



ROADMAP zum CSRD-REPORT

5. CSR KOMM KONGRESS

3. November 2022 – Osnabrück

WORKSHOP-ZIELE



Verständnis
zur CSRD-
Regulatorik
erhöhen

**Weg zum
CSRD-Report**
verstehen

Austausch zu
arbeitsnahen
Beispielen

Welche STAKEHOLDER im Workshop?

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NACHWEISE UNSERER ERFAHRUNG



4



20

Jahre Erfahrung mit ESG & Nachhaltigkeitsberatung



8

Jahre

arbeiten unsere DAX-Kunden ø mit uns zusammen



Mehr als

350

Nachhaltigkeitsberichte



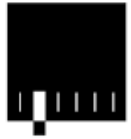
30

Erstberichte vom Mittelstand bis zum DAX-Unternehmen

NACHWEISE UNSERER ERFAHRUNG



5



Econ Award
Unternehmens-
kommunikation

3 Mal Econ Award

3x Platin

für den Nachhaltigkeitsbericht
der Deutschen Telekom
Kategorie Online-Reporting

CRRA

CRRA Award

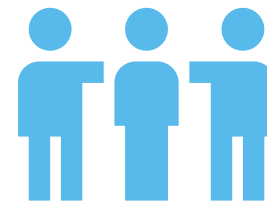
1. Platz

für den ersten Nachhaltigkeits-
bericht von ALDI Nord
Kategorie Erstbericht weltweit

Aktuelles IÖW-Ranking

1. & 3. Platz

für unsere Großkund*innen
Deutsche Telekom & Merck



Mehr als

60

Materiality- & Strategie-
Prozesse für Unternehmen,
Branchen und Verbände

UNSER TEAM

Bei uns arbeiten rund 70 Visionär*innen und Realist*innen, Strateg*innen und Macher*innen, Kreative und Pedant*innen, Kommunikationstalente und Zahlenfreaks. Wir sind Excel-Held*innen, Wortakrobat*innen und Designverliebte. Haben Umwelt-, Politik- oder Wirtschaftswissenschaften studiert, sind gelernte Philosoph*innen, Kommunikationsspezialist*innen oder Soziolog*innen. Was uns verbindet? Die Leidenschaft für das Thema Nachhaltigkeit!



Michael Winter
Gründer & Geschäftsführer



Kai Wuttke
Geschäftsführer



Carolyn Friedrich
Geschäftsführerin



Harald Utler
Geschäftsführer



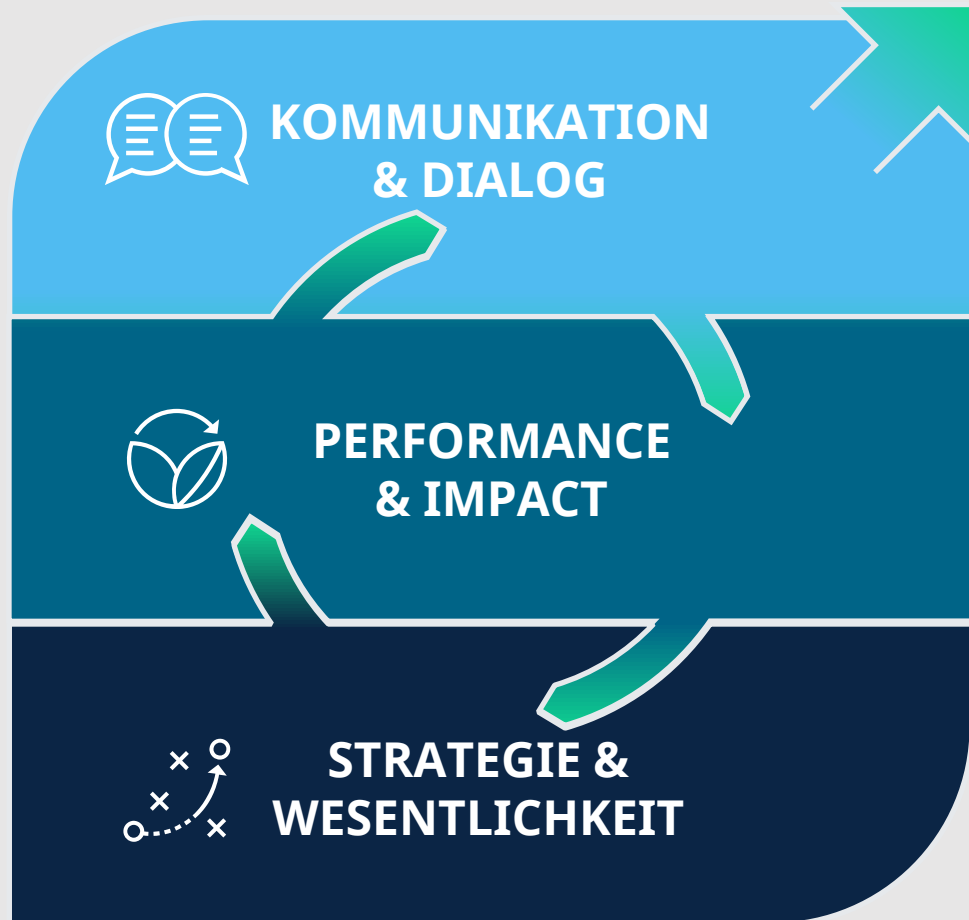
Moritz Skaer
Geschäftsführer



UNSERE EXPERTISE

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BERATUNGSANSATZ



LEISTUNGS- PORTFOLIO

ESG EXPERTISE FELDER



Welche STAKEHOLDER im Workshop?

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AGENDA

RÜCKBLICK & STATUS QUO: ESG LANDSCHAFT

CSRD-Anforderungen: Wer? Wann? Wo? & Was?

CSRD-Roadmap: Wie Berichtsinhalte generieren?

Workshop: Herausforderungen priorisieren

ESG & NACHHALTIGKEIT – ÖFFENTLICHE DEBATTE 2022

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REUTERS

World Business Legal Markets Breakingviews Technology Investigations More

May 31, 2022
6:47 PM GMT+2
Last Updated 3 months ago

Business

German officials raid Deutsche Bank's DWS over 'greenwashing' claims

Reuters

3 minute read

Twitter Facebook LinkedIn

tagesschau

Startseite Nachrichten-Themen Taxonomie

NACHRICHTEN ZUM THEMA
TAXONOMIE

Atomkraft und Gas

Klage gegen Einstufung als klimafreundlich

10.10.2022 – 20:20 Uhr

Österreich klagt gegen die Entscheidung der EU-Kommission, Atomkraft und Gas als klimafreundlich einzustufen. Damit wasche man die Energieträger "durch die Hintertür grün". Luxemburg unterstützt den Schritt.

EU-Entscheidung zu Taxonomie

Grünes Siegel für Atomkraft und Gas?

SPIEGEL Wirtschaft

Abo

Verbraucherschützer verklagen DWS wegen Greenwashing

Verkauft DWS Anlagen als nachhaltig, die es gar nicht sind? Mit diesem schon länger erhobenen Vorwurf gegen Deutschlands größte Fondsgesellschaft zieht die Verbraucherzentrale Baden-Württemberg jetzt vor Gericht.

24.10.2022, 14.34 Uhr

The Economist

Heatwaves: a harbinger
Lessons on inflation from Turkey
Women's sports take off
Software to predict who wins a war
JULY 23RD–29TH 2022

Three letters that won't save the planet

ESG

Fin Bundesanstalt für Finanzdienstleistungsaufsicht

Verbraucher Internationales Recht & Regelungen Publikationen & Daten Die BaFin

nen & Daten > Aktuelles > CSRD: BaFin begrüßt Einigung über neue ...

25.07.2022 | Thema Nachhaltigkeit

CSRD: BaFin begrüßt Einigung über neue Nachhaltigkeitsberichterstattung in der EU

Der Rat der Europäischen Union und das Europäische Parlament haben am 21. Juni 2022 im Trilog eine Einigung über die EU-Richtlinie zur Nachhaltigkeitsberichterstattung (Corporate Sustainability Reporting Directive – CSRD) erzielt. Der Kompromisstext wurde am 30. Juni 2022 veröffentlicht.

> Aktuelles

> BaFinJournal

> BaFinPerspektiven

> Jahresberichte

> Statistiken

Florida Bans ESG Investing in \$228 Billion State Pension Funds

GOVERNMENT / INVESTORS

Mark Segal 0 Comments August 26, 2022

managernachrichten

Kritik an nachhaltiger Geldanlage

Missouri zieht 500 Millionen Dollar von Blackrock ab

Nach Louisiana nun auch Missouri: Immer mehr republikanische US-Staaten kappen ihre Beziehung zum Investmentriesen Blackrock. Der Vermögensverwalter agiert ihnen zu umweltfreundlich – angeblich zulasten der Rendite. Blackrock-Chef Larry Fink lässt das kalt.

