3 The action is related to the company's operations or value chain.

Intent:

To ensure the company's awareness of potential negative environmental impacts leads to prevention and mitigation actions. Prevention and mitigation is proactive, meaning it addresses a potential impact before it becomes an actual impact.

Clarifying the Compliance Criteria:

[4.1.1; 4.1.2; 4.1.3] The company automatically meets this sub-requirement if it improved its environmental impact, as measured under the following (where applicable):

- ESC1.1
- ESC1.2
- ESC1.3
- ESC1.6.

[4.1.1; 4.1.2; 4.1.3] The company automatically meets this sub-requirement if it improved its environmental impact, as measured under the following (where applicable):

- ESC1.1
- ESC1.2
- ESC1.3
- ESC1.6.

[4.1.2] The company's action has a "demonstrable output" (if not yet a measurable positive outcome). Demonstrable outputs may include the company implementing the following, among other actions:

- Biodiversity outputs
 - Practices that help to maintain or enhance biodiversity, carbon storage or sequestration, soil health, or the health of other ecosystems, and increase the stock of native species
- Water outputs
 - Measures to optimize water use
 - Measures to improve water quality
 - Ways to reuse and recover water (or other circular water management approaches)

- Waste outputs
 - Actions that follow the waste hierarchy and food waste hierarchy (e.g. reducing waste or increasing waste recovery)
- Energy outputs
 - Measures to improve energy efficiency
 - Moving to renewable electricity or energy
- Pollution outputs
 - Measures to minimize pollution (of soil, water, and air)
 - Measures to identify and reduce potential hazardous substances and substances of concern in products and packaging
- Animal welfare outputs
 - Measures to improve animal welfare conditions in line with the five freedoms of animal welfare

[4.1.2] The intent is only for the company to take action, not necessarily to achieve positive outcomes. This acknowledges that measurable reductions in negative impacts may take longer time to manifest or measure. In any case, the company records impact data or metrics to measure the outputs and any positive outcomes of its actions.

[4.1.1; 4.1.2; 4.1.3] The company automatically meets this sub-requirement if it improved its environmental impact, as measured under the following (where applicable):

- ESC1.1
- ESC1.2
- ESC1.3
- ESC1.6.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms

- how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Taking collective action on any of the above environmental impact areas may also be an acceptable output or outcome [Link to GACA2].

Recommendations:

- Take a holistic approach to preventing or mitigating the company's negative environmental impact, and consider any unintended consequences from its actions. For example, the creation of renewable energy farms in some locations can lead to deforestation, disruption of wildlife habitats, displacement of communities, and biodiversity loss.
- Address historic impacts that the company has contributed to through its products, packaging, and services. For example, if it has contributed to plastic pollution, this may include removing plastics from the ocean, or investing in ways to upcycle existing plastic pollution.
- The company conducts an assessment to identify its material environmental impacts and use the outcome of the assessment to determine which environmental impacts to prioritize.
 - For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact.
 - The company prioritizes environmental impacts based on severity and likelihood. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.
 - Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remedied.
 - Likelihood considers how likely the impact is, and how frequently it might occur.
- Severity can be assessed using the following categories, as an example.

- High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
- Medium — the impact is expected to cause significant and lasting damage to the environment.
- Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects on the environment are expected to occur continuously.
 - Medium — the impact and its resulting effects on the environment are expected to occur regularly (i.e. from several times per year to several times per month).
 - Low — the impact and its resulting effects on the environment are expected to occur only occasionally (i.e. only during a specific phase of a project).
- The company works towards a demonstrable outcome, supported with impact data. Demonstrable outcomes may include the company achieving the following, among other outcomes:
 - Biodiversity outcomes
 - Measurable maintenance or improvement of biodiversity, carbon storage or sequestration, soil health, or the health of other ecosystems
 - A reduction of invasive alien species
 - An increase in the stock and diversity of native species
 - Water outcomes
 - Reduced water consumption
 - Improved water quality
 - Water consumption reduced to within proportionate allocations of available water supplies.
 - Waste outcomes
 - Reduced waste
 - Increased waste recovery
 - Zero waste to landfill for all operations



- Energy outcomes
 - Reduced energy consumption
 - Increased procurement of renewable electricity
 - Achieved 100% renewable electricity
- Pollution outcomes
 - Reduced pollution (of soil, water, and air)
 - Elimination of intentionally added substances from the EU REACH Candidate List and ChemSec SIN List from all products and packaging at any concentration
 - Reduction of substances from the EU REACH Candidate List and ChemSec SIN List in any material outflows to under 0.1% w/w (1,000 ppm).
 - Elimination of substances from the Cradle to Cradle Certified Products Program Restricted Substances List (RSL) above the RSL's maximum allowable concentration.
- Animal welfare
 - Improved animal welfare conditions in line with the five freedoms of animal welfare
- Ultimately, the company reduces its impact to within ecological thresholds and fully respects animal welfare. This may involve, among other outcomes:
 - prioritizing avoidance and minimization of negative impacts on biodiversity (in line with the mitigation hierarchy for biodiversity)
 - reducing its water consumption to within proportionate allocations of available water supplies
 - reducing its waste to the minimum, and sending zero waste to landfill
 - reducing its energy consumption to the minimum, and procuring 100% renewable electricity
 - reducing pollution to within safe, legal limits.

Implementation Resources:

Examples of resources to assess a company's environmental impacts

- Guidance on the identification and assessment of nature-related issues: the LEAP approach, 2024 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)
- Initial Guidance for Business by the Science-Based Targets for Nature (Science Based Targets Network, 2020) [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 1 - Assess [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 2 - Prioritize [\[EN\]](#)
- People and planet in business - A simple guide to how small and micro companies can start or strengthen their due diligence, 2023 (B Lab, Fairtrade International) [\[EN\]](#)
- Science-Based Targets for Nature: Initial Guidance for Business, 2020 (Science Based Targets Network) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Natural Capital Protocol, 2021 (Capitals Coalition) [\[AR\]](#) [\[EN\]](#) [\[JP\]](#) [\[ZH\]](#)
- Nature-Related Risk & Opportunity Management and Disclosure Framework (Taskforce on Nature-related Financial Disclosures) [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]
- Authentic Sustainability Assessment - A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- High-level Business Actions on Nature (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Knowledge Hub - Various tools (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to obtain information on potential negative environmental impact of specific sectors or industries

- Materiality Screening Tool – Tool to aid in initial corporate sector-level screening of environmental impacts (Science Based Targets Network) [\[EN\]](#)
- ENCORE [\[EN\]](#) [\[ES\]](#)
- The Global Assessment of Private Sector Impacts on Water, 2022 (CERES) [\[EN\]](#)

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Prioritising Nature-related Disclosures, 2022 (UN Environment Programme) [\[EN\]](#)
- CDP (covering water, forests and climate) [\[EN\]](#) [\[ES\]](#) [\[JA\]](#) [\[PT\]](#) [\[ZH\]](#)
- GRI Sector Standards [\[EN\]](#)

