

ENVIRONMENTAL STATEMENT

Reporting year: 2022

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1. EXECUTIVE DIRECTOR'S FOREWORD



At ESMA, we support the EU's ambitious sustainability agenda and actively contribute to building a sustainable finance framework that can support the transition to a greener economy. Sustainability is an integral part of ESMA's mandate since the 2019 review of our Founding Regulation, as highlighted with the launch in 2020 of ESMA's Sustainable Finance Strategy.

The European Union is committed to achieving a 55% reduction in greenhouse gas emissions (relative to 1990 levels) by 2030 and becoming the world's first climate neutral continent by 2050. ESMA, as a European institution, contributes to this ambitious goal by ensuring that the environmental impact of our activities and daily operations is kept as low as possible and that we operate in a sustainable way.

To achieve this ESMA has implemented an Environmental Management System based on the principles of the Eco-Management and Audit Scheme (EMAS). On a practical level, this journey has been marked by two major milestones: moving to new environment friendly premises in November 2019 and obtaining the EMAS registration in September 2022.

ESMA intends to further develop its green strategy to optimise the use of internal and external resources, lower the negative direct and indirect environmental impacts of its activities, and find ways to continuously improve.

The past years have been marked by global challenges in the areas of health, energy, and the economy. They have encouraged us to experience new ways of working and look for more efficient ways to travel and consume resources. Through taking onboard these lessons learnt we aim to continuously improve our environmental performance.

I am looking forward to pursuing this journey with the support of ESMA's committed staff.

Natasha Cazenave

Executive Director
European Securities and Markets Authority



2. Environmental verifier's declaration on verification and validation activities

Dr. Rainer Feld

with EMAS environmental verifier registration number DE-V-0186

accredited or licensed for the scope NACE 66 and 84.1

declares to have verified whether the site(s) or the whole organisation as indicated in the updated environmental statement of the organisation ESMA

with registration number FR-000100

meet all requirements of Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

By signing this declaration, I declare that:

the verification and validation have been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,

the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment,

the data and information of the environmental statement/the updated environmental statement (1) of the organisation/site (1) reflect a reliable, credible, and correct image of all the organisations/sites (1) activities, within the scope mentioned in the environmental statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Done at Frankfurt, on 29/June/2023

Signature



3. Introduction

The European Securities and Markets Authority's (ESMA) Environmental Statement provides all stakeholders and other interested parties with information concerning ESMA's environmental performance and activities during the reporting year 1 January - 31 December 2022.

This document has been drafted in accordance with the Eco-Management and Audit Scheme (EMAS) regulation¹ in its last applicable version, considering the sectoral reference document (SRD) 'Best Environmental Management Practice for the Public Administration Sector'².

This Statement is published on ESMA's website annually, as per our Environmental Management System (EMS).

4. ESMA

4.1. ESMA's mission

ESMA is an independent European Union (EU) Authority that contributes to safeguarding the stability of the EU's financial system. ESMA's mission is to enhance investor protection, promote orderly financial markets and safeguard financial stability.

- Investor protection: To better serve financial consumers' needs and to reinforce their ability to make informed choices.
- Orderly markets: To foster the integrity, transparency, efficiency, and functioning of financial markets and market infrastructures.
- Financial stability: To strengthen the financial system to be capable of withstanding shocks and the unravelling of financial imbalances.

ESMA delivers its mission by focusing on three strategic priorities and through two key themes formulated in the **ESMA Strategy 2023-2028**.

The transition towards a greener and more sustainable economy is a priority for the EU and ESMA. Sustainable Finance refers to the process of taking environmental, social and governance (ESG) considerations into account when making investment decisions in the financial sector. At ESMA we integrate ESG factors across all our activities to ensure that

¹ [REGULATION \(EC\) No 1221/2009 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL](#)

² [COMMISSION DECISION \(EU\) 2019/61](#) of 19 December 2018 on the sectoral reference document on best environmental management practices, sector environmental performance indicators and benchmarks of excellence for the public administration sector under Regulation (EC) No 1221/2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS).

financial markets support and promote this transition. ESMA, with its overview of the investment chain, is in a unique position to pro-actively support sustainable finance initiatives while contributing to investor protection, orderly and stable financial markets. In this context, ESMA published its Sustainable Finance Roadmap in 2022 – this facilitates the coordinated implementation of ESMA’s sustainable finance mandate for the period from 2022 to 2024.

4.2. Teams and location



Since November 2019, ESMA rents eight and a half floors of a building in Paris XII (201-203, rue de Bercy 75012 Paris) to house its staff³ and on-site consultants.

Among the criteria to select a new building, the environmental performance was considered.

The IBOX building was awarded with [multiple labels or certifications](#) such as:

- [LEED BD+C Gold](#) - the most widely used green building rating system;
- HQE French certification - awarded to building construction and management;
- [BBC Effinergie Rénovation](#) - awarded to the building’s energy performance progress since the refurbishment; and
- [WELL certification Gold level](#), awarded to building owner for the effort in considering health in the building.

Besides, [Gecina, who is responsible for the management of IBOX building, targets net zero carbon for its operational portfolio by 2030 with its “CANOP-2030” plan.](#)

4.3. Scope of ESMA’s EMS

To decide on the scope of its management system ESMA considered several topics.

Considering that:

ESMA’s latest regulation⁴ states that it shall act, in its field, “taking into account sustainable business models and the integration of environmental, social and governance related factors” [art. 1(3)];

³ 352 staff on average in 2022, including temporary agents, contract agents, seconded national experts, interims, trainees, and on-site consultants

⁴ [REGULATION \(EU\) No 1095/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL](#)

ESMA develops technical standards applicable throughout EU, it is its duty to “walk the talk” and manage its own sustainability challenges, starting with its environmental impacts.

Even though some indirect impacts may be difficult to measure or even assess, ESMA is eager to consider its environmental impacts in all its activities.

The scope of the EMS covers both ESMA’s operations and activities in Paris and its mandates regarding sustainability and ESG factors integration within its mission in enhancing the protection of investors and promoting stable and orderly financial markets.

5. Description of the EMS

5.1. About EMAS at ESMA

ESMA initiated its journey towards EMAS in 2017. During the implementation phase, many significant contextual changes took place:

The move, initiated in 2018, from a 19th century building in Paris 7th arrondissement to a newly re-constructed building with high environmental standards in Paris 12th arrondissement. The initial environmental performance assessment, conducted on ESMA’s old premises, was helpful to clarify ESMA’s needs for the new building, and the environmental performance of the new building was a criteria for the selection;

A greater focus on sustainable finance in the EU and the adoption of the European Green Deal impacting ESMA’s core business activities;

The COVID-19 pandemic led ESMA to operate off-site almost exclusively from March 2020 and most of 2021, having a direct impact both on consumptions and travels; and

The growth of ESMA’s on-site Full-Time Equivalents (FTEs), from 280 in 2019 to 352 in 2022 which impacts the organisation’s consumptions. The number of FTEs includes ESMA staff, trainees and consultants on-site.

In 2022 ESMA was officially recognised for its environmental management system under the European Eco-Management and Audit Scheme (EMAS) and ISO 14001, marking a major milestone for the Authority. ESMA is the 100th EMAS registered organisation in France.

[The registration](#) was issued by the French Ministry for the Ecological Transition on 10 September 2022 for a duration of three years and covers all ESMA’s operational and core business activities.

ESMA published its First Environmental Statement on its website on 24 October 2022 covering the year 2021.

5.2. Context and purpose of ESMA's EMS

ESMA works with a wide range of stakeholders: from its staff to local contractors; from National Competent Authorities (NCAs) to European institutions. Those considered as significant, as of end 2022, given the influence they may have on ESMA's environmental performance and/or expectations, are the following:

Stakeholder	Their needs and expectations regarding ESMA	ESMA's needs and expectations regarding them
ESMA staff and Green Team	Implement a sound and meaningful EMS.	Participate in improvement actions and formulate suggestions.
National Competent Authorities (notably via the Sustainability Standing Committee)⁵	Information on ESMA's work and mandates in the area of sustainable finance and opportunities to provide their expertise.	Contribute to all ESMA's work on sustainable finance matters, including in relation to the incorporation of ESG factors in investment advice, disclosure requirements and corporate reporting.
Commission/Council/Parliament	Technical input in the form of opinions, recommendations, proposals for regulatory technical standards to support the EU's efforts to deliver on its sustainable finance agenda and foster convergence across the EU.	Development of a clear and consistent legal framework and allocation of adequate time and resources to deliver on mandates.
European Court of auditors	Comply with all relevant regulation, adjust processes to recommendations.	None specific
Building owner and building manager	Respect of the lease contract.	Support in the access to data regarding the building and life management of the building in the best possible way, including as per annex 14 of the lease. Provide accurate data related to energy and non-energy indicators.
Building Management System (BMS) provider	None specific since no direct contract.	Efficiency gains: provide support to automate energy and fluids reporting.