<https://www.reuters.com/business/german-police-raid-deutsche-banks-dws-unit-2022-05-31/>
<https://www.tagesschau.de/thema/taxonomie/>
<https://www.economist.com/leaders/2022/07/21/esg-should-be-boiled-down-to-one-simple-measure-emissions>

https://www.bafin.de/SharedDocs/Veroeffentlichungen/DE/Meldung/2022/meldung_2022_07_25_CSRD_Nachhaltigkeitsberichterstattung.html
<https://www.esgtoday.com/florida-bans-esg-investing-in-228-billion-state-pension-funds/>
<https://www.dummies.com/article/business-careers-money/personal-finance/investing/esg-investing-for-dummies-cheat-sheet-277753/>

VON KOMMUNIKATION ZU MANAGEMENT

12

... DYNAMISCHE MARKTENTWICKLUNG

2010–2016

Interessierte Öffentlichkeit,
NGOs

GRI, DNK, UNGC,

2017–2022

Kapitalmarkt, Regulatorik,
interessierte Öffentlichkeit, NGOs

GRI, TCFD, SASB, UNGC, SDGs,
CDP, IIRC, DNK

CSR-RUG, EU-Taxonomie, ESG-
Ratings, EcoVadis, CDP,
EU-Konfliktmineralien-
Verordnung, IÖW

Ab 2023/24

Kapitalmarkt, Geschäfts-
partner*innen, Regulatorik,
Top-Management, Lieferketten,
interessierte Öffentlichkeit, NGOs

ESRS, ISSB, GRI, TCFD, TNFD, SASB,
UNGC, SDGs, CDP, IIRC, DNK,

CSRD, CSDDD, LkSG,
EU-Taxonomie, ESG-Ratings,
EcoVadis, CDP,
EU-Konfliktmineralien-
Verordnung, IÖW

STAKEHOLDER

STANDARDS &
RAHMENWERKE

REGULATORIK &
BEWERTUNG

Freiwillige Integration nicht-finanzieller Informationen in den Lagebericht
Freiwillige Prüfung

Verpflichtende Integration in den Lagebericht
Prüfpflicht

AGENDA

RÜCKBLICK & STATUS QUO: ESG LANDSCHAFT

CSRD-ANFORDERUNGEN: WER? WANN? WO? & WAS?

CSRD-Roadmap: Wie Berichtsinhalte generieren?

Workshop: Herausforderungen priorisieren

TREIBER MIT DIREKTEM IMPACT AUF FINANZEN

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*„Investoren suchen in Nachhaltigkeitsberichten nach **zukunftsgerichteten Informationen**.
Der Geschäftsbericht ist ein eher rückblickendes Dokument.“*
– VP Investor Relations, DAX-Konzern

Grüne Anleihen sind günstiger als konventionelle Anleihen



45% aller FTSE 100 Unternehmen haben ESG-Vergütungskomponenten



ESG Ratings Gatekeeper & Performance-Treiber

CSRD-ZIELSETZUNG:

- ➔ Vergleichbarkeit & Qualität nicht-finanzieller Informationen erhöhen
- ➔ Langfristig vergleichbares Niveau finanzieller Berichtslegung erreichen

EUROPÄISCHE BUCHSTABENSUPPE

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¹Corporate Sustainability Reporting Directive (draft) ² Lieferketten Sorgfaltspflichten Gesetz ³Corporate Sustainability Due Diligence Directive (draft)

Wissenstand CSRD?

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WER WIRD BERICHTSPFLICHTIG?



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Non-Financial Reporting Directive (NFRD)

Meldepflichtige Unternehmen sind kapitalmarktorientierte Unternehmen, Versicherungen und Kreditinstitute mit:

- ✓ > 500 Mitarbeiter
- ✓ Mindestens 40 Mio. € Umsatz
- ✓ Mindestens 20 Mio. € Bilanzsumme

~11.000
Unternehmen

Fokus auf **vergangene Informationen** / Rechenschaftsbericht zum aktuellen Nachhaltigkeitsmanagement

5 thematische Cluster: Umweltbelange, Arbeitsanliegen, soziale Belange, Achtung der Menschenrechte, Bekämpfung von Korruption und Bestechung

Optional: Nichtfinanziellen Erklärung im Lagebericht (integriert oder als separater Teil) oder separater nichtfinanzieller Bericht

Gängige Praxis: Nachhaltigkeitsberichterstattung nach GRI, DNK oder SASB - GRI international am weitesten verbreitetem Standard

Corporate Sustainability Reporting Directive (CSRD)

Verpflichtend für alle in der EU börsennotierten Unternehmen & große Unternehmen, die in der EU tätig sind & mindestens 2/3 Kriterien erfüllen:

- ✓ > 250 Mitarbeiter
- ✓ Mindestens 40 Mio. € Umsatz
- ✓ Mindestens 20 Mio. € Bilanzsumme

~49.000
Unternehmen

Zukunftsgerichtete Informationen, Widerstandsfähigkeit des Geschäftsmodells ggü. ESG Risiken, Übereinstimmung mit 1,5°-Ziel

Vollständige Palette **geschäftsrelevanter ESG-Themen** mit verpflichtender Lieferkettenberichterstattung

Verpflichtende Integration von Nachhaltigkeitsinformationen in den Lagebericht

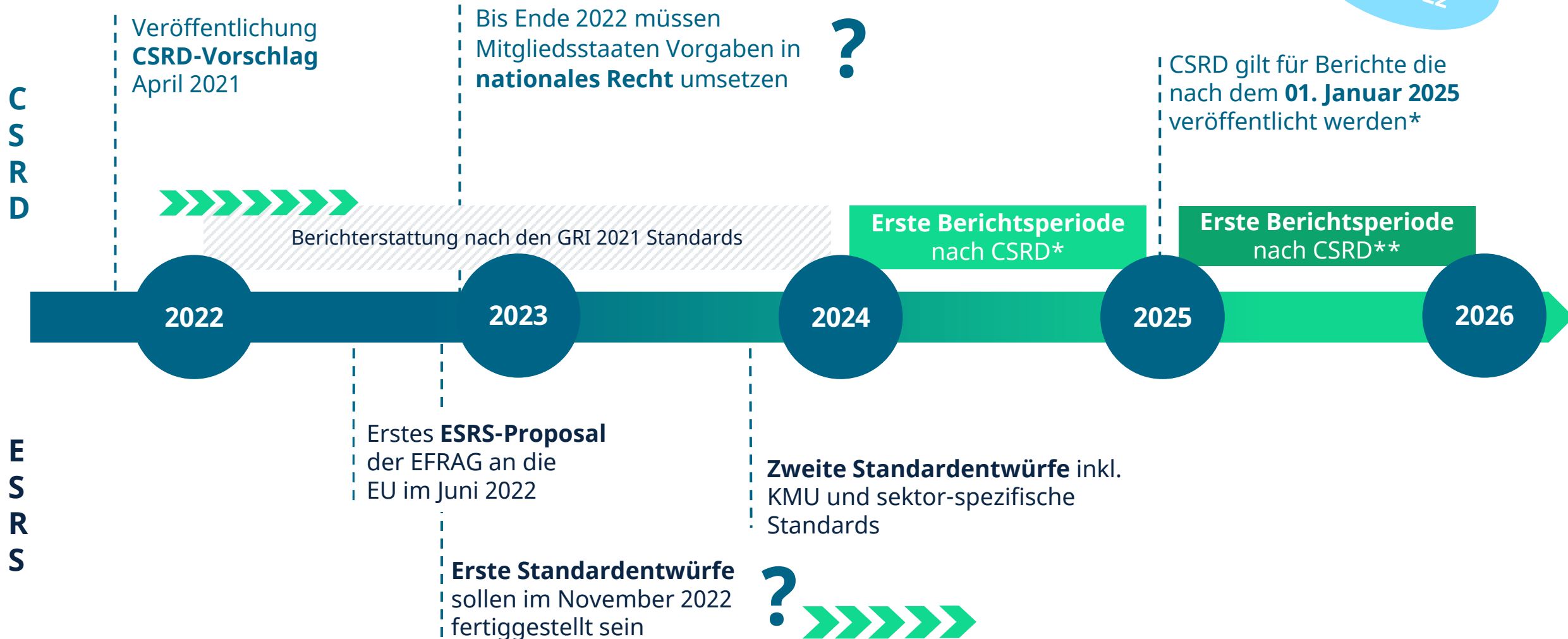
Anwendung der EU-Standards für die Nachhaltigkeitsberichterstattung (ESRS)*
„Limited Assurance“ obligatorisch

WANN & WIE MUSS BERICHTET WERDEN?

Der endgültige Zeitplan wird davon abhängig sein, wie das Parlament und der Rat in ihren Verhandlungen voranschreiten

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Update:
Juni 2022



* Unternehmen, die zuvor unter die NFRD-Verordnung fielen

** **Großunternehmen**, die zuvor nicht unter die NFRD-Verordnung fielen

CSRD - WO & WAS MUSS GEMACHT WERDEN?

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VERORTUNG

- Nachhaltigkeitsinformationen müssen zukünftig im **Lagebericht** des Geschäftsbericht verortet werden
- Veröffentlichung muss **vier Monate nach Geschäftsjahresende** geschehen



PRÜFUNG

- Es wird eine **externe Prüfungspflicht** mit begrenzter Sicherheit (limited assurance) eingeführt
- Geprüft wird u.a. die Übereinstimmung mit den **ESRS**



TAGGING

- Informationen müssen in **maschinenlesbarem Format** (XBRL) veröffentlicht werden
- Kompatibel mit in der Entwicklung befindlichen zentralen Register **European Single Access Point** (ESA) sein*

* Inbetriebnahme schrittweise ab 2026 bis 2030 geplant (Stand: 10/2022)

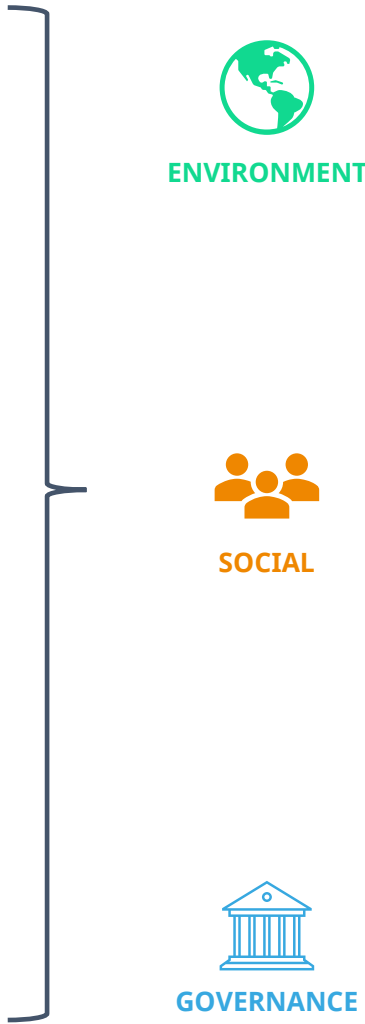
CSRD/ESRS-FRAMEWORK: TOPICS & SUB-TOPICS

WARUM?