Example of resource on stakeholder engagement

- Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders, 2023 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)

- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)

- Responsible Minerals Initiative for minerals, gold, silver [[Various languages](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Examples of resources to conduct a Life Cycle Assessment

- General Guide for Life Cycle Assessment - ILCD Handbook (European Commission) [[EN](#)]
- Overview of life cycle inventory databases by GHG Protocol [[EN](#)]
- PEF (Product Environmental Footprint) and OEF (Organisation Environmental Footprint): PEF and OEF are currently under development. With PEF and OEF, the European Commission aims to harmonize methodology for the calculation of the environmental footprint of products and organizations. The system has been under development for several years now, and will in the end provide a standardized impact assessment method, a database with background LCA data and calculation rules for different industrial sectors (PEFCRs). [[BG](#)] [[CS](#)] [[DA](#)] [[DE](#)] [[EL](#)] [[EN](#)] [[ES](#)] [[ET](#)] [[FI](#)] [[FR](#)] [[GA](#)] [[HR](#)] [[HU](#)] [[IT](#)] [[LV](#)] [[LT](#)] [[MT](#)] [[NL](#)] [[PL](#)] [[PT](#)] [[RO](#)] [[SL](#)] [[SK](#)] [[SV](#)]
- Recommendations for Life Cycle Impact Assessment in the European context - based on existing environmental impact assessment models and factors (International Reference Life Cycle Data System - ILCD handbook) (European Commission) [[EN](#)]
- ISO 14040:2006 & ISO 14044: Life Cycle Assessment Framework (note, this resource is not free of charge) [[EN](#)] [[FR](#)] [[RU](#)]

Examples of resources to identify hazardous substances and substances of concern

- EU REACH Candidate List [[Various languages](#), including BG, CS, DA, DE, EL, EN, ES, ET, FI, FR, HR, HU, IT, LT, LV, MT, NL, PL, PT, RO, SK, SL, SV]
- ChemSec SIN List [[EN](#)]

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3: Material Topics 2021 - Disclosure 3-3 Management of material topics (c, d, e, f)
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
 - European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-2 – Actions and resources related to water and marine resources 15.
 - European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems 25, 28

- o European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 e, f
- o DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 8
- o Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.3.1., 4.2.4

ESC4.2 The company makes progress on its environmental strategy and evaluates its effectiveness.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Wholesale/Retail	All
Medium	Service with Significant Environmental Footprint	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All



Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC4.2	From Year 5	Medium / Large	The company makes progress on its environmental strategy and evaluates its effectiveness.



Compliance Criteria:

4.2.1 The company makes progress against its targets and indicators (measured at an interval of no more than 36 months), in line with its environmental strategy defined under ESC2.1.

4.2.2 The company evaluates the effectiveness of its environmental strategy.

4.2.3 The evaluation results are shared with the highest governing body or executive team.

4.2.4 Where the strategy is ineffective, the company records:

- a) what lessons it has learned
- b) what it plans to do differently
- c) how it has updated the strategy.

4.2.5 The company's environmental strategy has targets and indicators to prevent or mitigate negative environmental impacts for its value chain.

Intent:

For the company to put its environmental strategy into practice and ensure it works as intended. Environmental stewardship is an area of constant development, and companies can better understand the outcome of their interventions over time. The intent of the environmental strategy is to evaluate, learn, and continuously improve. Completely eliminating all actual and potential negative impacts is impossible and therefore not the intent.

Clarifying the Compliance Criteria:

[4.2.1, 4.2.2] If the company has third-party assurance that its operations and value chain respect animal welfare and stay within ecological thresholds, it can apply the method, tool, or data used to help meet this sub-requirement.

[4.2.1; 4.2.4] The company updates its strategy as new information emerges (for example on its potential environmental impact).

[4..1] The “environmental strategy” refers to the output of ESC2.1, which sets baselines for improvement.

[4.2.1, 4.2.2] If the company has third-party assurance that its operations and value chain respect animal welfare and stay within ecological thresholds, it can apply the method, tool, or data used to help meet this sub-requirement.

[4.2.2] The company records how it prioritized avoiding and reducing negative environmental impacts while progressing its environmental strategy, in line with ESC2.1.

[4.2.1; 4.2.4] The company updates its strategy as new information emerges (for example on its potential environmental impact).

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.
- References to the highest governing body or executive team mean those within the company’s scope of certification. This means that sharing the results with an out-of-scope parent body does not meet the sub-requirement, unless the company has also shared the results with the highest governing body or executive team within its scope of certification.

Further Guidance:

- Respecting animal welfare and staying within ecological thresholds may include the company achieving the following, among other outcomes:
 - Biodiversity outcomes
 - Measurable maintenance or improvement of biodiversity, carbon storage or sequestration, soil health, or the health of other ecosystems
 - A reduction of invasive alien species



- An increase in the stock and diversity of native species
- Water outcomes
 - Reduced water consumption
 - Improved water quality
 - Water consumption reduced to within proportionate allocations of available water supplies.
- Waste outcomes
 - Reduced waste
 - Increased waste recovery
 - Zero waste to landfill for all operations
- Energy outcomes
 - Reduced energy consumption
 - Increased procurement of renewable electricity
 - Achieved 100% renewable electricity
- Pollution outcomes
 - Reduced pollution (of soil, water, noise, and air)
 - Elimination of intentionally added substances from the EU REACH Candidate List and ChemSec SIN List from all products and packaging at any concentration
 - Reduction of substances from the EU REACH Candidate List and ChemSec SIN List in any material outflows to under 0.1% w/w (1,000 ppm).
 - Elimination of substances from the Cradle to Cradle Certified Products Program Restricted Substances List (RSL) above the RSL's maximum allowable concentration.
- Animal welfare
 - Improved animal welfare conditions in line with the five freedoms of animal welfare

Recommendations:

- Publicly share information about the strategy's effectiveness and lessons learned.