⁵ The Sustainability Standing Committee (SSC) replaces the Coordination Network on Sustainability (CNS) at end 2022

Maintenance contractors (building and private)	Respect the contract.	Sound management of regular and ad-hoc maintenance. Good waste management and advice.
Catering contractor	Fluid communication to limit food waste.	Respect of contract (local food, reduced packaging...).
Cleaning services contractor	Clear instructions and respect of contract.	Procedures and training on cleaning and waste management.
Waste removal and treatment contractor	Respect the sorting instructions.	Maximise recycling rate. Legal compliance documents and reports, in due time.
Travel agency	Respect the contract.	Provide accurate data for greenhouse gas emissions related to travels for missions.
Environmental regulatory surveillance and legal compliance contractor	Provide necessary inputs.	Annual environmental legal compliance audit. Monthly regulatory surveillance and support.

Following a PESTEL (Political, Economic, Social, Technological, Legal and Environmental factors) analysis and a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, which involved interviewing staff, the defined strategic risks and opportunities for ESMA's EMS are as follows:

Context category	Risks	Opportunities
Political	Short term objectives may take the priority over long term objectives.	Politically and in terms of image and communication, EMAS registration is positive for ESMA to be aligned with the recommendations and regulations it develops for the market participants.
Economical	The building owner may at some point be in a position where "Environmental investment is on building when return is for tenants".	After COVID19, nearly 100% of stakeholders are equipped to work remotely: less travel impacts and cost.
Social	Difficulty to measure the impact of telework on the environment , whilst respecting staff personal	ESMA Social Committee develops an offer of green social activities for the staff to promote local

	lives and evaluating rebound effects.	environmental initiatives and volunteering(in and around Paris).
Technological	Limited possibility for engagement on improvements since the technical equipment are already very performant.	Extend life of assets - decorrelate accounting life and use of equipment.
Environmental	Rebound effect after the pandemic: staff restart travelling internationally as before.	Implementation of the Environmental annex to the lease should help improve communication and actions with landlord and other tenants, for maximized impact reduction.
Legal	Public procurement rules and environmental preference may be going opposite directions.	Compliance efforts lead to increase engagement with Management board and staff by reducing the risks of fines and of reputational issues.

5.3. Governance of the EMS

To operate its EMS, ESMA relies on the following structure:

Role	Key responsibilities
Executive Director	Approves the Policy and gives strategic orientation to the management system.
Steering Committee	Chaired by Head of Resources, the Steering committee follows-up on the EMS effectiveness including a quarterly review of the action plan - and provides support to the Executive Director to make decisions.
Environmental coordinator	The environmental coordinator ensures the day-to-day smooth running of the EMS, providing support to all teams in the implementation and maintenance of the EMS.
Management Team	Implementing, promoting, and enforcing environmental best practices in their team.
Green Team	Advocating environmental performance in their teams and with all staff.
Staff	Actively taking part in day-to-day environmental good practices.

6. Environmental Policy

ESMA adopted the current applicable version of its environmental policy in 2022. It details the organisation's engagements and means of achievements as well as relevant changes in the general context of the organisation.

Engagements:

To reduce the environmental impact of its work and to improve its environmental performance, the following engagements govern ESMA's actions:

- Minimise the consumption of energy, water, paper and other resources;
- Encourage the prevention of waste and environmental pollution by maximising the recycling and reuse of items and by optimising their disposal;
- Take necessary measures to reduce CO₂ emissions and minimise the impact of mobility and travel; and
- Comply with relevant environmental legislation, administrative regulations, and other requirements.

Means of achievement:

These engagements will be achieved by the following means:

- Promoting environmental awareness within ESMA and communicate and implement this policy at all levels of the Authority;
- Providing suitable resources to fulfil ESMA's policy;
- Promoting local environment protection initiatives and encourage active involvement in these;
- Involving contractors and suppliers (when relevant) and incorporate environmental criteria into public procurement procedures and any rules regarding the organisation of events; and
- Promoting transparent communication with internal and external stakeholders.

The Environmental Policy can be found on ESMA's website at the following [link](#).

To improve its environmental performance, ESMA continually assesses the environmental impact of its actions. It sets objectives and targets and reviews them on a regular basis.

7. Environmental Aspects and Impacts

ESMA uses sets of various criteria depending on whether the aspect is direct or not; normal or malfunctioning (abnormal, emergency) to evaluate the significance of different environmental aspects.

For each aspect, ESMA identifies:

the nature of negative impacts, and whether the aspect has or may have beneficial impacts;

the frequency/probability of the environmental aspect or the source of influence;

the level of control or degree of ESMA's influence on the environmental aspect; and

the opinion of staff; from the survey launched by ESMA.

This evaluation was updated in April 2023. It provides the organisation with a ranking of aspects (1st rank to the most significant aspects – there may be several). Taking into consideration ESMA's resources, it was decided that the top 12 would be significant with a priority for action in the years to come, as follows:

Activity	Environmental aspect	Rank
On-site work	Cooling of premises: energy consumption	1
On-site work	Heating of premises: energy consumption	2
Procuring for ESMA's needs	ESMA's procedures	3
	Integration of environmental exclusions, selection or awarding criteria	
Missions	Traveling for business: air and CO2 emissions from teams' missions through transport, water, waste, etc.	4
Events & meetings	Air and CO2 emissions; energy and water, waste generation, etc ... for visitors' stay in Paris (hotels).	4
Events & meetings	Ordering meals to Baxter Storey for catering.	4
Operation and maintenance: building and its equipment	Electrical and electronic equipment waste (WEEE) generated by failing IT equipment (video, phones, PC, screens...).	4

Support to core business	Provide staff and some externals with IT equipment.	4
Core business	Sustainability and ESG factors integration.	4
Procuring for ESMA's needs	Through joint procedures, not led by ESMA	9
Lunch ESMA and cafeterias ESMA	Dishwasher, fridge, microwave: energy consumption.	10
Events & meetings	Cooling of premises: energy consumption. Specific CTA for meeting rooms.	10

8. Environmental Objectives

The objectives covering the period 2022-2024 were approved during the Management review in April 2022 and reviewed with the necessary adjustments in April 2023.

Policy area	Environmental Aspect	Impact	Objective	Goal	Deadline
Minimise the consumption of energy, water, paper, and other resources	Office work – energy and non-energy consumption	Depletion of natural resources. GHG emissions - Climate change	1. Energy consumption	Build processes with the building manager to have a clear vision on all energy consumptions, in Q1 of the year after.	31/12/2022
				Maintain a 100% supply of electricity from renewable sources (with certificate of origin)	31/12/2022
	Office work – Paper use	Depletion of natural resources.	2. Minimise the consumption of paper	Maintain paper use below the benchmark of excellence of 15p/day/FTE.	Every year
				100% of all reprints with the new visual identity of ESMA is done on eco-labelled paper.	31/12/2022
	Office work – Water consumption	Depletion of natural resources.	3. Minimise the consumption of water	Reduce water consumption below 5m3/FTE.	Every year
Procurement	Depletion of natural resources. GHG emissions - Climate change	4. Minimise the consumption of resources	Maintain a growing share of Green procurement.	31/12/2024	

Policy area	Environmental Aspect	Impact	Objective	Goal	Deadline
Encourage the prevention of waste and environmental pollution by maximising the recycling and reuse of items and by optimising their disposal	Waste	Waste generation	5. Encourage the prevention of waste and environmental pollution	Maintain waste production below the benchmark of excellence of 200kg/FTE.	Every year
				Recycle at least 65% of waste.	31/12/2024
Take necessary measures to reduce CO2 emissions and minimise the impact of mobility and travel	GHG emission (all activities)	GHG emissions - Climate change	6. Reduce GHG emissions	Extend scope to cover emissions from visitors in 2023.	31/12/2023
				Review in 2023: monitoring the visitors' impact.	
	GHG emission (Travelling for missions)	GHG emissions - Climate change	7. Reduce GHG emissions due to travel (missions)	Reduce GHG emissions by 21%/FTE, compared to 2019.	31/12/2024
				Reduce GHG emissions due to travel by 35%/FTE compared to 2019.	31/12/2024
				Maintain a carbon intensity of our trips under 115g/km.	31/12/2024
Include environmental factors into our work, as a transversal topic, as expected by our regulation	Sustainability and ESG factors integration	Positive impact on sustainability	8. Staff trained on sustainability and sustainable finance	All staff had the opportunity to participate in at least one awareness-raising session relating sustainability	31/12/2024
				All staff whose mission requires it has received training on the regulatory framework for sustainable finance ESG factors.	31/12/2024

The following chapter presents ESMA's environmental performance. It is compared to an objective when there is one. The value is either compared to ESMA's own objective or to the available benchmark of excellence, from the sectoral guidance document *Best Environmental Management Practice for the Public Administration Sector*⁶ – SRD, when it exists.