Der Entwurf zielt darauf ab, Investitionen in nachhaltige Tätigkeiten zu fördern, indem eine Angleichung an andere EU-Initiativen, insbesondere an die EU-Taxonomie, sichergestellt wird.

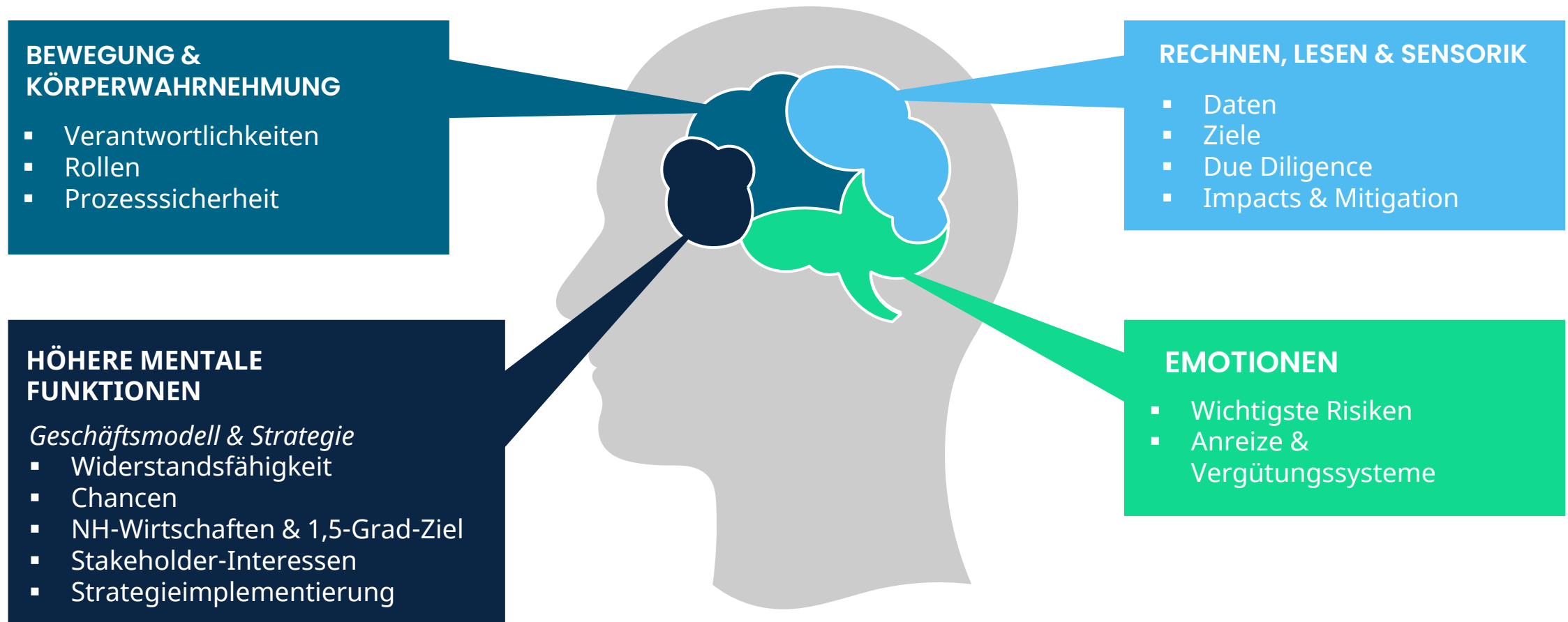
WAS?

Das Framework umfasst über 10 Themen und über 40 Unterthemen, die weltweiten Umwelt-, Sozial- und Governance-Herausforderungen entsprechen.



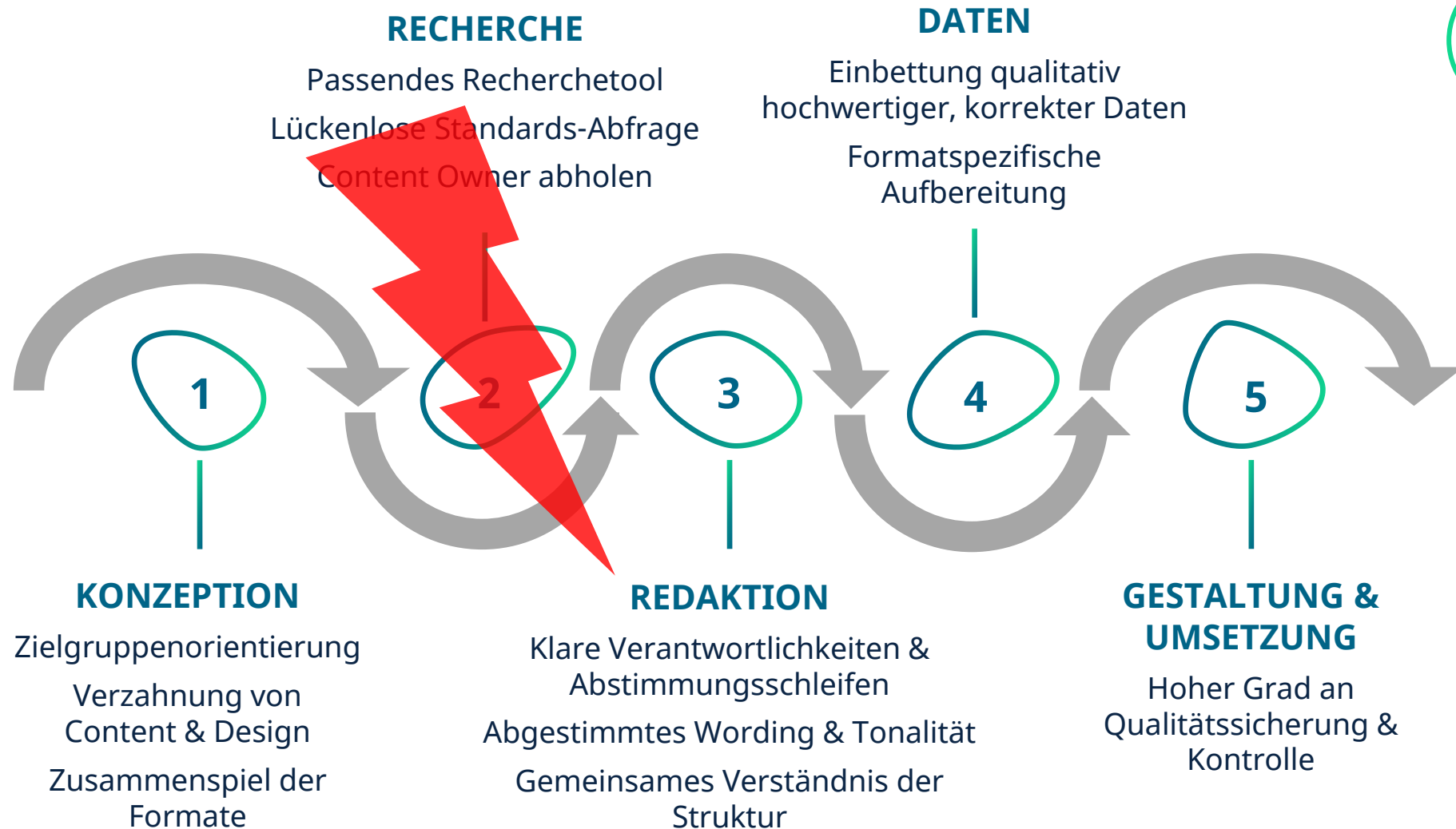
Environment	Climate protection	Energy consumption & energy mix Greenhouse gas emissions Scope 1, 2, 3
	Environmental pollution	Air pollution
		Water pollution Soil pollution
	Water & marine resources	Water footprint (incl. water management of suppliers)
	Biodiversity & ecosystems	Pressures on biodiversity, ecosystem services and ecosystems from production and production sites
		Resources use & circular economy
Social	Own workforce – working conditions	Waste, disposal, and treatment processes Training & skill development Health & safety (incl. access to water & sanitation)
		Working hours Work-life balance Fair remuneration Social security
		Equal treatment with regard to working conditions, equal pay and remuneration ratio
		Discrimination & diversity Inclusion of people with disabilities Collective bargaining, freedom of association and social dialogue
	Own workforce – Equal opportunity & diversity	Forced labour, human trafficking and child labour Privacy at work
		Health and safety (incl. access to water & sanitation)
	Own workforce - Other work-related rights	Working hours Fair remuneration Social security
		Equal pay and pay ratio
	Workers in the value chain – working conditions	Equal treatment in terms of working conditions, access to social protection & training
		Discrimination & diversity Precarious working conditions Collective bargaining, freedom of association and social dialogue
	Workers in the value chain – Equal opportunity & diversity	Forced labour, human trafficking and child labour Privacy at work Adequate housing
		Impacts on the economic, social and cultural rights of affected communities (adequate housing, nutrition, water and sanitation, impacts on land and security) Protection of human rights organizations/ defence of human rights
	Workers in the value chain - Other work-related rights	Impact on the specific rights of indigenous communities (free, prior and informed consent, self-determination, cultural rights)
		Health & safety (incl. child safety)
	Affected communities	Social inclusion of consumers/end-users, in particular non-discrimination and access to products and services
		Impact on consumers/end-users, in particular on privacy, freedom of expression and access to information
	End users/consumers	Corruption Anti-competitive behaviour Transparency
		Governance structure & composition Internal control
Governance	Business conduct	Corruption Anti-competitive behaviour Transparency
	Governance, risk management and internal control	Governance structure & composition
		Internal control

WAS MUSS BERICHTET WERDEN?