Implementation Resources:

Examples of resources to assess a company's environmental impacts

- Guidance on the identification and assessment of nature-related issues: the LEAP approach, 2024 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)
- Initial Guidance for Business by the Science-Based Targets for Nature (Science Based Targets Network, 2020) [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 1 - Assess [\[EN\]](#)
- Onboarding support and target setting for companies (Science Based Targets Network) - Technical guidance materials for Step 2 - Prioritize [\[EN\]](#)
- People and planet in business - A simple guide to how small and micro companies can start or strengthen their due diligence, 2023 (B Lab, Fairtrade International) [\[EN\]](#)
- Science-Based Targets for Nature: Initial Guidance for Business, 2020 (Science Based Targets Network) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Nature Strategy Handbook - A practical guide for businesses, 2023 (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JP\]](#) [\[PT\]](#) [\[ZH\]](#)
- Natural Capital Protocol, 2021 (Capitals Coalition) [\[AR\]](#) [\[EN\]](#) [\[JP\]](#) [\[ZH\]](#)
- Nature-Related Risk & Opportunity Management and Disclosure Framework (Taskforce on Nature-related Financial Disclosures) [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]
- Authentic Sustainability Assessment - A User Manual for the Sustainable Development Performance Indicators, 2022 (United Nations Research Institute for Social Development) [\[EN\]](#)
- Cradle to Cradle Certified® Product Standard, 2024 (Cradle to Cradle Products Innovation Institute) [\[EN\]](#)
- High-level Business Actions on Nature (Business for Nature) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)

- Knowledge Hub - Various tools (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to obtain information on potential negative environmental impact of specific sectors or industries

- Materiality Screening Tool – Tool to aid in initial corporate sector-level screening of environmental impacts (Science Based Targets Network) [\[EN\]](#)
- ENCORE [\[EN\]](#) [\[ES\]](#)
- The Global Assessment of Private Sector Impacts on Water, 2022 (CERES) [\[EN\]](#)
- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Prioritising Nature-related Disclosures, 2022 (UN Environment Programme) [\[EN\]](#)
- CDP (covering water, forests and climate) [\[EN\]](#) [\[ES\]](#) [\[JA\]](#) [\[PT\]](#) [\[ZH\]](#)
- GRI Sector Standards [\[EN\]](#)

Example of resource on stakeholder engagement

- Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders, 2023 (Taskforce on Nature-related Financial Disclosures) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)

- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Examples of resources to conduct a Life Cycle Assessment

- General Guide for Life Cycle Assessment - ILCD Handbook (European Commission) [\[EN\]](#)
- Overview of life cycle inventory databases by GHG Protocol [\[EN\]](#)
- PEF (Product Environmental Footprint) and OEF (Organisation Environmental Footprint): PEF and OEF are currently under development. With PEF and OEF, the European Commission aims to harmonize methodology for the calculation of the environmental footprint of products and organizations. The system has been under development for several years now, and will in the end provide a standardized impact assessment method, a database with background LCA data and calculation rules for different industrial sectors (PEFCRs). [\[BG\]](#) [\[CS\]](#) [\[DA\]](#) [\[DE\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[FI\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LV\]](#) [\[LT\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#) [\[SV\]](#)
- Recommendations for Life Cycle Impact Assessment in the European context - based on existing environmental impact assessment models and factors (International Reference Life Cycle Data System - ILCD handbook) (European Commission) [\[EN\]](#)
- ISO 14040:2006 & ISO 14044: Life Cycle Assessment Framework (note, this resource is not free of charge) [\[EN\]](#) [\[FR\]](#) [\[RU\]](#)

Examples of resources to identify hazardous substances and substances of concern

- EU REACH Candidate List [\[Various languages\]](#), including BG, CS, DA, DE, EL, EN, ES, ET, FI, FR, HR, HU, IT, LT, LV, MT, NL, PL, PT, RO, SK, SL, SV]
- ChemSec SIN List [\[EN\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3: Material Topics 2021 - Disclosure 3-3 Management of material topics (c, d, e, f)

- o GRI 303: Water and Effluents 2018 - 303-1 Interactions with water as a shared resource (c, d)
- o European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
- o European Sustainability Reporting Standards E3 2023 - ESRS E3 - Disclosure Requirement E3-2 – Actions and resources related to water and marine resources 15.
- o European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems 25, 28
- o European Sustainability Reporting Standards E5 2023 - Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy 20 e, f
- o DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 8
- o DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 (proposal) - Article 10
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - A. Governance - A02 Sustainability targets and plans - b
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Circularity - B12 Waste - c
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B03 Ecosystem protection and restoration - a, c
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B04 Halting biodiversity loss - c, d
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - c
- o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B09 Water pollution - c
- o CDP 2024 Questionnaire - 9.15.2
- o Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.4.1, 4.2.4



ESC4.3 The company makes progress on its biodiversity transition plan and evaluates its effectiveness.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Agriculture/Growers	All
Large	Manufacturing	Mining
Medium	Agriculture/Growers	All
Medium	Manufacturing	Mining
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC4.3	From Year 5	Medium / Large / X Large / XX Large	The company makes progress on its biodiversity transition plan and evaluates its effectiveness.

Compliance Criteria:

4.3.1 The company makes progress against its targets and indicators (measured at an interval of no more than 36 months), in line with its biodiversity transition plan defined under ESC2.2.

4.3.2 The plan's actions align to the mitigation hierarchy for biodiversity.

4.3.3 The company evaluates the effectiveness of its biodiversity transition plan.

4.3.4 The evaluation results are shared with the highest governing body or executive team.

4.3.5 Where the plan is ineffective, the company records:

- a) what lessons it has learned
- b) what it plans to do differently
- c) how it has updated the plan.

4.3.6 The company updates its biodiversity transition plan to add targets and indicators for its value chain.

Intent:

For the company to put its biodiversity transition plan into practice and ensure it works as intended. Biodiversity impact is an area of constant development, and companies can better understand the outcome of their interventions over time. The intent of the biodiversity transition plan is to evaluate, learn, and continuously improve.

Clarifying the Compliance Criteria:

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.1; 4.3.6] Because the company is only required to set targets for its value chain by Year 3, it is not expected to make progress against those targets or evaluate their effectiveness until after Year 3.

[4.3.1] The “biodiversity transition plan” refers to the output of ESC2.2, which sets baselines for improvement.

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.3; 4.3.5] The company considers other sources of information — such as expert advice, or emerging guidance on a particular environmental area — to understand if its strategy still sets the right approach to manage its material environmental impacts.

[4.3.3] Evaluating the effectiveness of the company’s strategy goes beyond assessing its targets and indicators.

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.3; 4.3.5] The company considers other sources of information — such as expert advice, or emerging guidance on a particular environmental area — to understand if its strategy still sets the right approach to manage its material environmental impacts.

[4.3.5c] The company updates its strategy as new information emerges (for example on its potential environmental impact).

[4.3.1; 4.3.2; 4.3.3; 4.3.4; 4.3.5; 4.3.6] This sub-requirement only applies if the company identifies biodiversity-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.3.1; 4.3.6] Because the company is only required to set targets for its value chain by Year 3, it is not expected to make progress against those targets or evaluate their effectiveness until after Year 3.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that sharing the results with an out-of-scope parent body does not meet the sub-requirement, unless the company has also shared the results with the highest governing body or executive team within its scope of certification.