⁶ [COMMISSION DECISION \(EU\) 2019/61](#) of 19 December 2018 on the sectoral reference document on best environmental management practices, sector environmental performance indicators and benchmarks of

As it will be detailed in the next section, not all are relevant to analyse given the context changes.

9. Environmental Performance and Actions

9.1. Foreword

Since moving to a new building, the main obstacle has been the reliability of data regarding consumptions from the building management. ESMA's primary objective is collecting the most reliable data, and double checking, as well as taking data to further adjust the organization's environmental objectives.

2020 and 2021 were exceptional years due to the pandemic situation. For this reason, the comparison between most of the data is made with referencing to 2019. In addition, in 2019, ESMA was occupying for 11 months another building, therefore we do not have yet a baseline for all building related figures. Finally, it is important to note that ESMA's mandate has evolved over time notably with the addition of new responsibilities in the area of Central Counterparties (CCPs) from 2020 onwards which entailed the recruitment of many new staff and three senior managers and the oversight / supervision of third country entities.

Each of the environmental aspects is reported as the total annual input/impact and as a ratio to the most representative unit, by area (m²) or person (Full Time equivalent - FTE).

These have been the data collected:

Surface area: 7.969 m² since 2020

Years average on ESMA Full-time equivalent (ESMA staff and on-site consultants):

Year	2019	2020	2021	2022
FTE	280	277	319	352

ESMA does not report on land use with regard to biodiversity as it is placed on the city centre. The IBOX building has an accessible rooftop that is designed as a green space with significant biodiversity. However, this is not under the control of the organization.

excellence for the public administration sector under Regulation (EC) No 1221/2009 on the voluntary participation by organisations in a community eco-management and audit scheme (EMAS).

9.2. Energy

9.2.1. Performance

Objectives:

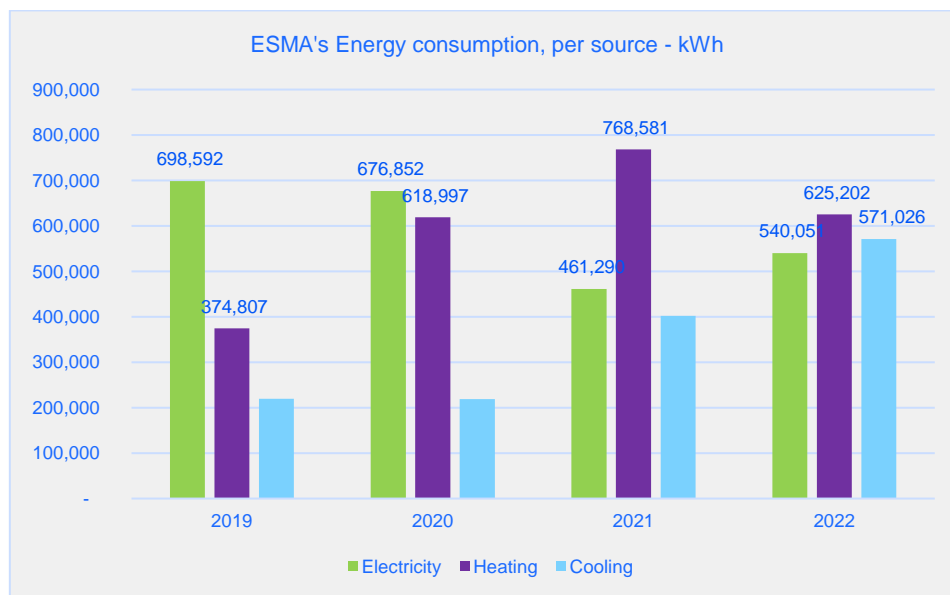
Build processes with the building manager to have a clear vision on all energy consumptions, in Q1 of the year after.

Maintain a 100% supply of electricity from renewable sources (with certificate of origin)

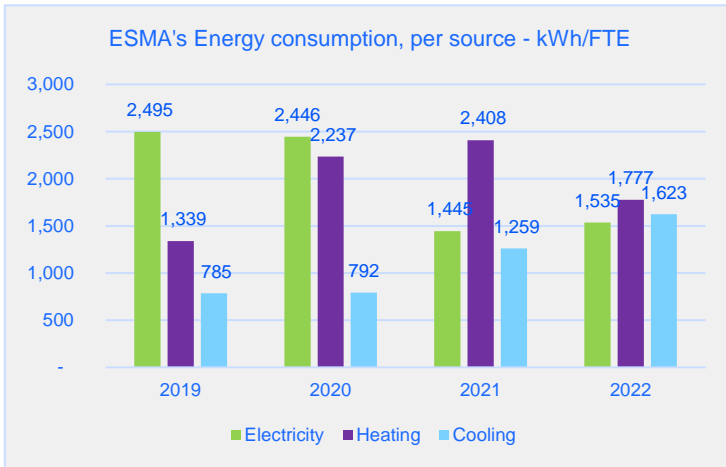
Both objectives were achieved in 2022. Even if the energy performance was not established as objective for 2022, this is indirectly included in the objective of minimising carbon footprint.

ESMA's primary target for improvement is the energy performance. This goal has been reflected in the tender specifications for the selection of the new building.

ESMA's total energy consumption (including electricity, heating and cooling) and per square meters and FTEs is reported below.



In 2020 the building occupation was very low due to the pandemic. However, the building was still functioning. From mid-2020 (after lock-down) and throughout all of 2021 ESMA operated

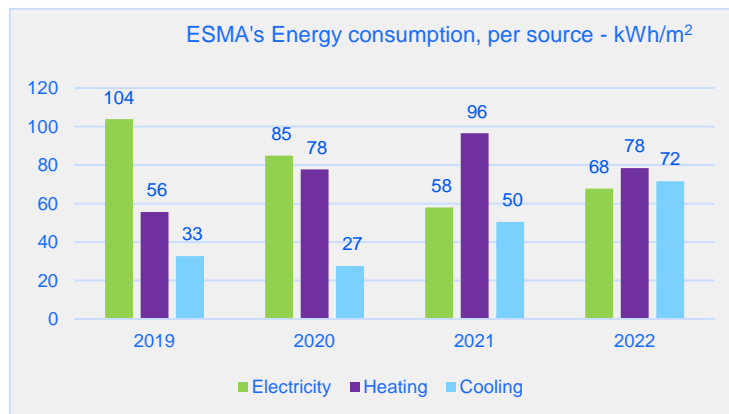


100% fresh air due to the sanitary situation, which implied an increase of cooling and heating energy consumptions. This measure has been lifted at the end of 2022 with the implementation of the energy measures by the landlord.

In 2022, measures on energy sobriety were implemented in France regarding heating in buildings. This consisted of a series of measures

implemented by ESMA at its level and the building owner that maintained the energy consumption controlled.

Regarding electricity, the consumption per FTE has been 38% lower than the one in 2019.