TYPISCHER REPORTING-PROZESS

WIE WIRD EIN BERICHT ERSTELLT?



AGENDA

RÜCKBLICK & STATUS QUO: ESG LANDSCHAFT

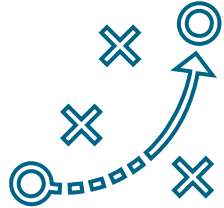
CSRD-ANFORDERUNGEN: WER? WANN? WO? & WAS?

CSRD-ROADMAP: WIE BERICHTSINHALTE GENERIEREN?

Workshop: Herausforderungen priorisieren

BEYOND REPORTING:

RAHMENBEDINGUNGEN & ROADMAP FÜR REPORTING NACH CSRD



WESENTLICHKEIT & STRATEGIE

Unternehmens-
spezifisches Verständnis

Doppelte Wesentlichkeit von Themen analysieren und entlang der gesamten Wertschöpfungskette verstehen.

Herleitung von strategischen Schwerpunkten, KPIs und Zielsetzung.

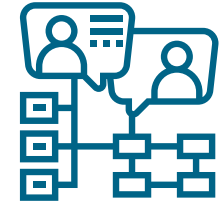


RISIKOMANAGEMENT

ESG Chancen & Risiken
systematisieren

Implementierung der wesentlichen ESG Chancen und Risiken in Entscheidungsprozessen zum Kerngeschäft.

Ausbau eines ganzheitlichen Risikomanagements.

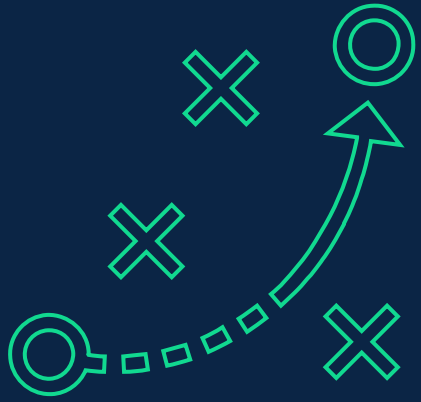


ORGANISATION & GOVERNANCE

Verantwortlichkeiten &
Prozesssicherheit

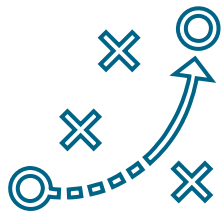
Klare Verankerung & Verknüpfung von ESG-Themen in relevanten Fachfunktionen und Managementprozessen.

Schaffung von Prüfungssicherheit.



BEISPIEL: WESENTLICHKEIT & STRATEGIE





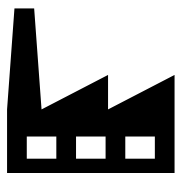
CSRD-KONFORME (DOPPELTE) WESENTLICHKEIT

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Relevant für die Berichterstattung nach GRI Standards 2021

PRÜFUNGSFÄHIGKEIT
sicherstellen

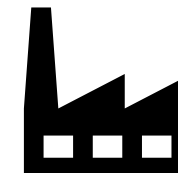
IMPACT MATERIALITY



Tatsächliche und potenzielle **negative und positive Auswirkungen** auf Mensch und Umwelt entlang der **gesamten Wertschöpfungskette**

Bewertung nach **Ausmaß und Wahrscheinlichkeit**

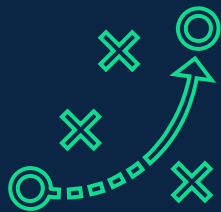
FINANCIAL MATERIALITY



Nachhaltigkeitsaspekte, die den **Wert** eines Unternehmens und seine **finanzielle Gesamtleistung** beeinflussen und beeinflussen können. Der Fokus liegt auf **Risiken und Chancen**.

Bewertung nach **Ausmaß und Wahrscheinlichkeit**

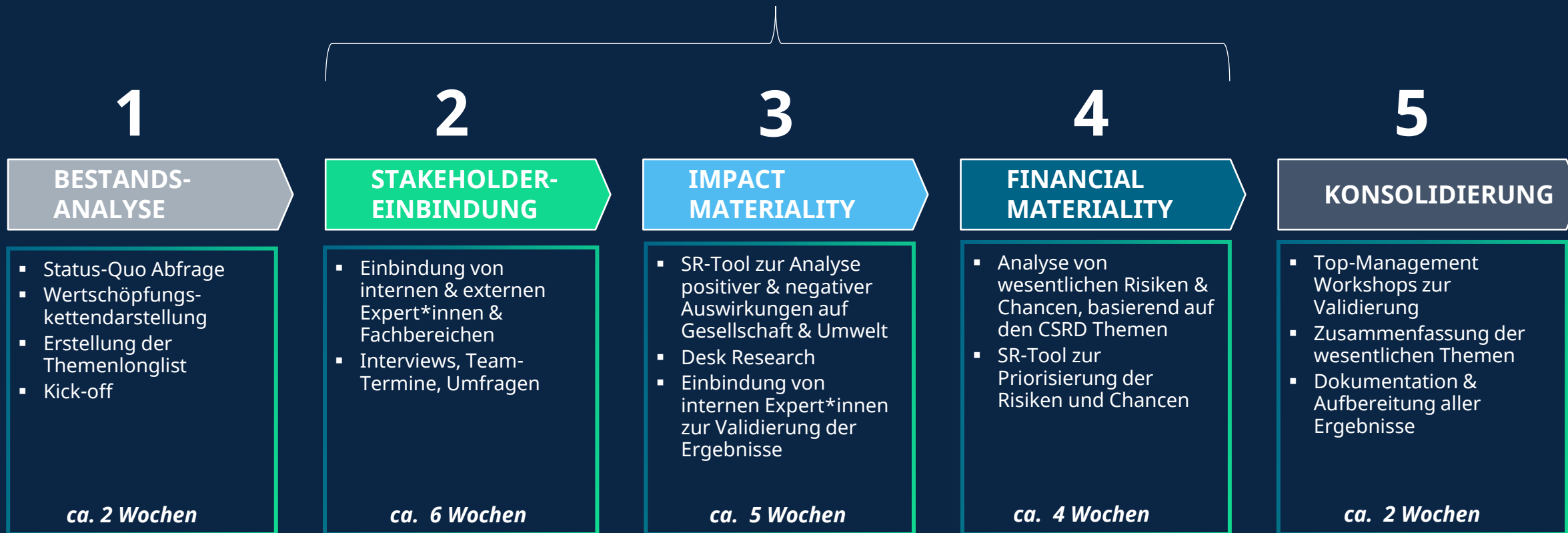
Im Zuge der CSRD/ESRS-Anforderungen müssen beide Perspektiven berücksichtigt werden.



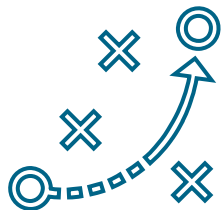
UNSER CSRD-KONFORMER **WESENTLICHKEITSANSATZ**

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Parallele Prozesse: Doppelte Wesentlichkeit & Stakeholder Einbindung



Alle Prozessschritte werden im Detail dokumentiert und stellen die Auditierbarkeit der Wesentlichkeitsanalyse sicher



DOPPELTE WESENTLICHKEIT

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INFORMATIONSQUELLEN

Stakeholder-Einbindung



Primärdaten



Sekundärdaten



ANALYSE VON IMPACTS, RISIKEN & CHANCEN

BEISPIEL



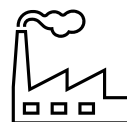
Rohstoffe

Energie

Arbeitssicherheit €

Korruption

...



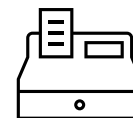
Produktion

Energie €

Arbeitssicherheit €

Korruption

...



Vertrieb

Energie

Arbeitssicherheit

Korruption

...



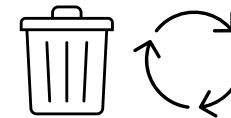
Verbrauch

Energie

Produktsicherheit €

Korruption

...



End-of-life

Energie

Arbeitssicherheit

Korruption

...

Eigener Geschäftsbereich

Bewertung & Priorisierung von Themen entlang der Wertschöpfungskette

Legende:

Hoch

Mittel

Niedrig

€ = Risiko/Chance



BEISPIEL: ESG RISIKOMANAGEMENT





ESG RISIKO MANAGEMENT BEISPIEL: TCFD

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- Die **Taskforce on Climate-related Financial Disclosure (TCFD)** ist eine Initiative zur Berichterstattung von Unternehmen über klimabezogene Chancen und Risiken
- **Ziel:** Integration von Klimawandelthemen und daraus resultierenden (finanziellen) Chancen und Risiken in Geschäfts- und Finanzberichte
- **Ressourcen:** Detailliertes Framework, der die Anforderungen an die Bewertung von klimabezogenen Risiken und Chancen durch Unternehmen beschreibt



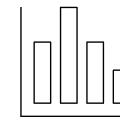
GOVERNANCE



STRATEGY



RISK MANAGEMENT



METRICS & TARGETS

KLIMA-PORTFOLIO-BEWERTUNG

GEMEINSAM MIT DER MUNICH RE

Index

Tropical Cyclone

2022



4-Grad Scenario
(IPCC, RCP 8.5)