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3: Material Topics 2021 - Disclosure 3-3 Management of material topics (c, d, e, f)
 - European Sustainability Reporting Standards E2 2023 - Disclosure Requirement E2-2 – Actions and resources related to pollution 16.
 - European Sustainability Reporting Standards E4 2023 - Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems 25, 28
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B03 Ecosystem protection and restoration - a, c
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B04 Halting biodiversity loss - c, d
 - CDP 2024 Questionnaire - 11.2
 - CDP 2024 Questionnaire - 11.3
 - Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.4.1, 4.2.4



ESC4.4 The company makes progress on its water stewardship strategy and evaluates its effectiveness.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	Agriculture/Growers	All
Medium	Manufacturing	Mining
Small	None	None
Micro	None	None



Company without workers	None	None
-------------------------	------	------

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC4.4	From Year 5	Medium / Large / X Large / XX Large	The company makes progress on its water stewardship strategy and evaluates its effectiveness.

Compliance Criteria:

4.4.1 The company makes progress against its targets and indicators (measured at an interval of no more than 36 months), in line with its water stewardship strategy defined under ESC2.3.

4.4.2 The company evaluates the effectiveness of its water stewardship strategy.

4.4.3 The evaluation results are shared with the highest governing body or executive team.

4.4.4 Where the strategy is ineffective, the company records:

- a) what lessons it has learned
- b) what it plans to do differently
- c) how it has updated the strategy.

4.4.5 The company updates its water stewardship strategy to add targets and indicators for its value chain.

Intent:

For the company to put its water stewardship strategy into practice and ensure it works as intended. Water stewardship is an area of constant development, and companies can better understand the outcome of their interventions over time. The intent of the strategy is to evaluate, learn, and continuously improve.

Clarifying the Compliance Criteria:

[4.4.1; 4.4.2; 4.4.3; 4.4.4; 4.4.5] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.4.1; 4.4.5] Because the company is only required to set targets for its value chain by Year 3, it is not expected to make progress against those targets or evaluate their effectiveness until after Year 3.

[4.4.1] The “water stewardship strategy” refers to the output of ESC2.3, which sets baselines for improvement.

[4.4.1] Companies are primarily accountable to the internal targets and indicators in their water stewardship strategy — they are not expected to single-handedly improve the state of a watershed that may have many other users.

[4.4.1; 4.4.2; 4.4.3; 4.4.4; 4.4.5] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.4.2] Evaluating the effectiveness of the company’s strategy goes beyond assessing its targets and indicators. The company considers other sources of information — such as expert advice, or emerging guidance on a particular environmental area — to understand if its strategy still sets the right approach to manage its material environmental impacts.

[4.4.1; 4.4.2; 4.4.3; 4.4.4; 4.4.5] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.4.1; 4.4.2; 4.4.3; 4.4.4; 4.4.5] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.4.4 c] The company updates its strategy as new information emerges (for example on its potential environmental impact).

[4.4.1; 4.4.2; 4.4.3; 4.4.4; 4.4.5] This sub-requirement only applies if the company identifies water-related impacts as material in its assessment of environmental impacts [link to ESC1.7].

[4.4.1; 4.4.5] Because the company is only required to set targets for its value chain by Year 3, it is not expected to make progress against those targets or evaluate their effectiveness until after Year 3.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms

- how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.
- References to the highest governing body or executive team mean those within the company's scope of certification. This means that sharing the results with an out-of-scope parent body does not meet the sub-requirement, unless the company has also shared the results with the highest governing body or executive team within its scope of certification.

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 3: Material Topics 2021 - Disclosure 3-3 Management of material topics (c, d, e, f)
 - GRI 303: Water and Effluents 2018 - 303-1 Interactions with water as a shared resource (c, d)
 - European Sustainability Reporting Standards E3 2023 - Disclosure Requirement E3-2 – Actions and resources related to water and marine resources 15.
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B08 Water use - c
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Freshwater - B09 Water pollution - c
 - CDP 2024 Questionnaire - 9.15.2
 - Fairtrade Trader Standard v2.2, 2024 (Fairtrade International) 3.4.1, 4.2.4

ESC4.5 The company publicly shares the effectiveness of its environmental strategy.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	None	None
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC4.5	From Year 5	None	The company publicly shares the effectiveness of its environmental strategy.



Compliance Criteria:

4.5.1 The company makes a report on its environmental strategies, including its biodiversity and water stewardship strategies, publicly available on its webpage.

4.5.2 The company made or updated its report in the last 36 months.

4.5.3 The company's report includes:

- a) progress on targets and indicators
- b) how it evaluated the effectiveness of its strategies.

4.5.4 Where the strategies are ineffective, the company's report sets out:

- a) what lessons it has learned
- b) what it plans to do differently
- c) how it has updated its strategies.

Intent:

To increase public accountability and make it easier for companies to learn from one another.

Clarifying the Compliance Criteria:

[4.5.1] Where applicable, this sub-requirement refers to the company's progress against its:

- overall environmental strategy, under ESC4.2
- biodiversity transition plan, under ESC4.3
- water stewardship strategy, under ESC4.4.

[4.5.1] The company may publish the information in an annual report or a standalone sustainability and impact report [Link to PSG6.2, HR2.5].

[4.5.3 b] The company reports its evaluation of the strategies' effectiveness every 36 months at minimum (aligned with when the evaluation happens).

Applying the Criteria to Independently Certifying Subsidiaries:

- The reporting scope covers the company. If the company references a corporate group report that includes out-of-scope entities, either:
 - the performance of the company is clearly identifiable within the group report
 - the company publicly shares its own report on its webpage.



ESC5 The company works with suppliers to achieve its environmental objectives.

ESC5.1 The company considers actual and potential environmental impacts in its procurement decisions.

Track factors:

Size	Sector	Industry
XX Large	None	None
X Large	None	None
Large	None	None
Medium	Service with Significant Environmental Footprint	All
Medium	Service with Minor Environmental Footprint	All
Small	All	All
Micro	All	All
Company without workers	All	All

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.1	From Year 0	None	The company considers actual and potential environmental impacts in its procurement decisions.



Compliance Criteria:

5.1.1 The company has considered the actual and potential environmental impacts for the three most material procurement decisions:

- a) in the fiscal year or twelve months before Year 0
- b) in each subsequent year.

Intent:

To ensure the company makes better procurement decisions in relation to environmental impacts.

Clarifying the Compliance Criteria:

[5.1.1] Actions the company takes to meet sub-requirements HR4.2 and HR4.3 — to consider actual and potential human rights impacts in procurement decisions — may count towards this sub-requirement. This means the company can use one combined process to consider both social and environmental impacts. However, to meet this sub-requirement, one of the five most material procurement decisions, at minimum shows how the company has considered environmental impacts.

[5.1.1] This sub-requirement applies to suppliers at all tiers.

[5.1.1] This sub-requirement covers all types of procurement, including of:

- raw materials
- finished and semi-finished goods
- services.

[5.1.1] The company determines its “most material” procurement decisions using any of the following categories.

- Spend
- Volume
- Importance of a potential negative environmental impact

[5.1.1] The potential negative impact may be related to animal welfare, as well.

[5.1.1] To assess the importance (or materiality) of a potential negative environmental impact, the company considers its likelihood and severity. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.

- Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remedied.
- Likelihood considers how likely the impact is, and how frequently it might occur.



Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Procurement decisions applying to many companies in the service sector include, for example:
 - coffee, tea, and other beverages
 - pens, paper, and other stationary
 - computers and other equipment
 - chairs, desks, and other furniture
 - corporate gifts
 - cleaning services
 - catering services.
- Severity can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
 - Medium — the impact is expected to cause significant and lasting damage to the environment.
 - Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects on the environment are expected to occur continuously.



- Medium — the impact and its resulting effects on the environment are expected to occur regularly (i.e. from several times per year to several times per month).
- Low — the impact and its resulting effects on the environment are expected to occur only occasionally (i.e. only during a specific phase of a project).
- The scale of a negative impact depends on the context in which it happens. For example, if the company withdraws water from an area at water risk, it has a larger-scale impact than if it withdraws from an area with abundant water resources.
- To consider the potential negative environmental impacts of procurement decisions, the company may, for example:
 - procure locally
 - procure second-hand
 - opt for renewable materials from sustainable sources, or reused or recycled materials for products and packaging (and avoid virgin non-renewable materials and single-use products and packaging)
 - research risks linked to certain companies, products, source countries, and raw materials (e.g. through sustainability benchmarks like the World Benchmarking Alliance’s Climate and Energy Benchmark [\[EN\]](#), and in the Implementation Resources)
 - procure from companies with impactful alternative business models (e.g. with environmental steward-ownership)
 - procure from companies with sustainability and environmental certifications (e.g. Fairtrade [\[EN\]](#), B Corp, energy efficiency labels, animal welfare certifications)
 - for any formal supplier relationships:
 - talk to suppliers to understand how they consider environmental impacts
 - establish a responsible procurement policy with an emphasis on environmental impact
 - incentivize existing suppliers to improve their sustainability performance
 - prioritize environmental credentials in supplier selection (e.g. prefer suppliers that are aligned with the company’s environmental strategy, or that have strong environmental policies and targets).

Recommendations:

- Create a sustainable procurement guideline with environmental criteria. Use the B Lab Standard as a starting point for deciding what to include (e.g. Environmental Stewardship & Circularity and Climate Action).
- Use multiple categories to determine the “most material” procurement decisions, including the importance of potential negative impacts.
- If the company sells a physical product that it either produces or has produced on its behalf, it considers how the raw materials it procures support the incorporation of circularity principles in product development by reducing its use of virgin non-renewable materials.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)
- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)

- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES, FR, IT, PT, RU, ZH]

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-1 New suppliers that were screened using environmental criteria (a)
 - GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken (a)
 - European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-2 – Management of relationships with suppliers 15.
 - CDP 2024 Questionnaire - 5.11.2

ESC5.2 The company considers actual and potential environmental impacts in its procurement decisions.

Track factors:

Size	Sector	Industry
XX Large	Service with Minor Environmental Footprint	All
X Large	Service with Minor Environmental Footprint	All
Large	Service with Minor Environmental Footprint	All
Medium	Wholesale/Retail	All
Medium	Manufacturing	All
Medium	Agriculture/Growers	All
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.2	From Year 0	None	The company considers actual and potential environmental impacts in its procurement decisions.



Compliance Criteria:

5.2.1 The company has considered the actual and potential environmental impacts for the five most material procurement decisions:

- a) in the last fiscal year or last twelve months before Year 0
- b) in each subsequent year.

Intent:

To ensure the company makes better procurement decisions in relation to environmental impacts.

Clarifying the Compliance Criteria:

[5.2.1] Actions the company takes to meet sub-requirements HR4.2 and HR4.3 — to consider actual and potential human rights impacts in procurement decisions — may count towards this sub-requirement. This means the company can use one combined process to consider both social and environmental impacts. However, to meet this sub-requirement, one of the five examples at minimum shows how the company has considered environmental impacts.

[5.2.1] This sub-requirement applies to suppliers at all tiers.

[5.2.1] This sub-requirement covers all types of procurement, including of:

- raw materials
- finished and semi-finished goods
- services.

[5.2.1] The company determines its “most material” procurement decisions using any of the following categories.

- Spend
- Volume
- Importance of a potential negative environmental impact

[5.2.1] The potential negative impact may be related to animal welfare, as well.

[5.2.1] To assess the importance (or materiality) of a potential negative environmental impact, the company considers its likelihood and severity. Severity should outweigh likelihood, so that highly severe impacts — even if they are unlikely — are still prioritized.

- Severity refers to one or more of the following.
 - Scale — how serious would the impact be? A bigger scale is more severe.
 - Scope — how widespread is the impact? A bigger scope is more severe.
 - Ease of remediation — how easy would it be to remediate the potential negative impact? A higher difficulty of remediation is more severe. An impact has a low ease of remediation when it is very difficult to restore the environment to its prior state. Note, this does not mean less severe environmental impacts should not be remediated.
- Likelihood considers how likely the impact is, and how frequently it might occur.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Severity can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects are expected to cause major, irreparable, and long-lasting damage to the environment.
 - Medium — the impact is expected to cause significant and lasting damage to the environment.
 - Low — the impact is expected to cause minor, reparable, and temporary damage to the environment.
- Likelihood can be assessed using the following categories, as an example.
 - High — the impact and its resulting effects on the environment are expected to occur continuously.
 - Medium — the impact and its resulting effects on the environment are expected to occur regularly (i.e. from several times per year to several times per month).
 - Low — the impact and its resulting effects on the environment are expected to occur only occasionally (i.e. only during a specific phase of a project).
- The scale of a negative impact depends on the context in which it happens. For example, if the company withdraws water from an area at water risk, it has a larger-scale impact than if it withdraws from an area with abundant water resources.
- To consider the potential negative environmental impacts of procurement decisions, the company may, for example:
 - procure locally
 - procure second-hand
 - opt for renewable materials from sustainable sources, or reused or recycled materials for products and packaging (and avoid virgin non-renewable materials and single-use products and packaging)

- research risks linked to certain companies, products, source countries, and raw materials (e.g. through sustainability benchmarks like the World Benchmarking Alliance's Climate and Energy Benchmark [\[EN\]](#), and in the Implementation Resources)
- procure from companies with impactful alternative business models (e.g. with environmental steward-ownership)
- procure from companies with sustainability and environmental certifications (e.g. Fairtrade [\[EN\]](#), B Corp, energy efficiency labels, animal welfare certifications)
- for any formal supplier relationships:
 - talk to suppliers to understand how they consider environmental impacts
 - establish a responsible procurement policy with an emphasis on environmental impact
 - incentivize existing suppliers to improve their sustainability performance
 - prioritize environmental credentials in supplier selection (e.g. prefer suppliers that are aligned with the company's environmental strategy, or that have strong environmental policies and targets).

