EUROPEAN
RENTAL
ASSOCIATION

SUSTAINABILITY KPIs 2.0

EU Legislation

To assist rental companies in responding to key pieces of EU legislation, the Non-Financial Reporting Directive (NFRD), Corporate Sustainability Reporting Directive (CSRD) and the EU Sustainable Finance Disclosure Regulation (SFDR), each of the KPIs outlined in this guidance framework can be linked to the requirements of each piece of legislation.

Different indicators may be linked to multiple SDGs but the tables below have indicated the main relevant section of the NFRD for each indicator.

**At the date of production of this guide, detailed guidance on how to report against the NFRD was unavailable. The guide therefore indicates the relevant company sustainability KPIs for each element of NFRD reporting.*

The key areas covered by the NFRD include:

- Environmental matters
- Social matters and treatment of employees
- Respect for human rights
- Anti-corruption and bribery
- Diversity on company boards (in terms of age, gender, educational and professional background)

NON-FINANCIAL REPORTING DIRECTIVE (NFRD) AND CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD) KPI ALIGNMENT

People	NFRD/CSRD reporting
1. Employee engagement / satisfaction	NFRD - Social matters and treatment of employees
2. Employee voluntary turnover	
3. % of workforce women	
4. % managers women	
5. Sick leave	
6. % of employees permanently employed	
7. Number of nationalities employed	
8. % of employees under 25	
9. % of employees over 50	
10. Gender pay gap	
11. Disability / disadvantaged employment %	
12. Time given to employees for volunteering	
13. Legal proceedings on human rights	

People	NFRD/CSRD reporting
4. % of board members women	Diversity on company boards
7. Number of nationalities employed (on board)	
10. Gender pay gap (on board)	
11. Disability employment % (on board)	

Environment	NFRD/CSRD reporting
1. Electric powered/low emission units in fleet	Environmental matters
2. Reduction in carbon emissions	
3. Reduction in waste	
4. Number of branches ISO 14001 certified	
5. Water consumption per € unit turnover	
6. Third party rating	
7. Legal proceedings – environment	
8. Environmental incident / near miss	

Supply chain	NFRD/CSRD reporting
1. % of suppliers signing up to sustainable supply chain Code of Conduct	Supplier responsibility for all aspects of NFRD/CSRD
2. % of suppliers assessed on CSR	

Anti-Corruption and Bribery	NFRD/CSRD reporting
1. % of employees signing the business code of conduct	Anti-Corruption and Bribery
2. % employees receiving business ethics/ CoC training annually	
3. Violations of corruption or bribery	

Circularity	NFRD/CSRD reporting
1. % of equipment recycled by unit	Environmental matters
2. % of waste recycled by weight	

EU SUSTAINABLE FINANCE DISCLOSURE REGULATION

The Sustainable Finance Disclosure Regulation is applicable to larger rental companies in their reporting to external finance providers.

The following table details the key areas of reporting for the SFDR:

Environmental Indicators	Social Indicators
➢ Total GHG Emissions inc. Scopes 1,2&3 ➢ Carbon Footprint ➢ GHG intensity of investee companies ➢ Share of investments in companies active in the fossil fuel sector ➢ Share of non-renewable energy consumption and non-renewable energy production of investee companies ➢ Energy consumption of revenue of investee companies ➢ Share of investments in investee companies with sites or operations location in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas ➢ Tonnes of emissions to water generated by investee companies ➢ Tonnes of hazardous waste generated by investee companies	➢ Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises ➢ Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD guidelines for Multinational Enterprises or grievance/complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises ➢ Average unadjusted gender pay gap of investee companies ➢ Share of investments in investee companies involved in the manufacture or selling of controversial weapons

The key KPI areas of relevance to a rental company are carbon measurement and the gender pay gap.