9.2.2. Actions

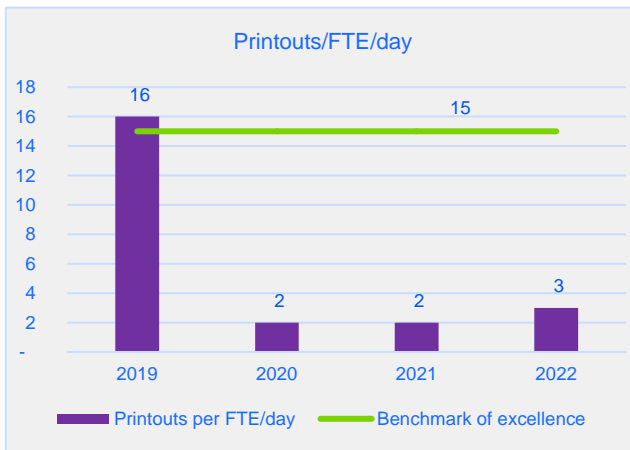
Actions undertaken	Next steps
Communication to teams on building's performance and equipment and of best practices to limit the energy consumption of IT devices.	Maintain "Energy sobriety" measures.
Work with the building owner and the BMS provider in order to have regular reports on private consumptions.	Continue to purchase 100% renewable electricity covered by Guarantees of Origin.
Restore the nominal operation of air, heat and cooling distribution once the sanitary crisis finished.	Ensure to consider energy consumption when preparing purchases.

Implement measures for the use of dishwashers on the kitchenettes.	
Implement “Energy sobriety plan” measures such as: Heating turned off during weekends in all floors, and after 18.00 on weekdays for the meeting room floors; Hot water in the kitchenettes switched off; Reduction of light intensity and hourly programming.	

9.3. Paper

9.3.1. Performance

Objective: Maintain paper use below the benchmark of excellence of 15 (printouts/day/FTE).



The performance is measured based on the number of printouts per full-time equivalent (FTE) per day.

The slight increase in paper consumption is explained by a higher presence in the offices after the ‘return to the office’ was established. Nevertheless, the data is far below the defined objective.

100 % of the paper used in ESMA’s offices is ecolabelled paper.

9.3.2. Actions

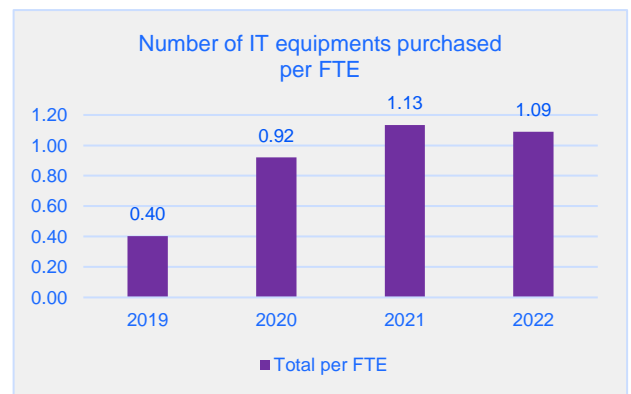
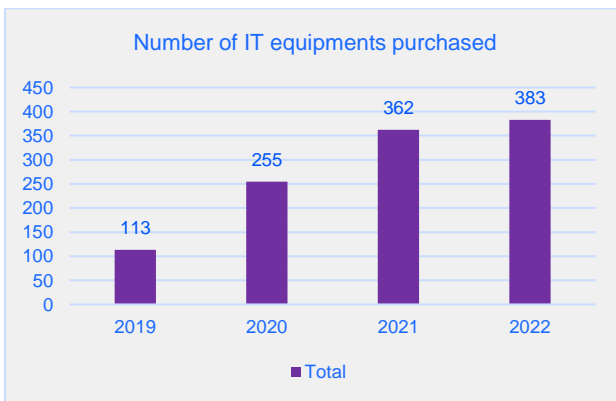
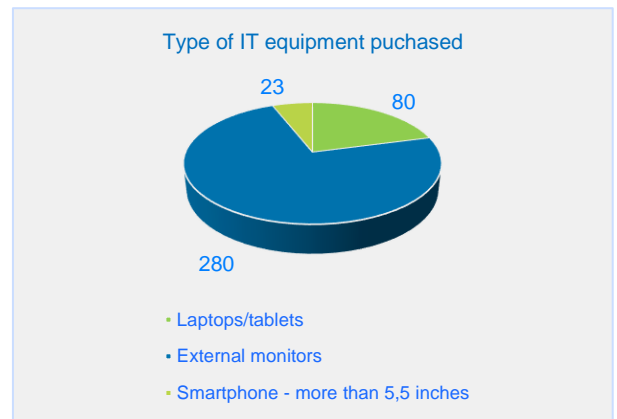
Actions undertaken	Next steps
Workstations are configured by default to print in black and white and double-sided. Staff is invited not to change this as much as possible.	Maintain the purchase 100% of eco-labelled paper.
Improvement of the paperless platform, allowing for digitalisation of more e-workflows and implementation of EU Sign for Chair, Executive Director and Heads of Department.	Continue the improvement of the paperless platform.

Share best practices such as digital press subscriptions (reducing waste as well), setting up an internal library that lists all the (paper) books available in the organisation.	Review the reference value of the objective once the tendency is established.
Regularly monitor the printout to be able to communicate if the “good habits” taken during the pandemic are kept.	
Purchase 100% of eco-labelled paper.	

9.4. IT equipment and systems

One of the important assets contributing to the environmental performance of an office are the IT equipment and systems. Going digital and adding hybrid modes of teleworking mean an increasing use of portable devices. Along the year three different types of devices were purchased: laptops, tablets, screens, and smartphones.

Though a slight increase of devices is observed, this is also a result of an increase at the agency’s personnel.



9.4.1. Actions

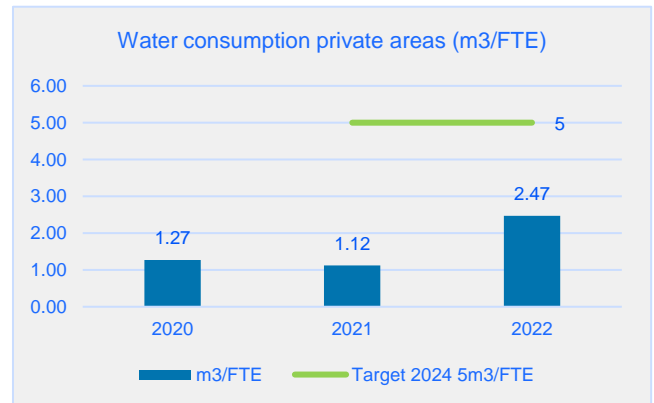
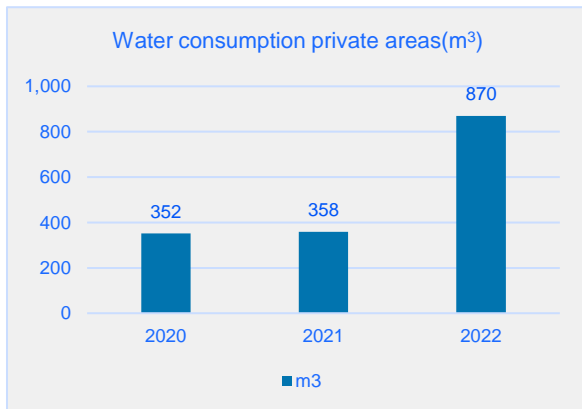
Actions undertaken	Next steps
All screens are set on stand-by and deep stand-by mode; Computers are on deep stand-by mode;	On-going project to implement virtual desktops for off-site consultants. This technology requires less power from equipment and will reduce energy consumption and purchase of equipment;
Desk phones have been replaced with the Microsoft Teams application;	Assess feasibility to re-use IT equipment: looking for a social economy organization like Oxfam which is already working with the European Commission to re-use equipment that does not fit ESMA's needs anymore and help recycle it;
Lifetime of IT devices is not linked to the accounting depreciation time (4 years). In case of technical issues, laptops are configured and/or updated to be provided to another user. A technical check is regularly performed to assess whether the device models are still able to support ESMA's IT systems;	Add a new indicator to monitor the life cycle of IT equipment.
Induction sessions for newcomers include information on environmental impacts of IT equipment;	
Purchased laptops are eco-labelled EPEAT (Electronic Product Environmental Assessment Tool) silver (dependent on a framework contract of the European Commission);	
IT equipment is systematically recycled;	
Training on Green Public Procurement for IT equipment is provided to IT staff; and	
Training on sustainable IT (by the European Environment Agency (EEA) and the Communications Technologies Advisory Committee sub-network (ICTAC)) was provided to colleagues in IT staff and shared internally on the wiki.	

9.5. Water

9.5.1. Performance

Objective: Reduce water consumption below the benchmark of excellence to less than 5m³/FTE per year.