Recommendations:

- Create a sustainable procurement guideline with environmental criteria. Use the B Lab Standard as a starting point for deciding what to include (e.g. Environmental Stewardship & Circularity and Climate Action).
- If the company sells a physical product that it either produces or has produced on its behalf, it considers how the raw materials it procures support the incorporation of circularity principles in product development by reducing its use of virgin non-renewable materials.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)
- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)

- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-1 New suppliers that were screened using environmental criteria (a)



-
- o GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken (a)
 - o European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-2 – Management of relationships with suppliers 15.
 - o CDP 2024 Questionnaire - 5.11.5



ESC5.3 The company works with suppliers to prevent or mitigate their most material environmental impacts.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Service with Significant Environmental Footprint	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Service with Significant Environmental Footprint	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	Wholesale/Retail	All
Large	Service with Significant Environmental Footprint	All
Large	Manufacturing	All
Large	Agriculture/Growers	All
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None



ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.3	From Year 0	Large / X Large / XX Large	The company works with suppliers to prevent or mitigate their most material environmental impacts.



Compliance Criteria:

5.3.1 The company:

- a) identifies prioritized suppliers related to its most material environmental impacts (ESC1.7)
- b) records the criteria it used to prioritize suppliers.

5.3.2 The company works with its prioritized suppliers to prevent or mitigate their most material environmental impacts by

- a) agreeing on targets with each prioritized supplier
- b) monitoring progress at least annually

5.3.3 For Years 3 and 5, the company records specific prevention and mitigation actions and their outcomes.

Intent:

To ensure the company's awareness of potential negative impacts in the supply chain leads to prevention and mitigation actions.

Clarifying the Compliance Criteria:

[5.3.1] This sub-requirement applies to suppliers at all tiers.

[5.3.1] The company's actions are linked to the material impact. Material environmental impacts are determined under ESC1.7. For example, if a supplier operates in an area at water risk, the company works with the supplier to reduce the amount of water it uses.

[5.3.1] The most material environmental impact may include animal welfare, as well.

[5.3.2] If the supplier is unwilling or unable to take meaningful prevention or mitigation action, the company considers:

- engaging in advocacy or other collective action to address systemic issues and enable the prevention or mitigation action [link to GACA2].
- choosing to responsibly exit its relationship with the supplier as a last resort.

[5.3.2] Simply integrating environmental criteria into a supplier code of conduct is not a sufficient example of action under this sub-requirement.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Actions by the supplier to mitigate its actual and potential negative impacts may include, for example:
 - conducting an assessment of actual and potential environmental impacts
 - obtaining an environmental certification
 - demonstrating that its environmental strategy aligns with the company's own environmental strategy
 - demonstrating progress against its environmental strategy
 - setting joint priorities and actions with the company with targets to mitigate negative environmental impacts, and measuring progress.



- If the supplier is unwilling or unable to take meaningful prevention or mitigation action, the company considers:
 - engaging in advocacy or other collective action to address systemic issues and enable the prevention or mitigation action [link to GACA2].
 - choosing to responsibly exit its relationship with the supplier as a last resort.
- To mitigate the supplier's negative environmental impacts, the company may, for example:
 - mentor suppliers on reducing the materials (or inputs) that go into their products
 - upskill suppliers on greenhouse gas measurement and reduction
 - balance contractual terms to cover both buyer and supplier commitments
 - support suppliers through joint projects, such as:
 - providing training on land use and sustainable agriculture practices for their workers or management
 - connecting suppliers to industry guides and tools
 - providing expert implementation support for accessing renewable energy
 - implementing a zero-waste to landfill policy
 - fund or co-fund costs typically assigned to suppliers, such as assessments of actual and potential environmental impact and implementing operational improvements
 - work with suppliers to substitute or eliminate substances of concern from its products and processes.
- Criteria for prioritizing suppliers may include, for example:
 - supplier risk level
 - impact severity and likelihood
 - geographic location.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)
- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Interoperability:



- Conceptual Alignment Data Point:
 - GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken (d, e)
 - European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-2 – Management of relationships with suppliers 15.
 - CDP 2024 Questionnaire - 5.11
 - CDP 2024 Questionnaire - 5.11.1
 - CDP 2024 Questionnaire - 5.11.2
 - CDP 2024 Questionnaire - 5.11.7



ESC5.4 The company has a time-bound plan to trace the origin and potential environmental impacts of its high-risk raw materials.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.4	From Year 3	X Large / XX Large	The company has a time-bound plan to trace the origin and potential environmental impacts of its high-risk raw materials.



Compliance Criteria:

5.4.1 The company either:

- a) knows the origin and potential environmental impacts of its high-risk raw materials (as determined under ESC1.7)
- b) has a time-bound plan to trace and fully map its supply chain across all supplier tiers and for all high-risk raw materials.

5.4.2 The company documents the proportion of high-risk raw materials that it can trace to their origin.

Intent:

For the company to fully map its supply chain and mitigate the actual and potential negative environmental impacts of its high-risk raw materials.

Clarifying the Compliance Criteria:

[5.4.1] If the company knows the origin of its high-risk raw materials and has mitigated their environmental impacts, it continues to improve its ability to trace raw-materials and mitigate impacts in its supply chain.

[5.4.1; 5.4.2] A “high-risk raw material” is any relevant input material that is known or suspected to cause severe negative environmental impacts (as identified under ESC1.7).

[5.4.1 a] The “origin” means the location where the commodity or raw material was produced or harvested, including if it was in a high-risk country or region. A “high-risk country or region” is a country or a region within a country with a high rate of deforestation and at higher risk of deforestation.

[5.4.1; 5.4.2] A “high-risk raw material” is any relevant input material that is known or suspected to cause severe negative environmental impacts (as identified under ESC1.7).

[5.4.2] The company calculates the proportion of its high-risk raw materials that it can trace to their known origin using the following formula.

- Volume of high-risk raw materials with known origins / total volume of high-risk raw materials sourced.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations.

Further Guidance:

- Severe negative environmental impacts may include, for example:
 - excessive water use
 - toxic pollution
 - deforestation (e.g. from harvesting palm oil)
 - other ecosystem conversion.

Recommendations:

- Focus on origin countries to start with. Then, over time, move toward:
 - tracing raw materials with higher levels of detail (i.e. by region, supply shed, mill, cooperative, or farm)
 - understanding the practices of the supply chain actors.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)
- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)

- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-2 – Management of relationships with suppliers 15.
 - The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B03 Ecosystem protection and restoration - d



ESC5.5 The company sources deforestation-free raw materials.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.5	From Year 3	X Large / XX Large	The company sources deforestation-free raw materials.

Compliance Criteria:

5.5.1 If the company sources raw materials from a high-risk country, it has evidence that they:

- a) are deforestation-free
- b) were produced in accordance with the relevant legislation of the country of production.

5.5.2 The company evaluates the following priority raw materials potentially linked to deforestation at minimum.

- a) Cattle
- b) Cocoa
- c) Coffee
- d) Oil palm
- e) Rubber
- f) Soya
- g) Wood

Intent:

For the company to confirm that its supply chain for high-risk raw materials is deforestation-free.