2050



River Flood



Sea Level Rise



Fire Weather Stress
Index



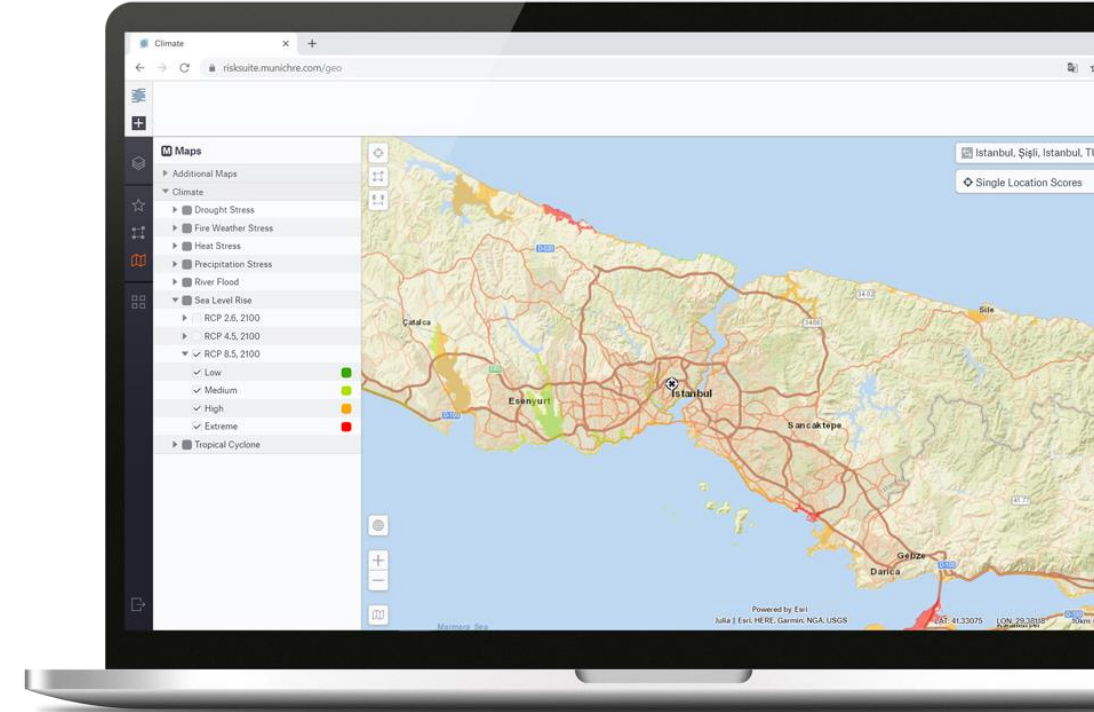
Drought Stress Index



Heat Stress Index



Precipitation Stress
Index (heavy rainfall)

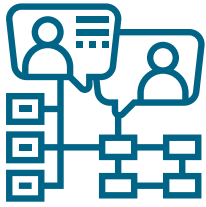


- Umfangreicher Datensatz
- Einzelstandort oder Portfolio-Anfrage
- Verschiedene Suchoptionen und Tools
- Diverse IPCC-Szenarien
- Visualisierung auf Grundlage von KPIs



BEISPIEL: ORGANISATION





ORGANISATION – ARBEITSSTRÄNGE UND –PAKETE FÜR CSRD-ROADMAP

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22/23

23/24

24/25

BEISPIEL
unternehmensspezifisch
anzupassen

STRATEGIE & WESENTLICHKEIT	<ul style="list-style-type: none">Vorbereitung eines Pilotprojekts für eine CSRD-konforme doppelte Wesentlichkeitsanalyse Einklang mit GRI 2021Integration von Nachhaltigkeit in UnternehmensstrategiePriorisierung und Ausrichtung der strategischen Aktivitäten an internationalen und europäischen Zielen (1,5°C-Ziel, Due Diligence, Taxonomy ...)	<ul style="list-style-type: none">Erste vollständig CSRD-konformen Wesentlichkeitsanalyse für 2023 auf Basis verpflichtender und branchenspezifischer ThemenlisteStärkung der Strategie durch Ziele und Instrumente zur Messung des Fortschritts	<ul style="list-style-type: none">Jährliche Aktualisierung der CSRD-konformen WesentlichkeitsanalyseStrategische Nachjustierungen aufgrund neuer veröffentlichter Anforderungen
RISIKO MANAGEMENT	<ul style="list-style-type: none">Bisherige Betrachtung nicht-finanzieller Risiken zusammen ziehenKlimarisikobetrachtung nach TCFD startenESG-Risiken in der Wertschöpfungskette betrachten	<ul style="list-style-type: none">Abstimmung Doppelte Wesentlichkeit nach CSRD mit Risiko Management-AbteilungTCFD-ReportLksG-Report	<ul style="list-style-type: none">Überprüfung der Risiken gemäß branchenspezifischer Standards und Themen
GOVERNANCE	<ul style="list-style-type: none">Fachbereiche Finance, Accounting, Risk Management und Production dezidiert involvierenESG Governance aufbauen – inkl. Top-Management Einbindung	<ul style="list-style-type: none">ESG-basierte Vergütungssysteme einführenStakeholder-Engagement prüfen und ggf. ausbauenSektorspezifische ESRS-Standards kennen und ggf. mitgestalten	<ul style="list-style-type: none">Gremienarbeit und Governance überprüfen und ggfls. gemäß aktualisierter Anforderungen aktualisieren
REPORTING & DATEN	<ul style="list-style-type: none">Beginn der Berichterstattung gemäß GRI 2021Offenlegung vordefinierter ESRS-Indikatoren oder unternehmensspezifischer IndikatorenErstellung von Klimaindikatoren nach ESRS E1 & TCFD	<ul style="list-style-type: none">Auditoren einbinden, um Daten revisionssicher zu generieren und validierenOffenlegung vordefinierter ESRS-Indikatoren oder unternehmensspezifischer IndikatorenRestlichen Umweltdaten gemäß ESRS E2-4 sowie ESRS S1-N und G1-N aufbereiten	<ul style="list-style-type: none">Veröffentlichung des ersten vollständig CSRD-konformen Reports für die Berichtsperiode 2024



AGENDA

RÜCKBLICK & STATUS QUO: ESG LANDSCHAFT

CSRD-ANFORDERUNGEN: WER? WANN? WO? & WAS?

CSRD-ROADMAP: WIE BERICHTSINHALTE GENERIEREN?

WORKSHOP: HERAUSFORDERUNGEN PRIORISIEREN

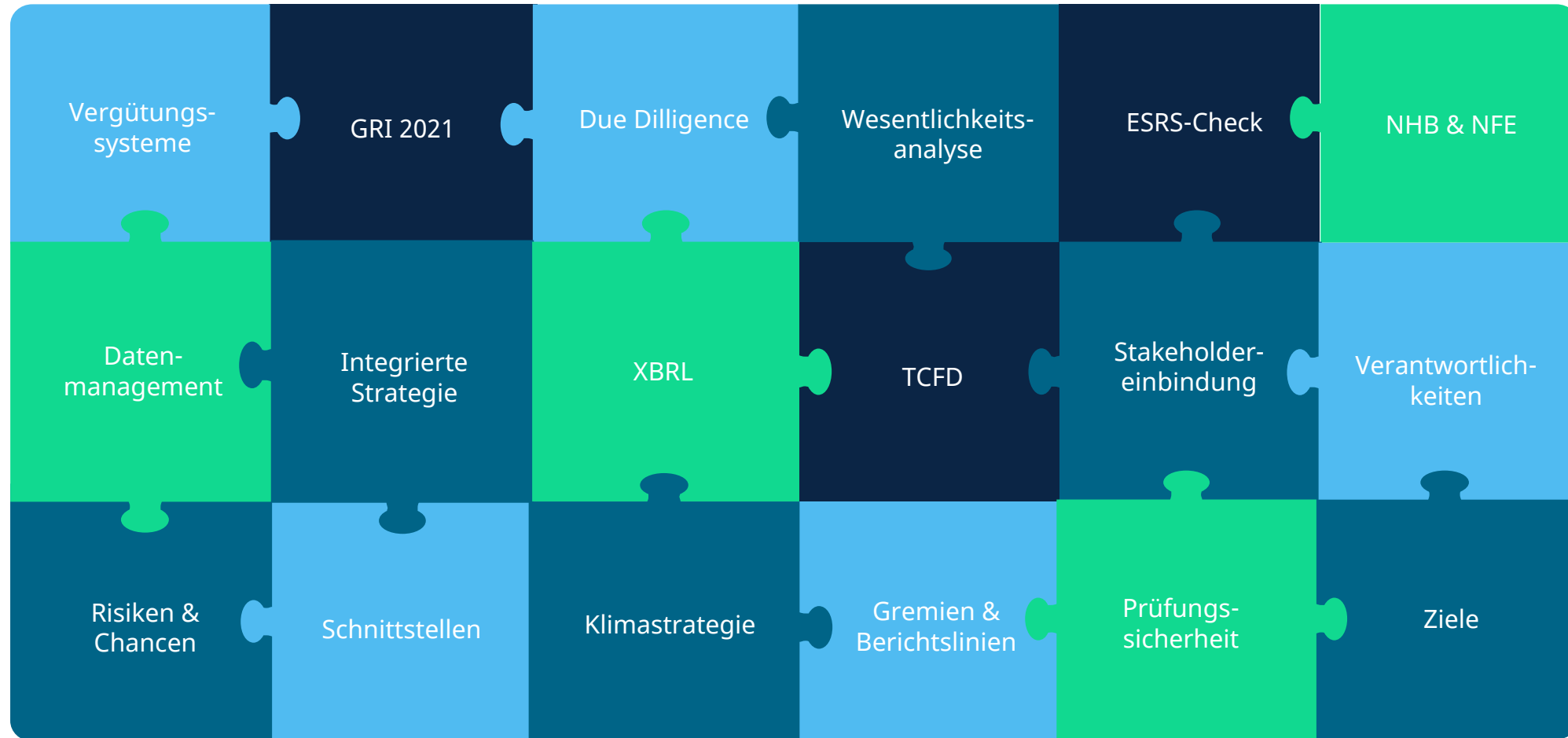
WORKSHOP: Welche Maßnahmen haben PRIORITÄT?