The gender pay gap reporting is covered by the relevant ERA people KPI as follows:

People	SFDR
10. Gender pay gap	Average, unadjusted gender pay gap

The main area of carbon measurement is covered by the environmental KPIs as follows. It also worth pointing out if the rental company produces hazardous waste this should also be reported as also detailed in the environmental KPIs section of this report.

Environment	SFDR
2. Reduction in carbon emissions	• Total GHG emissions by scope 1,2 and 3 • Carbon footprint • GHG intensity • Share of non-renewable energy consumption • Energy consumption of revenue
3. Reduction in waste	• Emissions to water • Tonnes of hazardous waste

However, the carbon reporting in NFRD has specific KPI and reporting requirements that rental companies should report against. The following extract provides guidance and worked examples provided in "EU Guidelines on non-financial reporting: Supplement on reporting climate-related information (2019/C 209/01)".

Key Perfomance Indicators

According to the Non-Financial Reporting Directive, companies should disclose key performance indicators relevant to their particular business. They should consider using indicators to support their other climate-related disclosures, such as those related to outcomes or principal risks and their management, and to allow for aggregation and comparability across companies and jurisdictions.

Indicators should be integrated with other disclosures to support and explain the narrative. However, it is also considered good practice to publish an additional table that presents all indicators in one place.

Companies should disclose indicators and targets used by the company to assess climate-related risks and opportunities in line with their strategy and risk management processes.

The robustness and reliability of data is key to be able to use the information in decision-making processes. Where not apparent, companies should provide a description of and any changes in the methodologies used to calculate or estimate the indicators.

GHG Emissions

This section contains four different indicators on GHG emissions: direct GHG emissions; indirect GHG emissions from the generation of acquired and consumed electricity, steam, heat, or cooling; all other indirect GHG emissions that occur in the value chain of the reporting company; and GHG absolute emissions target. Companies that decide to use any or all of these indicators should:

- Calculate their GHG emissions in line with the GHG Protocol methodology or the ISO 14064-1:2018 standard and, where appropriate, with the Commission Recommendation 179/2013 for common methods on measuring GHG performance following a lifecycle approach (Organisation Environmental Footprint and Product Environmental Footprint). This will allow for aggregation and comparability across companies and jurisdictions. For example:

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
Direct GHG emissions from sources owned or controlled by the company (Scope 1)	Metric tons CO_2e[22]	270 900 tCO_2e	This KPI ensures companies are accurately measuring their carbon footprints from direct emissions.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305, CDSB Framework, SASB, EMAS	EU emissions trading system (ETS) 2030 climate & energy framework

- Indicate the third-party verification/assurance status that applies to their reported scope 1, scope 2 and scope 3 GHG emissions.
- Companies should disclose 100 % of their Scope 1 GHG emissions. This will help to improve the quality of other companies' GHG emissions reporting. If a company cannot collect reliable data for a proportion of its Scope 1 GHG emissions, it should make a reasonable estimate for that proportion in order to arrive at a figure for 100%. In that case, the company should also disclose (1) the % of emissions for which reliable data have been collected and the % of emissions that have been estimated, (2) the reasons why reliable data could not be collected for a proportion of the emissions and (3) the methodology used to estimate the proportion of emissions for which reliable data could not be collected.

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
Indirect GHG emissions from the generation of acquired and consumed electricity, steam, heat, or cooling (collectively referred to as "electricity") (Scope 2)	Metric tons CO_2e	632 400 tCO_2e	This KPI ensure companies are measuring emissions from purchased or acquired electricity, steam, heat, and cooling.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305, CDSB Framework, EMAS	2030 climate & energy framework

- Companies should, where appropriate, consider disclosing a breakdown of Scope 1 GHG emissions by country or region (including the EU), by business activity, and by subsidiary. e.g. Scope 1 GHG emissions in country/region X 42 260 tCO2e, in country/region Y 54 180 tCO2e.