Clarifying the Compliance Criteria:

[5.5.1] A “high-risk country” is a country with a high rate of deforestation and at higher risk of deforestation. “High-risk” may also relate to a particular region within a country.

[5.5.1 a] Evidence that raw materials are deforestation-free may include any of the following.

- Geolocation of where raw materials were produced with verifiable information confirming they are deforestation-free
- Sustainability certifications that include provisions to ensure producers meet local legislation, and cover deforestation-free production and sourcing of raw materials. The traceability type must offer geolocation data (i.e. Mass Balance is not accepted). Acceptable certifications may include, for example:
 - RSPO (palm oil)
 - UTZ/Rainforest Alliance (cocoa, coffee)
 - Fairtrade International (cocoa, coffee)
 - ProTerra Standard (soy)
 - FSC certification (timber and other wood products and derivatives)
- Approved lists of low-risk countries for deforestation

[5.5.2] The company may expand its evaluation beyond the priority raw materials in the Compliance Criteria to include other high-risk raw materials, depending on its context.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Implementation Resources:

Examples of resources on deforestation risk in specific countries

- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#)
- Deforestation Fronts: Drivers and responses in a changing world, 2020 (World Wildlife Fund) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- CDP Forests 2023 Question-level Guidance (“forest risk country”) [\[EN\]](#)
- Imported Deforestation, 2022 (World Wildlife Fund) [\[EN\]](#)
- The impact of Dutch imports on nature loss, 2022 (World Wildlife Fund) [\[EN\]](#)
- Risky Business, 2017 (World Wildlife Fund) [\[EN\]](#)

Examples of resources to obtain information on commodities (and their derivatives) linked to deforestation

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries - Annex I, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)

Interoperability:

- Conceptual Alignment Data Point:
 - CDP 2024 Questionnaire - 8.5
 - CDP 2024 Questionnaire - 8.8
 - CDP 2024 Questionnaire - 8.9
- Equivalency Data Point:
 - Certifications for deforestation/ecosystem conversion-free commodities (not exclusive):
 - RSPO Identity Preserved’ and ‘Segregated’ (palm oil) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[JA\]](#) [\[PT\]](#) [Traditional [ZH](#)][Simplified [ZH](#)]
 - Rainforest Alliance (cocoa, coffee) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[JA\]](#) [\[PT\]](#)

- Fairtrade International (cocoa, coffee) [\[EN\]](#)
- ProTerra Standard (soy) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[PT\]](#)
- FSC Forest Management certification (timber) [\[EN\]](#) [\[ES\]](#)
- HCV assessment or Integrated HCV-HCSA assessments [\[EN\]](#)



ESC5.6 The company traces more high-risk raw materials to their origin.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.6	From Year 5	X Large / XX Large	The company traces more high-risk raw materials to their origin.



Compliance Criteria:

5.6.1 The company increases the proportion of high-risk raw materials that it can trace to their origin, in line with its plan under ESC5.4.

Intent:

To ensure the company makes progress toward mapping the high-risk raw materials in its supply chain.

Clarifying the Compliance Criteria:

[5.6.1] The “origin” means the location where the commodity or raw material was produced or harvested, including if it was in a high-risk country. A “high-risk country” is a country with a high rate of deforestation and at higher risk of deforestation.

[5.6.1] A “high-risk raw material” is any relevant input material that is known or suspected to cause severe negative environmental impacts (as identified under ESC1.7).

[5.6.1] If the company knows the origin of its high-risk raw materials and has mitigated their environmental impacts, it continues to improve its ability to trace raw-materials and mitigate impacts in its supply chain.

[5.6.1] The company calculates the proportion of its high-risk raw materials that it can trace to their known origin using the following formula.

- Volume of high-risk raw materials with known origins / total volume of high-risk raw materials sourced.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Recommendations:

- Focus on origin countries to start with. Then, over time, move toward:
 - tracing raw materials with higher levels of detail (i.e. by region, supply shed, mill, cooperative, or farm)
 - understanding the practices of the supply chain actors.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)

- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)

- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [\[BG\]](#) [\[CS\]](#) [\[EL\]](#) [\[EN\]](#) [\[ES\]](#) [\[ET\]](#) [\[DA\]](#) [\[DE\]](#) [\[FR\]](#) [\[GA\]](#) [\[HR\]](#) [\[HU\]](#) [\[IT\]](#) [\[LT\]](#) [\[LV\]](#) [\[MT\]](#) [\[NL\]](#) [\[PL\]](#) [\[PT\]](#) [\[RO\]](#) [\[SL\]](#) [\[SK\]](#)
- Responsible Minerals Initiative for minerals, gold, silver [\[Various languages\]](#), including AR, EN, ES FR, IT, PT, RU, ZH]

Interoperability:

- Conceptual Alignment Data Point:



-
- o GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - o GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - o The 2024 Nature Benchmark Methodology (World Benchmarking Alliance) - Biodiversity - B03 Ecosystem protection and restoration - d

ESC5.7 The company works with suppliers to address environmental impacts related to high-risk raw materials.

Track factors:

Size	Sector	Industry
XX Large	Wholesale/Retail	All
XX Large	Manufacturing	All
XX Large	Agriculture/Growers	All
X Large	Wholesale/Retail	All
X Large	Manufacturing	All
X Large	Agriculture/Growers	All
Large	None	None
Medium	None	None
Small	None	None
Micro	None	None
Company without workers	None	None

ID:	Year	Eligible for equity mechanisms?	Sub-requirement text:
ESC5.7	From Year 5	X Large / XX Large	The company works with suppliers to address environmental impacts related to high-risk raw materials.



Compliance Criteria:

5.7.1 The company works with its prioritized suppliers to prevent and mitigate environmental impacts related to high-risk raw materials, in line with its plan (ESC5.4) and its actions (ESC5.6).

5.7.2 The engagement process includes:

- a) an action plan and targets
- b) monitoring progress at least annually
- c) recording specific prevention and mitigation actions and their outcomes.

Intent:

To ensure the company makes progress toward mapping its supply chain and addressing the actual and potential negative environmental impacts of its high-risk raw materials.

Clarifying the Compliance Criteria:

[5.7.1] A “high-risk raw material” is any relevant input material that is known or suspected to cause severe negative environmental impacts (as identified under ESC1.7).

[5.7.2] If the supplier is unwilling or unable to take meaningful prevention or mitigation action, the company considers:

- engaging in advocacy or other collective action to address systemic issues and enable the prevention or mitigation action [link to GACA2 The company works collaboratively to advance collective social or environmental impacts]
- choosing to responsibly exit its relationship with the supplier as a last resort.

[5.7.2] Simply integrating environmental criteria into a supplier code of conduct is not a sufficient example of action under this sub-requirement.