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#3610 427



DAS CSRD-PUZZLE & BEGRENZTE RESSOURCEN:

WELCHE AKTIVITÄTEN & THEMEN SOLLTEN AKUT & PRIORITÄR ANGEANGEN WERDEN?



Governance

Strategie &
Wesentlichkeit

Reporting & Daten

Standards &
Rahmenwerke

Q&A?

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DANKESCHÖN -> Q&A PART II

STAKEHOLDER REPORTING AUF DEM CSR KONGRESS

Upcoming:
CSRD-Readiness Check
DAX40

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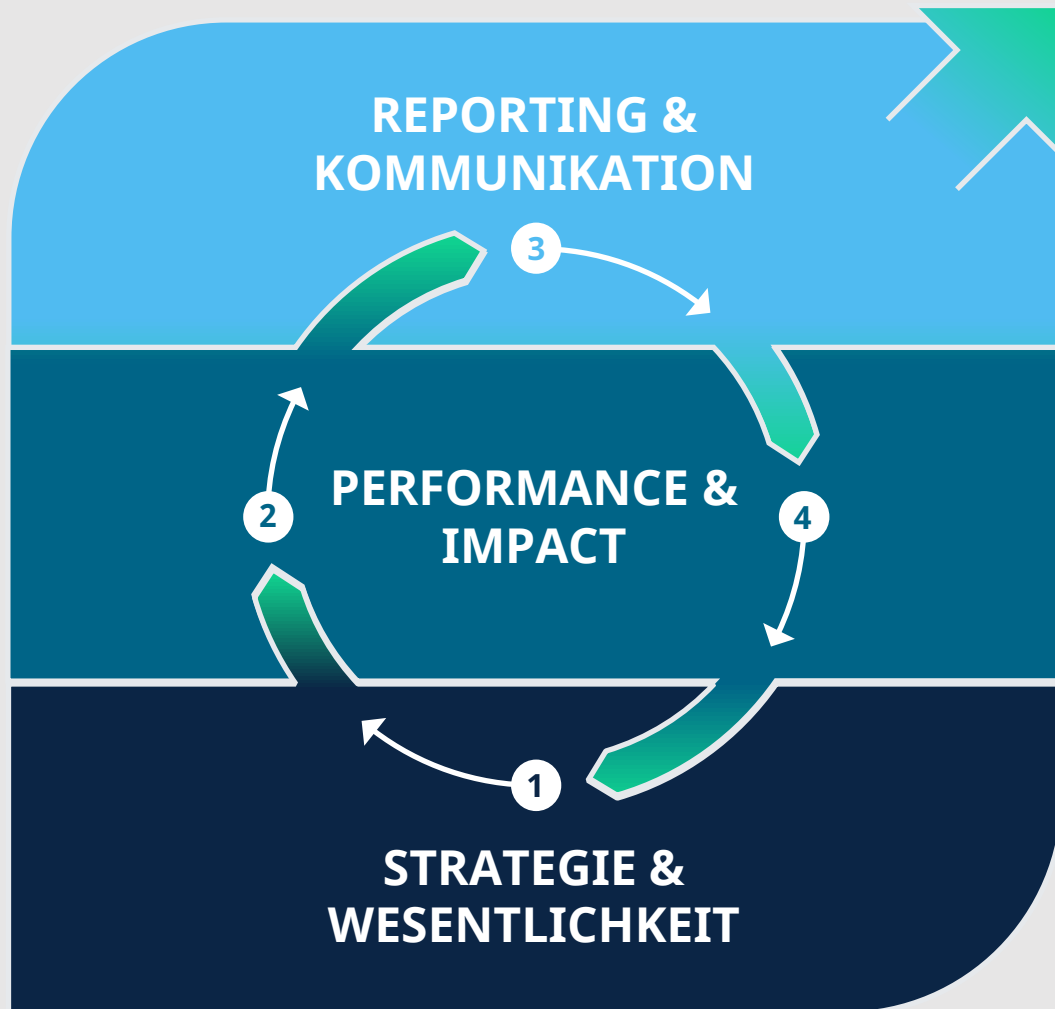
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BACKUP

CSRD BERÜHRT ALLE EBENEN



ESG PERFORMANCE NACHHALTIG VERBESSERT

- 1 Handlungsfelder definieren, Strukturen schaffen & Ziele setzen
- 2 Leistungen messen, verstehen & vermitteln
- 3 Anforderungen aufnehmen & einbringen
- 4 Veränderungen bewerten & strategisch steuern

CONNECTING EU GREEN DEAL, EU TAXONOMY, CSDD, CSRD AND TCFD

EU Green Deal

Goal: Climate neutrality in the EU by 2050

Different components, including the mechanism "A just transition to a carbon-neutral economy."

Several initiatives, including "action plan on financing sustainable growth".

EU Taxonomy

Companies need to report taxonomy conformity of revenue, CapEx/ OpEx related to climate change mitigation and adaptation and, if applicable, all other environmental targets (each 12 months after entry into force of the delegated acts)

CSDDD*

Goal: In line with EU Green Deal and UN SDGs, strengthen the integration of human rights and environmental concerns into business operations and management.

CSRD

Goal: ensure that reporting requirements for companies are in line with the EU Taxonomy

Large companies and listed companies must disclose

- their sustainability risks & impacts with regard to ESG factors (incl. Minimum safeguards and 1.5 degree target)
- Taxonomy-relevant information (incl. indicators)
- In the future: CSDD relevant information

Uniform reporting according to CSRD through mandatory application of:

European Sustainability Reporting Standards (ESRS)

- Takes into account indicators that companies must disclose about the extent to which their activities are in line with the Taxonomy
- Oriented as far as possible to the following initiatives, considering European specificities



*The German LkSG will probably have to be adapted due to far-reaching requirements of the CSDDD when it comes into force

Am 21. April 2021 hat die EU Kommission einen **Vorschlag zur Anpassung** der EU-Richtlinie zur CSR-Berichterstattung (Non-Financial Reporting Directive, NFRD) vorgelegt, die **Corporate Sustainability Reporting Directive (CSRD)**.

Am 30. Juni 2022 wurde ein zwischen der Europäischen Kommission, dem Rat und dem Europäischen Parlament **vorläufig vereinbarter CSRD-Text** veröffentlicht. Dieser ist noch Gegenstand rechtlicher Überprüfungen (Stand: 09/2022).

HINTERGRUND

Die bisherige Nachhaltigkeitsberichterstattung weist laut einem Fitness Check der EU Defizite auf, die berichteten Informationen seien **nicht immer relevant, nicht vergleichbar und nicht verlässlich** genug.



„The principal conclusion [...] was that the sustainability information companies currently report does not meet the needs of the information's intended users, and that the Commission should therefore propose a revision of the NFRD¹.“



ZIELSETZUNG CSRD

- ✓ **Qualität** der Berichterstattung erhöhen (relevant, vergleichbar, verlässlich)
- ✓ Zunehmende **Integration** von nichtfinanziellen Informationen in die Finanzberichterstattung
- ✓ Angleichung der Berichterstattung an die Entwicklungen des **EU Action Plan on Sustainable Finance** und der **EU-Taxonomie**
- ✓ Letztendlich: Beitrag zur Erreichung der Ziele im Rahmen des **European Green Deals**

1: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021PC0189&from=EN>

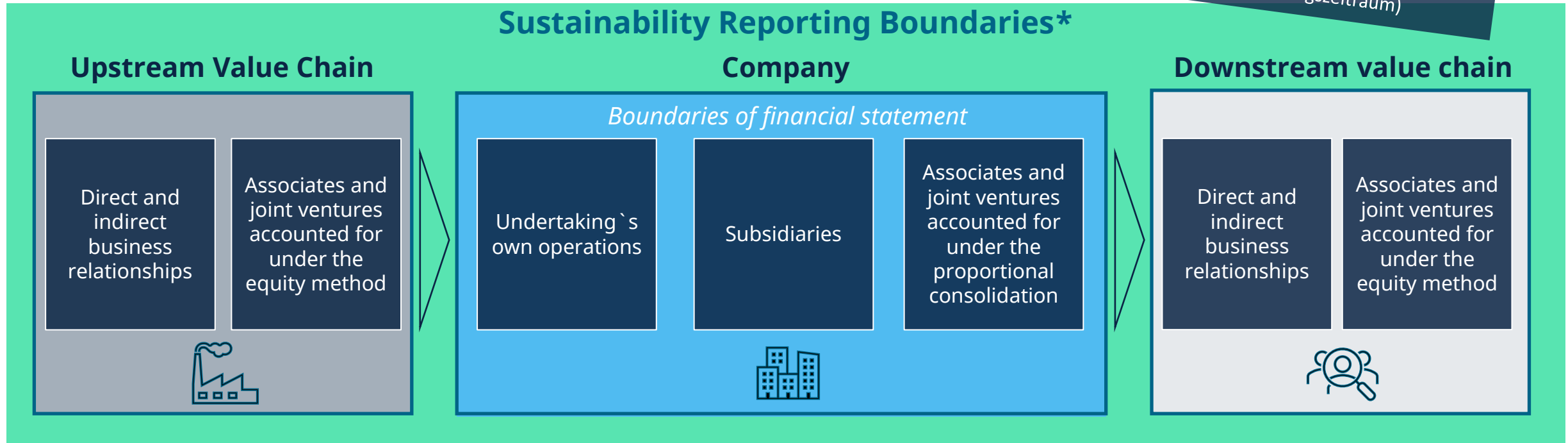
Die European Financial Reporting Advisory Group (EFRAG) entwickelt derzeit (Stand: 09/2022), mandatiert durch die europäische Kommission, neue **verbindliche europäische Berichterstattungsstandards (European Sustainability Reporting Standards, ESRS)** – basierend auf international etablierten Standards:



- ✓ Die Standards sollen mit den Zielen des europäischen Grünen Deals und der **Taxonomie-Verordnung** in Einklang stehen
- ✓ Sie müssen nicht nur die Risiken für Unternehmen abdecken, sondern auch den sozialen und ökologischen Fußabdruck der Unternehmen (Konzept der **doppelten Wesentlichkeit**)
- ✓ Die ESRS werden als **delegierter Rechtsakt** angewandt und werden daher für alle Unternehmen, die unter die CSRD fallen, verbindlich.
- ✓ Damit die Belastung für börsennotierte KMUs gering bleibt, schlägt die EU-Kommission **vereinfachte Standards** für KMUs vor
- ✓ Der finale Entwurf für den ersten Satz der ESRS (branchenübergreifend) ist für **November 2022** geplant, die Entwicklung des zweiten Satzes (branchenspezifisch) wird **ab 2023** gestaffelt erfolgen.