It has been decided to keep reporting on the KPI table as usual on the entire private and shared areas and to define the objective under ESMA's direct influence and control, therefore the objective on water consumption is solely related to ESMA's private areas. Besides, the graphics for water are not showing data for 2019, since we found that the figures, we have received were not accurate enough. This was due to the move to new premises in November 2019 when the landlord didn't have figures because of inoccupancy for 10 months.



9.5.2. Actions

Actions undertaken	Next steps
Move to a more performing building where all equipment is low-flow and the distribution network is equipped with auto-shut off valves that prevent any leak.	Define best practices on water consumption for the different sources as well as developing communication/awareness raising sessions: sanitary facilities, cleaning, watering plants, etc.
Work with the building manager and the building management system provider in order to have regular reports on consumptions and monitor them to be able to compare them to the current activity and set reasonable targets.	

The cleaning company uses almost exclusively “dry” cleaning techniques, with only minimal use of water.	
Some best practices for staff regarding the use of dishwashers and awareness on water consumption.	

9.6. Waste

9.6.1. Performance

Objectives:

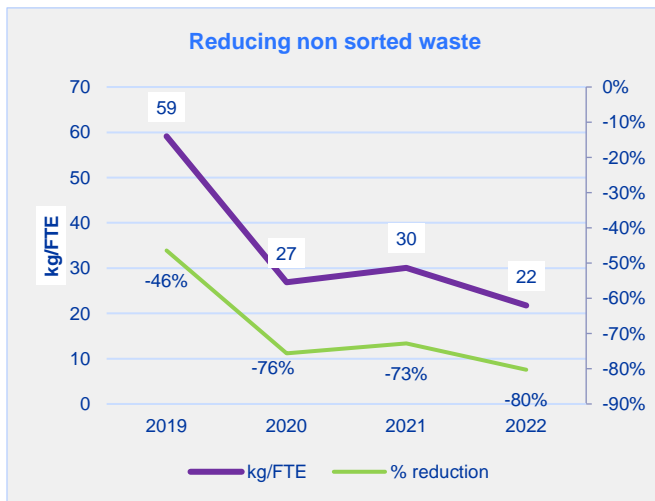
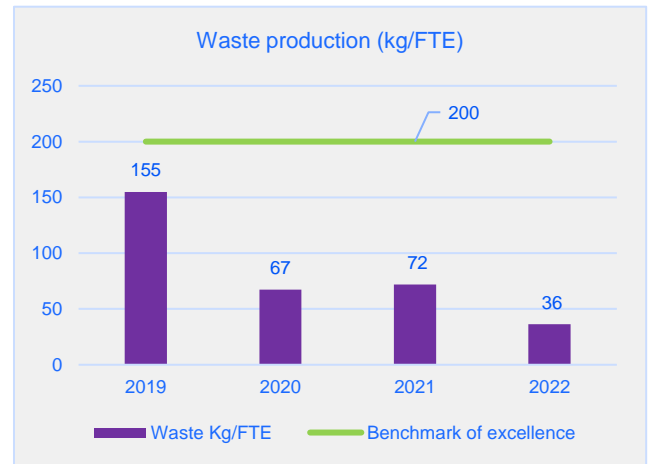
Less than 200 kg/FTE/year

Reach a 65% recycling rate for our waste by 2024

In IBOX, there are 2 ways to manage waste:

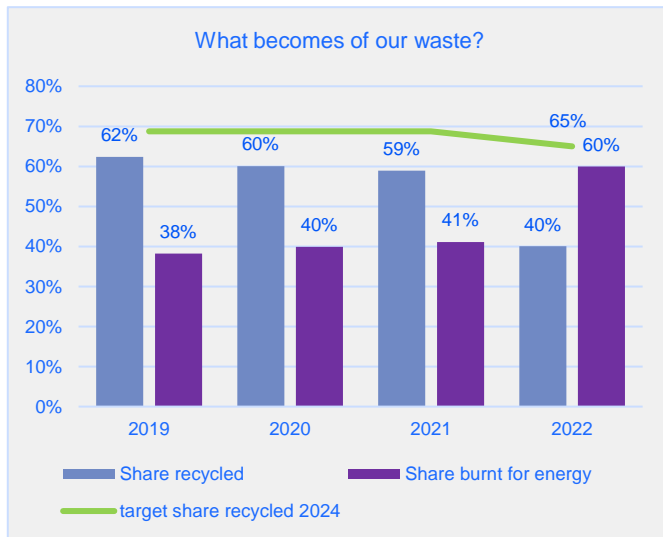
“Classical” waste: paper, cardboard, plastic packaging, metal... and general waste, are managed by the building, through their own contract. Therefore, ESMA has limited influence in the management of waste in the building. Associated volumes (in kg) are attributed to ESMA through its share of rented surface. There is no individual weighting so far, however, the provider guarantees that 100% of the waste goes to recovery streams, by recycling or burning for energy recovery; and

Specific waste, such as confidential paper, batteries, WEEE, that is managed through ESMA’s own contract, where there is more leverage.



Waste quantities constantly decreased since ESMA started implementing its EMS and have always been below the SRD benchmark. The high level of waste produced in 2019 was due to the organization's relocation to new offices and the subsequent disposal of old furniture and stored items. The significant decrease on waste generation noted during 2020 and 2021 (Covid-19 situation) maintained this trend in 2022, having produced around 50% of the waste per FTE.

The reduction in waste management from 2021 to 2022 is a direct result of the implementation of a new waste management contract. Furthermore, the usual number of presences in the office has remained unchanged as telework is still in place. In parallel, ESMA's efforts to offer more segregation options, allowed the organisation to reduce by 80% its share of non-sorted waste in 2022.



While ESMA is aligned with the SRD benchmark of excellence as none of its waste is sent to landfill, the recycled share of waste decreased by 19% compared to 2021. This could respond to a decrease on use of recyclable waste (such as paper or plastic cups for coffee) and as a result, a decrease on the ratio of recyclable waste.

9.6.2. Actions undertaken

Actions undertaken	Next steps
On ESMA's floors, implementation of new sorting options aligned with the building rules, and associated communication with teams to explain the best practices of waste sorting.	Analyse data and develop ways to prevent ESMA's waste production.
Exchanges with the cleaning company to ensure understanding and respect of the waste streams established by the building and get feedback on potential issues encountered.	Asses with landlord/waste management company the share of recycled waste.
Provide specific rules for usual and specific waste (e.g., cardboard cups, take-away boxes from the canteen).	Develop awareness sessions with the waste management company on waste sorting.

9.7. Travels

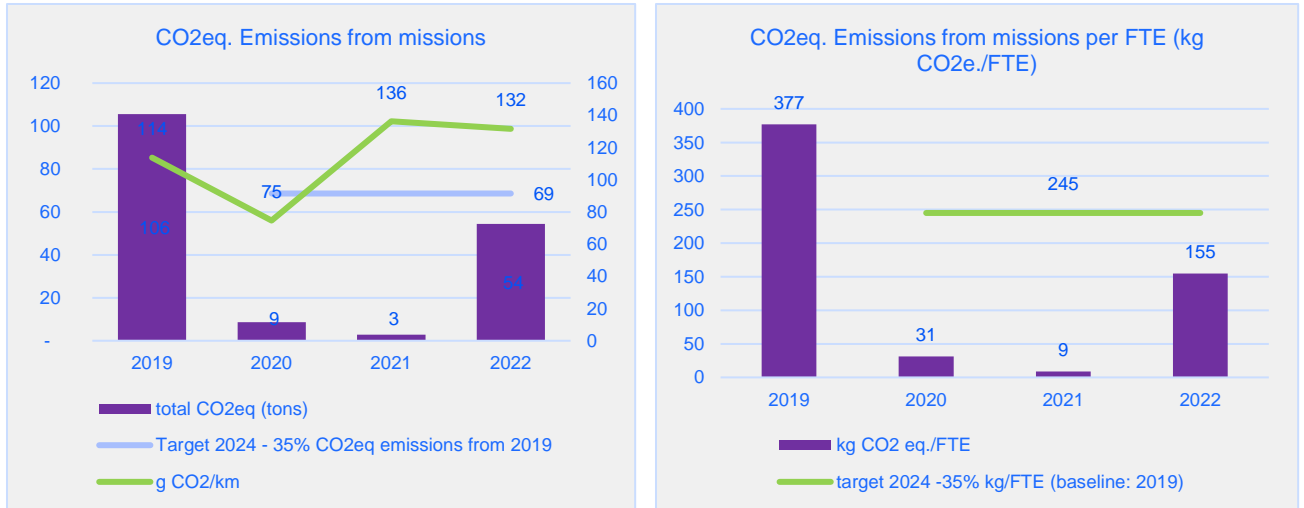
9.7.1. Performance

Objectives:

Reduce GHG emissions due to travel by 35%/FTE, compared to 2019

Monitoring the visitors' impact

Maintain a carbon intensity of our trips under 115g/km

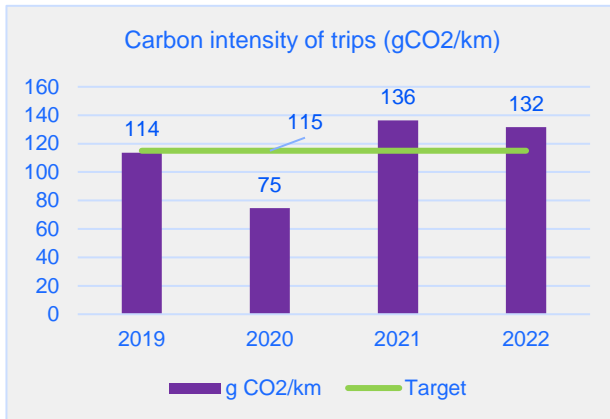


2020 and 2021 were exceptional years and proved that ESMA could deliver on its mandate without travelling as much as previously. In 2022 the organization went back to normal activity, and good practices remained thanks to the increased use and acceptability of online meetings. As a result, criteria to consider core business needs and the possibility for the meetings to be carried out remotely have been implemented.

Comparing to 2019, the base year, 52 tons Co2 eq. less were emitted from travel missions in 2022, i.e. 49% less. This percentage rises to 59% if we compare the kg of CO2 per FTE.

Both the kms travelled by air and by train were reduced around 40% from 2019. No travels by car were made during the year.

In November 2022 a visitor's management tool was introduced allowing ESMA to monitor the impact of visitors. ESMA does not have a direct influence on visitors but will focus on raising awareness and sharing good practices and green incentives for missions and events hosted with guests and staff.



The value of carbon intensity of trips, gives information about the relation of missions by train and plane, as the emissions by plane are higher than for rail. In 2022, the carbon intensity went above the target set in 2019, even though the distances dropped significantly, and the travel emissions were significantly lower. This is explained by the increase of travels by plane. The main reasons were the change in ESMA's organizational structure with its new

mandates and the full consolidation of the CCP directorate with specific tasks on third country entities to enhance supervisory convergence and ensure a resilient CCP landscape. This has resulted in more international travels, needed to be covered by air. In addition, many of the missions replaced by online meetings have been the ones usually covered by train.

9.7.2. Actions

Actions undertaken	Next steps
Monitoring with the travel agency in order to get accurate data.	Raise awareness to staff (best choice between going on mission or hosting an event) and share good practices and green incentives with guests.
Promote online meetings.	Identify further opportunities to reduce travel and event-related emissions.
To monitor the emissions generated by visitors to ESMA facilities by 2023, in November 2022 a guest management tool (Proxyclick) was implemented.	ESMA will continue monitoring the visitor's impact .
Procedure on sustainable missions approved in 2022 applicable as of January 2023.	
Mission checklist to be filled by staff and attached under Mission request in the mission management tool.	

9.8. Air emissions, including GHG

9.8.1. Performance

Objective: Reduce for 2024 GHG emissions by 21%/FTE compared to 2019:

GHG emissions are evaluated under the following scope and within the following methodology and assumptions:

Scope	Origin of data
Energy consumption	<p>Includes indirect GHG emissions for electricity, heat network and cooling network.</p> <p>Calculated from the electricity supplier's report on annual consumption based on bills.</p> <p>Consumption of shared spaces is reported by the building owner and is calculated based on ESMA's share of the rented space.</p>
Inputs	<p>Includes: paper and food (including catering for meetings and the canteen for ESMA's staff) and water.</p> <p>The consumption of paper is calculated from the data collected through the report of printers and considering default paper size and weight.</p> <p>The consumption of food is calculated from the monthly report of total meals on the canteen and the bills from the catering company for meetings.</p> <p>The consumption of water is reported by the building owner and is calculated based on ESMA's share of the rented space.</p>
Waste	<p>The share of waste managed directly by ESMA's contract is provided monthly by the waste contractor.</p> <p>For the waste share managed directly through the building, data are provided quarterly by building manager and is calculated based on ESMA's share of the rented space.</p>

Mobility for missions

Travel agency reports for distances, means of transport, number of trips and for the CO₂ calculated for each travel.

IT equipment

Accounting, from assets database and delivery notes for external monitors.

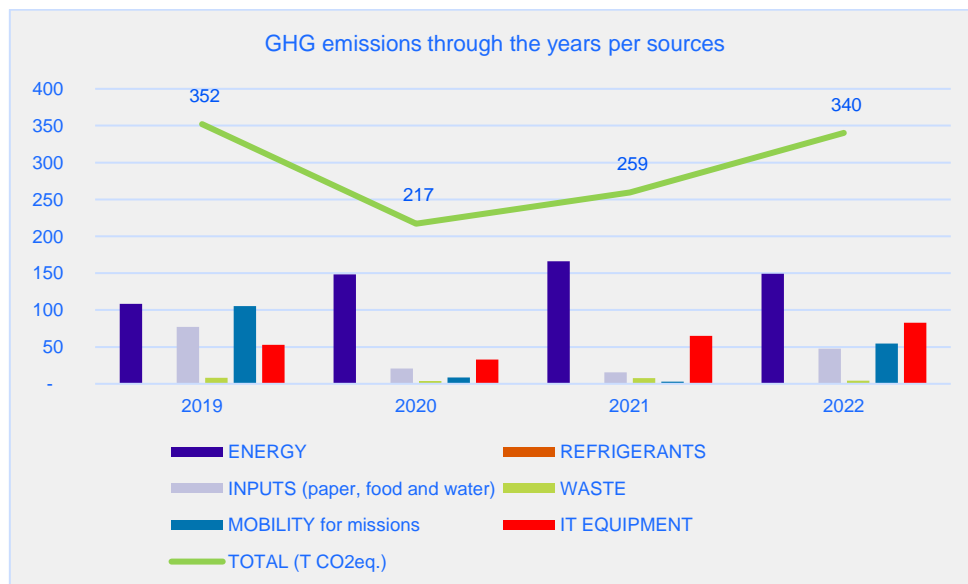
Services

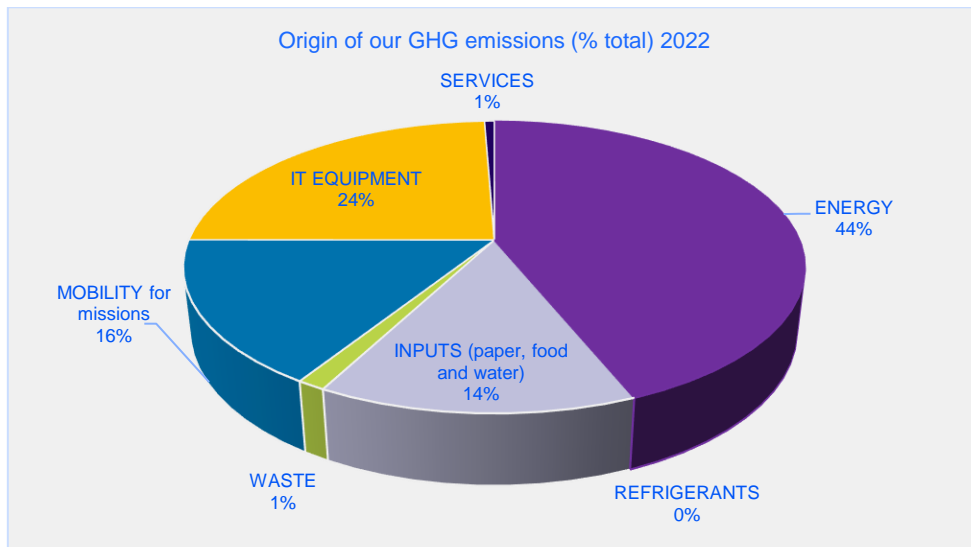
Renting of the printer/copier as a service, including the printer services, leasing rental and installation or reparation, calculated in reference to the bills.