Applying the Criteria to Independently Certifying Subsidiaries:

- The action takes place within the company. If the company references an out-of-scope corporate group action, it demonstrates:
 - roll out, enforcement, and accountability mechanisms
 - how the outcomes impact its operations. For any outcomes that are not impactful, the company creates its own actions.

Further Guidance:

- Mitigation actions may include restoration or regeneration. Mitigation actions exist in a hierarchy. Preventing a negative impact is always preferred. If an impact cannot be prevented, then the company tries to mitigate it. If the impact cannot be prevented or minimized, then the company works on regeneration and restoration.
- Severe negative environmental impacts may include, for example:
 - excessive water use
 - toxic pollution
 - deforestation (e.g. from harvesting palm oil)
 - other ecosystem conversion.
- Actions by the supplier to mitigate its actual and potential negative impacts may include, for example:

- conducting an assessment of actual and potential environmental impacts
- obtaining an environmental certification
- demonstrating that its environmental strategy aligns with the company's own environmental strategy
- demonstrating progress against its environmental strategy
- setting joint priorities and actions with the company with targets to mitigate negative environmental impacts, and measuring progress.
- If the supplier is unwilling or unable to take meaningful prevention or mitigation action, the company considers:
 - engaging in advocacy or other collective action to address systemic issues and enable the prevention or mitigation action [link to GACA2].
 - choosing to responsibly exit its relationship with the supplier as a last resort.
- To mitigate the supplier's negative environmental impacts, the company may, for example:
 - mentor suppliers on reducing the materials (or inputs) that go into their products
 - upskill suppliers on greenhouse gas measurement and reduction
 - balance contractual terms to cover both buyer and supplier commitments
 - support suppliers through joint projects, such as:
 - providing training on land use and sustainable agriculture practices for their workers or management
 - connecting suppliers to industry guides and tools
 - providing expert implementation support for accessing renewable energy
 - implementing a zero-waste to landfill policy
 - fund or co-fund costs typically assigned to suppliers, such as assessments of actual and potential environmental impact and implementing operational improvements
 - work with suppliers to substitute or eliminate substances of concern from its products and processes.

Recommendations:

- Focus on origin countries to start with. Then, over time, move toward:
 - tracing raw materials with higher levels of detail (i.e. by region, supply shed, mill, cooperative, or farm)
 - understanding the practices of the supply chain actors.

Implementation Resources:

Example of resources on supply chain traceability

- Traceability Roadmap (Trustrace) [\[EN\]](#)
- The Traceability Playbook for Fashion Supply Chains, 2023 (trustrace) [\[EN\]](#)
- A Step-by-Step Guide for Successful Implementation of Traceability Systems in Agricultural Supply Chains: Entry-Level Introduction to Traceability Systems, 2022 (GIZ) [\[EN\]](#)

Examples of resources to assess biodiversity impacts

- Biodiversity risk filter (World Wildlife Fund) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)
- Integrated Biodiversity Assessment Tool (IBAT Alliance) [\[EN\]](#)
- Global Forest Watch [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#) [\[ZH\]](#)
- Living Planet Report, 2024 [\[EN\]](#) [\[ES\]](#) [\[HR\]](#) [\[SR\]](#) [\[PT\]](#)
- ENCORE - allows exploration of future scenarios in terms of the potential impacts and dependencies of activities on biodiversity (available for some sectors, e.g., agriculture and mining) [\[EN\]](#) [\[ES\]](#)
- Science Based Targets Network - Various resources (Science Based Targets Network) [\[EN\]](#)
- High Conservation Value Network Approach [\[EN\]](#)
- High Carbon Stock Approach [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IN\]](#) [\[PT\]](#)
- Biodiversity performance indicator, 2021 (CSO & Manomet) [\[EN\]](#)
- Key Biodiversity Areas [\[EN\]](#)

Examples of resources to obtain information on potential water impact based on geographic location

- Water risk filter (World Wildlife Fund) [\[EN\]](#)
- Aquaduct Water Risk Atlas (World Resources Institute) [\[EN\]](#)
- Ocean+ [\[EN\]](#)

Examples of resources to assess animal welfare practices

- Terrestrial and Aquatic Animal Health Codes (World Organisation for Animal Health) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#)
- Responsible Wool Standard [\[EN\]](#)
- Krav [\[EN\]](#) [\[SV\]](#)
- Best Aquaculture Practices [\[EN\]](#) [\[ES\]](#)
- Global Animal Partnership [\[EN\]](#)
- RSCPA Approved Farming Scheme [\[EN\]](#)
- Animal Welfare Approved by AGW (A Greener World) [\[EN\]](#)
- American Humane Certificated [\[EN\]](#)
- The Good Cashmere Standard [\[EN\]](#)
- Certified Humane [\[EN\]](#)
- Responsible Down Standard [\[EN\]](#)
- Regenerative Organic Certification Framework (Standard) (Regenerative Organic Alliance) [\[EN\]](#)
- Compassion in World Farming [\[CS\]](#) [\[DE\]](#) [\[EN\]](#) [\[ES\]](#) [\[FR\]](#) [\[IT\]](#) [\[NL\]](#) [\[PL\]](#) [\[SV\]](#) [\[ZH\]](#)
- Accreditation by the Association of Zoos and Aquariums [\[EN\]](#)

Examples of resources on environmental risks for specific raw materials (high-risk materials)

- High impact commodity list (Science Based Targets Network) [\[EN\]](#)
- Fairtrade Risk Map (Fairtrade International) [\[EN\]](#)

- Regulation on Deforestation-free Products - will develop a classification of high and low risk countries, 2023 (European Commission) [[BG](#)] [[CS](#)] [[EL](#)] [[EN](#)] [[ES](#)] [[ET](#)] [[DA](#)] [[DE](#)] [[FR](#)] [[GA](#)] [[HR](#)] [[HU](#)] [[IT](#)] [[LT](#)] [[LV](#)] [[MT](#)] [[NL](#)] [[PL](#)] [[PT](#)] [[RO](#)] [[SL](#)] [[SK](#)]
- Responsible Minerals Initiative for minerals, gold, silver [[Various languages](#)], including AR, EN, ES FR, IT, PT, RU, ZH]

Interoperability:

- Conceptual Alignment Data Point:
 - GRI 308: Supplier Environmental Assessment 2016 - 1. Topic management disclosures 1.1
 - GRI 204: Procurement Practices 2016 - 1. Topic management disclosures 1.1
 - European Sustainability Reporting Standards G1 2023 - Disclosure Requirement G1-2 – Management of relationships with suppliers 15.
 - GRI 308: Supplier Environmental Assessment 2016 - Disclosure 308-2 Negative environmental impacts in the supply chain and actions taken (a)
 - CDP 2024 Questionnaire - 5.11
 - CDP 2024 Questionnaire - 5.11.1
 - CDP 2024 Questionnaire - 5.11.2
 - CDP 2024 Questionnaire - 5.11.7