REPORTING BOUNDARIES AND VALUE CHAIN INTEGRATION

Die Berichtsgrenze des Unternehmens für seine Nachhaltigkeitsberichterstattung ist die, die es für seinen Jahresabschluss verwendet hat, **erweitert um seine vor- und nachgelagerte Wertschöpfungskette.**
(3 Jahre Übergangszeitraum)



*„If collecting the information about the undertaking`s upstream and downstream value chain that is needed to integrate entities in value chain into the reporting boundary is unpractical, i.e. the undertaking cannot collect the necessary information after making **every reasonable effort**, the undertakings should seek to **approximate the missing information** about its upstream and downstream value chain, by using all reasonable and supportable information, including internal and external information, such as peer groups or sector data.“*

* According to ED ESRS 1 „General Principles“, text digit 63/64

MANDATORY TOPICS IN THE CSRD

Scope out from the topics is not possible (comply or explain).



Environment

- Climate protection
- Adaptation to climate change
- Water and marine resources
- Circular economy
- Environmental pollution
- Biodiversity and ecosystems



Social

- Equal opportunities & diversity
- Working conditions
- Respect for human rights and fundamental freedoms



Governance+*

- Role of the highest governance bodies in relation to sustainability issues
- Combating corruption and bribery
- Political engagement and lobbying activities
- Relationships with business partners, including payment practices
- Internal control and risk management systems

*The Governance+ category (G+) is broader than traditionally considered under the concept of ‘governance’. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

1 BESTANDSANALYSE

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Desk-Analyse

- Nutzung interner Daten, die Aufschluss über die Unternehmensauswirkungen geben, z. B. LCA's, Klimabilanzierungen, Daten aus dem Qualitätsmanagement, Lieferantenübersichten
- Status quo Analyse existierender Prozesse und Strukturen (Risiko-Management, bisherige Wesentlichkeitsanalysen)



Auf Basis einer Checkliste, wird der Status-Quo der internen Strukturen und Prozesse im Bereich Nachhaltigkeit erfasst.

1 BESTANDSANALYSE



Peeranalyse

- ESRS-Papers zu sektorspezifischen Themen wurden bisher noch nicht veröffentlicht

CSRD-Themen	Unterthema	Peer 1	Peer 2	Peer 3	Themenrelevanz für die Peers
Klimaschutz	Energie				Hoch
	Treibhausgasemissionen				Sehr Hoch
Umweltverschmutzung	Umweltverschmutzung von Wasser				Mittel
	Umweltverschmutzung von Boden				Mittel
	Umweltverschmutzung von Luft				Mittel
Wasser- und Meeresressourcen	Wassermanagement				Hoch
	Meeresressourcen				Niedrig

Ambitioniertere Ziele

Ähnliche Ziele

Weniger ambitionierte Ziele

Keine Informationen/ keine Ziele

Zur Identifizierung von sektorspezifischen Themen, empfehlen wir eine Analyse der drei wichtigsten Peers.

2 IMPACT-BEWERTUNG 1/2



Impact-Bewertung

- Identifizierung tatsächlicher & potentieller Auswirkungen (positiv & negativ) auf Umwelt & Gesellschaft
- Basierend auf einer unternehmensinternen Bewertung mit dem SR-Analyseraster (inkl. Einführungsworkshop/Auftaktworkshop)
- Stakeholderorientierter Ansatz inkl. Wertschöpfungskettenbetrachtung

UNSER VORSCHLAG

Beispielprozess

		Negative Auswirkungen		
Unterthemen	Definition	Verantwortliche Person und Position	Kurze Erläuterung der Auswirkungen auf Umwelt und/oder Gesellschaft (ggf. mit Quellen/Daten)	Tatsächliche Auswirkungen auf Umwelt & Gesellschaft (bereits eingetreten)
Förderung von Diversität und Chancengleichheit	Das Thema adressiert die gezielte Förderung von Vielfalt und Chancengleichheit im Unternehmen. Hierzu gehört u.a. die interne Förderung von weiblichen Beschäftigten (Geschlechtergleichstellung), die Schaffung einer ausgewogenen Altersstruktur, die Integration von Menschen mit Behinderung und von Menschen mit...	Max Müller, HR	Die Antidiskriminierungsstelle des Bundes (ADS) veröffentlicht 2019 eine Studie zur sexuellen Belästigung am Arbeitsplatz und kommt zu dem Ergebnis, dass jeder elfter Arbeitnehmer in den letzten drei Jahren am Arbeitsplatz...	Nein
Datenschutz- und Informationssicherheit	Unter Datenschutz und Informationssicherheit wird die Überwachung und der Schutz von Informationssystemen und Daten verstanden. Dazu gehören ebenfalls die Achtung der Privatsphäre, die Einhaltung von Gesetzen und die Schulung der Mitarbeiter:innen bezüglich...	Max Müller, Compliance-Management	Es werden personenbezogene Daten verwendet. Dies geschieht nicht immer auf eine sichere Weise. Infolgedessen kann es zu Datenlecks kommen, bei denen personenbezogene Daten veröffentlicht werden. In 2021 gab...	Ja
Nachhaltige Beschaffung	Das Thema bezieht sich auf die nachhaltige Beschaffung von Sachgütern und Dienstleistungen. Im Bereich der Sachgüterbeschaffung, von u. a. IT-equipment, Büroausstattung und Büroutensilien, geht es darum, dass Lieferanten Nachhaltigkeitskriterien, Grundsätze und Richtlinien einhalten. Dabei spielt auch die Herkunft der Lieferanten und deren regulatorisches Umfeld eine signifikante Rolle. Die nachhaltige Beschaffung von Dienstleistungen bezieht sich z. B. auf...	Max Müller, Einkauf	Fehlende Beachtung von Nachhaltigkeitskriterien im Einkauf von Sachgütern (Büromaterialien etc.). Keine nachhaltige Beschaffungspolitik. Indirekte Auswirkungen auf Gesellschaft und Umwelt	Ja

2 IMPACT-BEWERTUNG



Impact-Bewertung

- Verwendung von Skalen zur Kategorisierung & Priorisierung der Auswirkungen, einschließlich Schweregrad, Umfang, Eintretenswahrscheinlichkeit und Behebbarkeit
- Basierend auf den ESRS-Anforderungen & unter Anwendung der Bewertungsskalen aus den ESRS Batch 1 Working Papers

UNSER VORSCHLAG

Nachhaltigkeitsthemen (sektorunabhängig, sektorspezifisch, unternehmensspezifisch)							
Ausmaß		Umfang		Behebbarkeit			
5	absolut	5	global	5	unumkehrbar		
4	hoch	4	weit verbreitet	4	sehr schwierig/langfristig		
3	mittel	3	mittel	3	schwierig/mittelfristig		
2	niedrig	2	konzentriert	2	mit Aufwand (Zeit und Kosten) behebbar		
1	minimal	1	limitiert	1	relativ leicht kurzfristig zu beheben		
0	keine	0	kein Umfang	0	sehr leicht zu beheben		

Vorläufige Impact-Bewertung = Ausmaß + Umfang + Behebbarkeit			
Vorläufige Impact-Bewertung			
>12	kritisch		
[10,12)	signifikant		
[8,10)	wichtig		
[5,8)	informativ		
<5	minimal		

Netto Impact = Vorl. Impact x Eintretenswahrscheinlichkeit			
Eintretenswahrscheinlichkeit		Netto Impact	
3	Hoch; keine Maßnahmen ergriffen	> 15	Sehr wichtig
2	Mittel; erste Maßnahmen ergriffen	5 - 15	informativ
1	Tief; Maßnahmen komplett umgesetzt	< 5	Irrelevant; keine Berichterstattung

2 WERTSCHÖPFUNGSKETTENANALYSE

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Wertschöpfungs- kettenanalyse

- Verschiedene Möglichkeiten zum Einbezug der Auswirkungen entlang der Wertschöpfungskette stehen Unternehmen zur Verfügung
- Vor der Umsetzung: Abstimmung über den Umfang der Wertschöpfungskettenbetrachtung

MÖGLICHE FORMATE



BASIS

- Generelle Einschätzung der sozialen und ökologischen Auswirkungen entlang der Wertschöpfungskette
- Einbezug von bestehenden Daten (LCAs, Lieferanten-Bewertung)
- Aufzeigen von finanziellen Chancen und Risiken entlang der Lieferkette
- Status Quo der Prozess-Integration inkl. Monitoring

ERWEITERT

- Vertiefte Analyse der Lieferantenstruktur (Länderrisiken, Auditberichte) sowie von Rohstoffen
- Verstärkter Fokus auf die Wertschöpfungsstufen mit den höchsten Auswirkungen
- Vergleich zu Referenzwerten

FORTGESCHRITTEN

- Die Auswirkungen entlang einzelner Wertschöpfungsketten durch vertiefte Umfragen erfassen (Einkommen, Produktivität)
- Verstärkter Fokus auf mittel- und langfristige Rohstoff-Verfügbarkeit
- Experteninterviews zur Wirkungsabschätzung von bereits laufenden Maßnahmen (Outcome)