ESMA uses recognized standards for estimating emissions. ESMA's GHG emissions are determined using emissions factors sourced from Base Carbone, which is managed by ADEME (Agence de la Transition Écologique). This source provides standardized emission factors for various activities and sectors.

In the case of missions, data on kilometres travelled, modes of transport and emissions produced are reported directly from the travel agency. In order to determine emissions associated with travel, the agency provides data for emissions factors sourced from the UK's Department for Business, Energy & Industrial Strategy (BEIS), formerly known as the Department for Environment, Food and Rural Affairs (Defra). These factors serve as a reliable reference for calculating emissions.

Emissions progress per source is reported below:





Energy remains the highest contributor of GHG emissions up to date, with a 44% of the total GHG emissions.

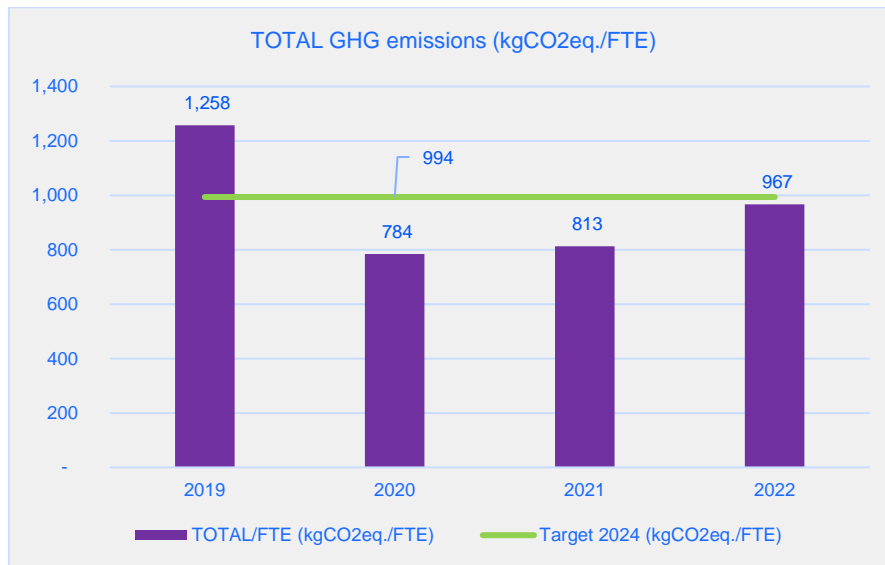
IT equipment is an important source of impact considering that emissions are considered for the year of purchase.

Inputs: mostly associated with food (including both the canteen and catering for meetings). There is room for improvement working with the caterer/canteen as well as raising awareness to staff on water and food consumption options.

Missions: As detailed in section 9.7, travels due to missions have been significantly decreased due to mobility measures. This have made the mobility to go from being a 30% of GHG emissions in 2019 to a 16% in 2022.

Waste and services remain a small contributor to ESMA's GHG emissions.

As regards to the objective for 2024, reducing GHG emissions by 21%/FTE compared to 2019, the trend is consistent, having achieved a reduction of 23% by the year 2022.



9.8.2. Actions

As a transversal aspect, the measures to tackle GHG emissions have already been included in sections 9.2 to 9.7. It may be important to highlight:

Actions undertaken	Next steps
Promote online meetings.	Further down the road, assess other extensions of scope 3: other key services (maintenance), IT services, such as data storage and processing.
Procedure on sustainable missions.	
Reduction of light intensity and hourly programming.	

9.9. Procurement

9.9.1. Performance

Objective: Maintain a growing share of Green procurement

To prevent environmental impacts, it is important to green ESMA's procurement to make the best choices.

To assess progress, all greening criteria of ESMA's tenders were considered (except for digitalisation of the procurement process itself), whether they were on the core criteria or in

secondary features, not limited to existing Green Public Procurement (GPP) criteria developed by the European Commission.

ESMA's procurement is led by the organisation's needs, and sometimes there are no relevant or sufficiently robust environmental criteria that can be integrated into ESMA's procedures.

9.9.2. Actions undertaken

Actions undertaken	Next steps
Track performance on the way ESMA greens its procurement;	Extend green procurement training to project managers;
Train all the procurement officers to GPP. Customise the training to ESMA's needs;	Assess the feasibility of reuse / recycled old or unused IT equipment by social economy enterprises.
Register to the GPP news alert of the European Commission; and	
Creation of a Wiki page dedicated to Green Public Procurement.	

9.10. Core business

9.10.1. Context

The European Union is one of the parties that adopted the Paris Agreement on climate change and the UN 2030 Agenda for Sustainable Development in 2015. Under these international commitments and the European Green Deal, sustainable finance has a key role to play in our transition to a more sustainable economy.

To this end, the European Commission (EC) has been developing a comprehensive policy agenda on sustainable finance. In 2018, it published its action plan on financing sustainable growth with the aim to reorient private capital to more sustainable investments, integrate sustainability into risk management and foster transparency and long-termism. This started a period of intense regulatory work to which ESMA has contributed within its remit, by providing technical advice and drafting level two legislation as requested. EC initiatives have continued to reinforce and expand on the 2018 Action Plan. In 2021, the EC published its Strategy on sustainable finance, followed by other measures like the "Fit-for-55" package in July 2021.

In the markets, it can be observed that the demand for sustainability products has not decreased, on the contrary, investor preferences are still shifting towards financial products

that incorporate ESG factors or that aim to have a positive impact on the environment and or society.

ESMA has a key role in supporting this transition and the EC's objectives, as outlined in the ESMA Strategy 2023-2028. In 2019, ESMA's founding Regulation was revised granting it additional responsibilities and tasks in relation to sustainable finance. In line with its mandate, sustainable finance has become part of ESMA's Annual Work Programmes since 2020, both as a cross-cutting theme and through specific implementation objectives within sectoral areas. While the potential effect of its work on the environment remains indirect, ESMA considers it is relevant in the context of its EMS.

In order to drive the deeper integration of ESG factors into ESMA's activities and monitor the delivery of ESMA's implementation priorities in the field of sustainable finance, ESMA upgraded its Coordination Network on Sustainability (CNS) into a Sustainability Standing Committee (SSC) at end 2022 which is composed of experts from NCAs and supported by ESMA's staff. The SSC provides advice to ESMA's sectorial Standing Committees on sustainable finance matters and provides NCAs with a forum to discuss cross-cutting issues and initiatives. It develops ESMA's views on cross-cutting issues and may point to areas requiring additional research.

In order to keep up with the fast-evolving regulatory framework and new market trends, ESMA published its Sustainable Finance Roadmap in February 2022.

The Roadmap set out ESMA's deliverables on sustainable finance and how they will be implemented over the period 2022-2024 and identifies three priorities: a) promoting transparency and tackling greenwashing, b) building NCA's and ESMA's capacity and c) monitoring, assessing and analysing ESG markets and risks.

As part of the Roadmap, ESMA established a Consultative Working Group (CWG), during the summer 2022, composed of various stakeholders and technical experts in sustainable finance. The CWG has provided technical input into various areas of ESMA's work on sustainable finance.

Additionally in September, ESMA identified for 2023 and beyond as a new Union Supervisory Strategic Priority (USSP) ESG Disclosures, concretely, to take active steps to enhance transparency and comprehensibility of ESG disclosures, with the view to protect investors and support the development of a credible ESG market. The identification of this USSP has as main purpose to ensure that all NCAs simultaneously integrate and implement the agreed priority in their work programmes including for concrete supervisory actions coordinated by ESMA.

9.10.2. Actions undertaken

In 2022, ESMA maintained its focus on sustainable finance by pursuing the incorporation of ESG factors across whole the range of its activities. The financial sector plays a key role in supporting the European Green Deal's aim of turning the EU into a more sustainable economy, and ESMA acknowledges its role in promoting transparency in the markets which will revert in the benefit of investors that will have better information when making investments decisions. ESMA continued to actively contribute to the development of the sustainable finance rulebook and to its consistent application and supervision as well as to engage in risk assessment and market monitoring focusing on potential financial stability risks stemming from ESG factors and investor protection.