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
All indirect GHG emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (Scope 3)	Metric tons CO_2e	4 383 000 tCO_2e	For most companies, the majority of emissions occur indirectly from value chain activities. This KPI helps to gauge the thoroughness of companies' accounting processes and to understand how companies are analysing their emissions footprints.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 305, CDSB Framework, EMAS	2030 climate & energy framework

- Scope 3 should account for emissions from activities that occur "downstream" and "upstream" from the company's own operations.
- Companies should not exclude any activity that would compromise the relevance of the reported Scope 3 GHG emissions inventory. The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Annex H of ISO 14064-1:2018 provide criteria for determining relevance. Companies should explain any excluded categories in their Scope 3 GHG emissions disclosure. When SMEs are part of the value chain, companies are encouraged to support them in providing the required information.

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
GHG absolute emissions target	Metric tons CO_2e achieved or % reduction, from base year	20% reduction in absolute emissions, equivalent to a 1 500 000 tCO2e reduction by 2025 from 2018 base year	Target setting provides direction and structure to environmental strategy. This KPI helps to understand companies' commitments to reducing emissions and whether the company has a goal towards which it is harmonising and focusing emissions-related efforts.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 103-2 and 305, CDSB Framework, SASB, EMAS	2030 climate & energy framework

- Companies should describe whether their target(s) relate(s) to their Scope 1, Scope 2 and/or Scope 3 GHG emissions either in full or in part.
- Companies should describe the development of GHG emissions against the targets set (see Section 3.3 Outcomes).
- Companies should consider setting targets for 2025 or 2030 and review them every five years. They may also consider setting a target for 2050 to align with the Paris Agreement.
- Companies should, where appropriate, consider disclosing GHG emissions targets by country or region (including the EU), by business activity, and by subsidiary.
- Companies may consider disclosing an additional intensity target expressed in metric tons CO2e per business metric or % reduction of intensity metric, from base year (e.g. 8% reduction in relative emissions, equivalent to a reduction of 350 tCO2e per EUR 1 million turnover by 2025 from 2018 base year).

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
Total energy consumption and/or production from renewable and non-renewable sources	MWh	292 221 MWh consumed from renewable sources; 1 623 453 MWh consumed from non-renewable sources	Energy consumption and production accounts for an important proportion of GHG emissions.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 302, CDSB Framework, SASB, EMAS	2030 climate & energy framework; Energy Efficiency Directive

- Fuels consumed as feedstock are not combusted for energy purposes and should not be included in calculations for this indicator.
- Include a breakdown of the different sources of renewable energy. Renewable sources of energy are those that can be naturally replenished on a human timescale, such as wind, solar, hydro, geothermal, biomass, etc. This definition excludes all fossil fuels (coal, oil, natural gas) and nuclear fuels. Waste energy should not be included if it is derived from fossil fuels.
- When disclosing non-renewable sources of energy, make a distinction between low carbon sources and other sources of non-renewable energy.

_KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
Energy efficiency target	Percentage	6,5 % improvement by 2025 from 2018 base year for product, output or activity.	This KPI helps data users understand the companies' ambition to use energy more efficiently, which can reduce its energy costs and lower GHG emissions. It provides further background as to how the company aims to achieve its emissions reduction targets.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 103-2 and 302, SASB , EMAS	2030 climate & energy framework; Energy Efficiency Directive

- Companies should describe progress against the energy targets set.

KPI	Unit of Measure	Example	Rationale	Alignment with Other Reporting Frameworks	EU Policy Reference
Renewable energy consumption and/or production target	% increase of the proportion of renewable energy consumed / produced from base year	13% increase of the proportion of renewable energy consumed by 2025 from 2018 base year	This KPI helps data users understand the companies' ambition to produce or consume energy with lower GHG emissions.	TCFD Metrics and Targets, CDP Climate Change Questionnaire, GRI 103-2 and 302, EMAS	2030 climate & energy framework; Renewable Energy Directive

Supply chain	SFDR
1. % of suppliers signing up to sustainable supply chain Code of Conduct	Supplier responsibility for all aspects of SFDR
2. % of suppliers assessed on CSR	

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