In line with its cross-cutting objectives in the field of sustainable finance, ESMA has worked on transversal deliverables during 2022:

- Work on greenwashing. In May, the European Commission requested each of the ESAs, individually but in a coordinated manner, to provide their respective input by means of a progress and a final report on several aspects related to greenwashing and its related risks as well as the implementation, supervision and enforcement of sustainable finance policies aimed at preventing greenwashing.
- In preparation for the reports, ESMA, together with the other ESAs, published a Call for Evidence on greenwashing in November 2022 to seek input for relevant stakeholders that will be analysed by the ESAs and considered in their interim and final reports.
- In the international arena, ESMA has greatly contributed to the work done by the IOSCO Sustainability Task Force as co-chair of the carbon markets workstream.
- During COP27, in November, two consultation reports were published; the first one contained recommendations for establishing sound compliance carbon markets, aiming to build upon lessons learnt from existing compliance markets; the second one was seeking feedback on considerations for enhancing the resilience and integrity of voluntary carbon markets.
- To contribute to one of the three pillars of ESMA SF Roadmap, building capacities in ESMA and NCAs, ESMA adopted an ambitious Training Plan at the end of 2022 with the aim to achieve a high degree of expertise and knowledge among its relevant staff and that of NCAs.

Beyond cross-cutting objectives, ESMA also produced several key sectoral deliverables related to sustainable finance, in particular:

- In the area of investment management, ESMA published a supervisory briefing on sustainability risks and disclosures that contains several recommendations to achieve

greater convergence at EU level on supervisory practices. The briefing focuses on disclosures in fund documentation and marketing material and proposes additional supervisory actions for the ongoing supervision such as thematic reviews and portfolio analysis. This common approach should serve to increase comparability of disclosures for investors and to combat the practice of greenwashing.

- ESMA also published updated Guidelines on MiFID II suitability requirements. The Guidelines give specific advice on the information that needs to be provided to clients on the sustainability preferences, the way to collect information from clients on such preferences, on their assessment, and finally on the corresponding organisational requirements firms need to adopt.
- ESMA launched a consultation in November 2022 seeking to collect the views of stakeholders on a proposal for the use of ESG or sustainability-related terms in funds' names. The objective is to ensure that investors are protected against unsubstantiated or exaggerated sustainability claims through fund names while providing both NCAs and asset managers with clear and measurable criteria to assess names of funds including ESG or sustainability-related terms.
- In the context of assessing market trends, risks and vulnerabilities, ESMA published an article in February tracking stock of the implementation of the Guidelines on the disclosure of ESG factors in credit rating agency (CRA) press releases. ESMA found that the overall level of disclosures has increased since the introduction of the Guidelines, but that a high level of divergence across CRAs means there is still room for further improvement especially around the extent of discussion of environmental factors in press releases. In addition, in the interest of transparency, it would be beneficial to enable investors to make informed decisions to have some explanation as to why ESG factors are considered to be immaterial, especially for rated entities that are highly exposed to ESG factors, relative to their sector peers.
- A study on the reasons on lower costs in ESG funds was also published in May. The document pointed out that ESG equity UCITS, excluding exchange-traded funds, were generally cheaper and better performers.
- Regarding ESG rating providers, ESMA sent a letter to the European Commission in which it summarized the findings from a call for evidence on the EU market structure for ESG rating providers. The market is dominated by a few large non-EU providers and many smaller EU entities. Respondents reported shortcomings in their interactions with providers, including transparency, feedback timing, and error correction.
- In the corporate reporting realm, two important initiatives to achieve a unique reporting framework on sustainability information have been launched. ESMA has contributed to both of them:

- During the summer, ESMA published its response to the consultation launched by the International Sustainability Standards Board (ISSB) on their first Exposure Drafts. In its answer, ESMA expressed its support to the publication of internationally accepted high-quality sustainability reporting standards that constitute a common global baseline and underlined the need for the standards to be interoperable with the future European ones as well as the need to consider a double materiality approach.
- In September, ESMA responded to the European Financial Reporting Advisory Group's (EFRAG) public consultation on the first set of draft European Sustainability Reporting Standards (ESRS). In its response ESMA highlighted its support for a strong materiality assessment while expressing its concern with the suggested 'rebuttable presumption' approach
- With respect to the EU Carbon Market, in March, ESMA published a Report on the European market for carbon emission quotas, in which it put forward a number of policy recommendations to improve market transparency and monitoring. In particular, the report proposed to extend position management controls to EUA derivatives; amend EUA position reporting; track chain of transactions in MiFIR regulatory reports; and provide ESMA with access to primary market transactions. These measures would provide more information to market participants, regulators and the public and are intended to contribute to the continued smooth functioning of the market, which plays an important role for the EU's transition to a low-carbon economy. As a follow-up, ESMA published, in July an opinion clarifying how third-country counterparty entities should be classified in weekly positions reports on commodity derivatives and emission allowances derivatives under MiFID II.

9.10.3. Next steps

The activities planned for 2023 and beyond will be driven by the ESMA Roadmap to underpin the three priorities for ESMA's sustainable finance activities in the period from 2022 to 2024: Tackling greenwashing and promoting transparency; Building NCAs' and ESMA's capacities; Monitoring, assessing, and analysing ESG markets and risks.

In this vein, the SSC will focus its efforts on the delivery of a Progress Report on Greenwashing and the preparation of the Final one in 2024: as well as in delivering an ambitious training programme and implementing a Knowledge Hub.

Concerning the monitoring of ESG markets trends and risk analysis, environmental risks will be integrated into the stress testing framework and work on climate change scenario analysis will be carried out. A Greenwashing Scoreboard will be developed, and it will constitute a critical tool to help NCAs in their supervision of greenwashing.

In connection also with the Roadmap and the work on greenwashing, the new Union-wide Strategic Supervisory Priority on ESG Disclosures will help articulate the main outcomes and outputs that ESMA should deliver in the coming months in relation to the publication of sustainability information and its supervision. Some of these tasks are as follows,

- Guidelines on enforcement of sustainability information.
- Call for Evidence on suitability preferences to gather information on industry and investor challenges following the publication of the updated MiFID II Guidelines on suitability requirements.
- Update of the Guidelines on product governance requirements to integrate sustainability factors.
- Joint Committee draft RTS on the content, methodologies, and presentation of the sustainability indicators in relation to adverse impacts on ESG securitization products.
- Reports on Shareholders Rights Directive: a) on proxy advisors, and b) on shareholder identification, communication, and voting.

All the above tasks, as well as other that will commence in 2023 and will continue in the years to come, will help to maintain investors' confidence in ESG investments by promoting high quality sustainability disclosures and hence reduce the risk of greenwashing. Enabling sustainable finance is one of the key drivers embedded in ESMA Strategy 2023-2028, therefore future tasks in this domain should contribute to the effectiveness and integrity of ESG markets, to a workable regulatory framework that allows an effective and consistent supervision and that promotes the participation and protection of retail investors by facilitating transparency in ESG markets.

9.11. Other environmental impacts

ESMA does not measure its impact, direct or indirect, on the air other than GHG emissions.

ESMA has no refrigerant nor vehicle fleet, it uses the chilled and hot water from the city network, therefore there are no direct emissions to the air.

ESMA's impact on biodiversity is not measured as ESMA is only operating from a few floors, in a building where the green spaces are managed as per landlord HQE certification.

ESMA's impact on biodiversity is not measured as ESMA is only operating from a few floors, in a building in central Paris.

10. Legal Requirements

As a tenant, and given the equipment it uses, ESMA does not need any specific environmental permit, according to the EU or French regulations⁷.

The applicable environmental requirements to ESMA's daily operations – such as waste management, chemicals management, mobility planning, GHG reporting... - come from French regulations, which derive, in the vast majority, from European directives or regulations.

ESMA receives support from a third party to be regularly updated on recent changes, in order to adapt ESMA's procedures and ensure ongoing compliance. All relevant environmental requirements are therefore integrated in ESMA's on-line legal compliance register, which provides for:

- annual legal compliance audit by an external provider; and
- monthly flash update on any new regulation.

ESMA's internal checks as well contribute to the daily monitoring of applicable legal obligations.

Should actions be needed to correct or prevent non-compliance, they are integrated in the Environmental Action Plan, and followed through until completion.

ESMA complies with the requirements of applicable environmental legislation.

Given the importance of the building's performance in ESMA's current and future impacts on the environment, lease requests, especially its "*annexe environnementale*" are considered binding.

⁷ Legislation on installations classified for the protection of the environment - installations classées pour la protection de l'environnement ICPE