Explizit von der CSRD gefordert

3 FINANCIAL MATERIALITY



Risiko-/ Chancenanalyse

- Nutzung bestehender Risikoanalysen
- Bewertung nach Eintrittswahrscheinlichkeit & Schweregrad
- Interne Bewertung

UNSER VORSCHLAG

Beispielprozess

Nichtfinanzieller Sachverhalt (die als wesentlich definierten Themen)	Brutto-Risiko	wird bereits im Risikomanagement berücksichtigt (j/n)	Beschreibung des Brutto-Risikos (reputativ/ finanziell etc.) sowohl auf den Geschäftsverlauf als auch auf die Sachverhalte	Verfolgte Konzepte (Policies und Standards; Maßnahmen; Due-Diligence-Prozesse; etc.)
Führungskräfte und interne Nachbesetzung	Risiko von Engpässen bei der Nachbesetzung		Ein Kernelement unserer Personalstrategie ist es, zentrale Führungspositionen möglichst mit Mitarbeitern aus dem eigenen Unternehmen zu besetzen. Nur so können wir deren wertvolle Erfahrungen und Marktkenntnisse bewahren und optimal für den langfristigen Unternehmenserfolg nutzen.	- Mehrmals im Jahr berät sich der Vorstand auf Klausuren zu den Themen Nachfolgeplanung und Talent Management - HR führt Entwicklungsgespräche und -beratungen mit Mitarbeitern, organisiert Talent Management Workshops, etc.
			Gute Führung (Leadership) ist entscheidend für das Engagement der Mitarbeiter sowie für die Leistungs- und Zielorientierung im gesamten Unternehmen.	- Deshalb investieren wir regelmäßig in die Weiterentwicklung unserer Führungskräfte und haben in den vergangenen Jahren eine weltweit einheitliche Leadership-Ausbildung entwickelt
Menschenrechte in der Lieferkette	Risiko von Menschenrechtsverletzungen in der Lieferkette und damit verbundene schwerwiegende Unfälle und/ oder finanzielle oder reputative Schäden		Aufgrund unserer internationalen Wertschöpfungskette sind wir einem gewissen Risiko im Hinblick auf Menschenrechtsverletzungen ausgesetzt	- CoCfs, beschreibt grundlegende Regeln und Verpflichtungen für alle wesentlichen Lieferanten im Bereich Menschenrechte, Arbeitsnormen, Umweltschutz und Korruptionspräventionen - regelmäßige Lieferantenbesuche und -audits bei wesentlichen Lieferanten - Aufnahme der Aspekte des CoCfs in den Standardfragenkatalog der Lieferantenaudits (hat in 2018 bis jetzt nicht stattgefunden, da eine allgemeine Formulierung im Audit diese Frage bereits abdeckt) -> wird noch mit CQM geklärt

Interne und externe Risiko- und Chancenbewertung zur Identifizierung der wesentlichen Themen, die eine Auswirkung auf die finanzielle Stabilität und Entwicklung von haben. Grundlage sind zusätzlich die Ergebnisse der Impact-Bewertung.

4 OPTIONAL: STAKEHOLDEREINBINDUNG

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Stakeholder- einbindung

- Einbindung interner und externer Interessengruppen
 - Stakeholder Umfragen
 - Interviews mit ausgewählten internen & externen Experten
 - Interaktive Workshops (digital, hybrid, analog)
 - Anknüpfung an bestehende Formate

✓ Explizit von der CSRD gefordert

REFERENZEN STAKEHOLDER-ENGAGEMENT

DAIMLER

Umfrage verlassen und Antworten löschen

Bitte wählen Sie **bis zu drei Themenbereiche** aus, in denen Mercedes-Benz Ihrer Meinung nach den größten **positiven Beitrag** für Wirtschaft, Umwelt und Gesellschaft leistet.

- ☐ Klimaschutz und -anpassung
- ☐ Nachhaltiges Kundenangebot
- ☐ Stakeholderbeziehungen und Partnerschaften
- ☐ Ressourcenschonung
- ☐ Nachhaltige Arbeitsbedingungen
- ☐ Datenver
- ☐ Verantwort
- ☐ Mitarbeit
- ☐ Nachhalt
- ☐ Verminderung von Emissionen
- ☐ Diversität

REWE GROUP

ZERO WASTE MUC

The collage includes a screenshot of a Daimler survey, a photo of a Rewe Group event with a stage and audience, and a Zero Waste MUC logo.

5 KONSOLIDIERUNG: MANAGEMENT-WORKSHOP

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Nach Konsolidierung der Ergebnisse aus den einzelnen Prozessschritten, werden die Ergebnisse in einem Management-Workshop mit dem Vorstand und mit der Führungsebene validiert.



**Workshops können zusätzlich, nach Abstimmung, an verschiedenen Stufen des Prozesses angeboten werden, um Zwischenschritte und Meilensteine mit den wichtigsten Stakeholder abzustimmen. Jeder der Workshops wird ein Fokusthema haben, wie z.B. die Validierung der internen Impact-Bewertung von positiven und negativen Auswirkungen.*

NEW MATERIALITY REQUIREMENTS

CSRD & implications for materiality

Ensure auditability of the process

- The CSRD defines ESG topics on which reporting **companies must report** – all of these topics must be part of the materiality analysis.
- The guidelines on materiality are explained in more detail in the European Sustainability Reporting Standards (ESRS).
- The ESRS additionally defines **sector-specific topics** which must be considered in the materiality analysis.
- The adapted CSRD materiality processes include:
 - the **continuous** assessment of **positive as well as negative impacts** on society and the environment (stakeholder-centric approach)
 - a consideration of the **entire value chain**
 - a stronger approach to **stakeholder engagement**
 - an analysis of impacts that influence the company's financial performance a dynamic approach, via the continuous assessment of developments, the impact of the company's activities (including the measures taken) and the financial opportunities and risks associated with these changes.

IMPACT MATERIALITY IN DETAIL

Negative Impacts

Prioritization based on the **two criteria**

Determining the **threshold** above which the company reports on impacts and how they are addressed

SEVERITY

- **Extent**
How severe are the effects?
- **Scope**
How widespread are the impacts?
- **Remediability**
How difficult would it be to eliminate?

LIKELIHOOD (for pot. neg. impact)

- How **likely** are the effects to occur?
- The focus is on the **severity**

Positive Impacts

Avoid **implicit compensation** of negative effects by positive effects

EXTENT

- How **positive/beneficial** are the effects for people and the environment?
- **Scope:** How widespread are the benefits?

DEFINITION

- Determination of significant positive effects separately from significant negative effects

FINANCIAL MATERIALITY: THE EFRAG APPROACH



DEFINITION

- Taking the financial perspective into consideration, a sustainability matter is material if it **triggers or may trigger significant financial effects** on undertakings
- Meaning that it **generates or may generate significant risks or opportunities** that influence or are likely to influence the **future cash flows** and therefore the enterprise value of the undertaking
- The sustainability matter is **not (or not yet fully) captured by financial reporting** at the reporting date

MEASUREMENT & CONNECTION TO IMPACT MATERIALITY

- For measuring the sustainability-related financial risks or opportunities a **combination of a probability of occurrence and magnitude of financial effects** is used
- Consideration of the **whole value chain**
- The impact and the financial materiality should be performed **in parallel and in inter-relation to each other** to determine whether a sustainability topic is material or not

SCHLAGLICHT RISIKO: GEFAHREN DES KLIMAWANDELS

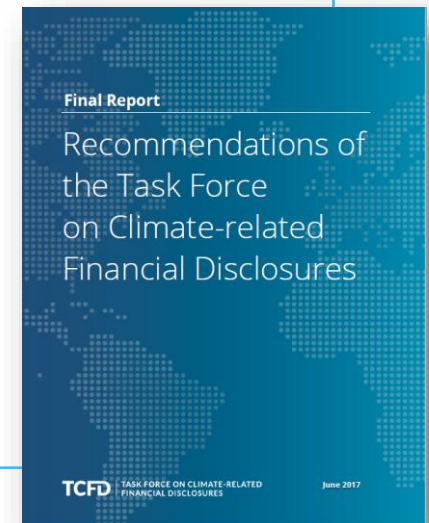


CLIMATE CHANGE: A SYSTEMATIC RISK TO ECONOMIC STABILITY

- According to the WEF's Global Risk Report, environmental risks are considered the biggest threat to global economies in 2020
- Climate-related risks threaten companies' infrastructure and financial stability, while climate-related opportunities bring competitive advantages
- Investors and rating agencies increasingly require companies to disclose how they manage climate-related opportunities and risks, e.g. BlackRock



- The **Taskforce on Climate-related Financial Disclosure (TCFD)** is an initiative for companies to report on climate-related opportunities and risks
- Goal: Integrate climate change issues and resulting (financial) opportunities and risks into business and financial reports
- Resources: Detailed framework describing the requirements for companies to assess climate-related risks and opportunities



IMPLEMENTATION OF TCFD RECOMMENDATIONS

RECOGNIZING RISKS AND OPPORTUNITIES



To fully assess the impact of climate change, companies need to consider the impact of climate on them and understand the climate-related risks and opportunities. This is an "outside-in" perspective of the financial materiality of climate change.

PHYSICAL OPPORTUNITIES AND RISKS

ACUTE

- Increasing intensity of extreme weather events
- e.g. storms, floods, forest fires



CHRONIC

- Fundamental changes in climatic conditions
- e.g. temperature or sea level rise



Opportunities

- Climate change adaptation solutions, e.g., early warning systems, cooling systems, dams.



TRANSITORY OPPORTUNITIES AND RISKS

- Risks that arise in connection with the transition to a lower-carbon economy
- E.g., due to changing political framework conditions, technological developments, and changing markets and societal expectations

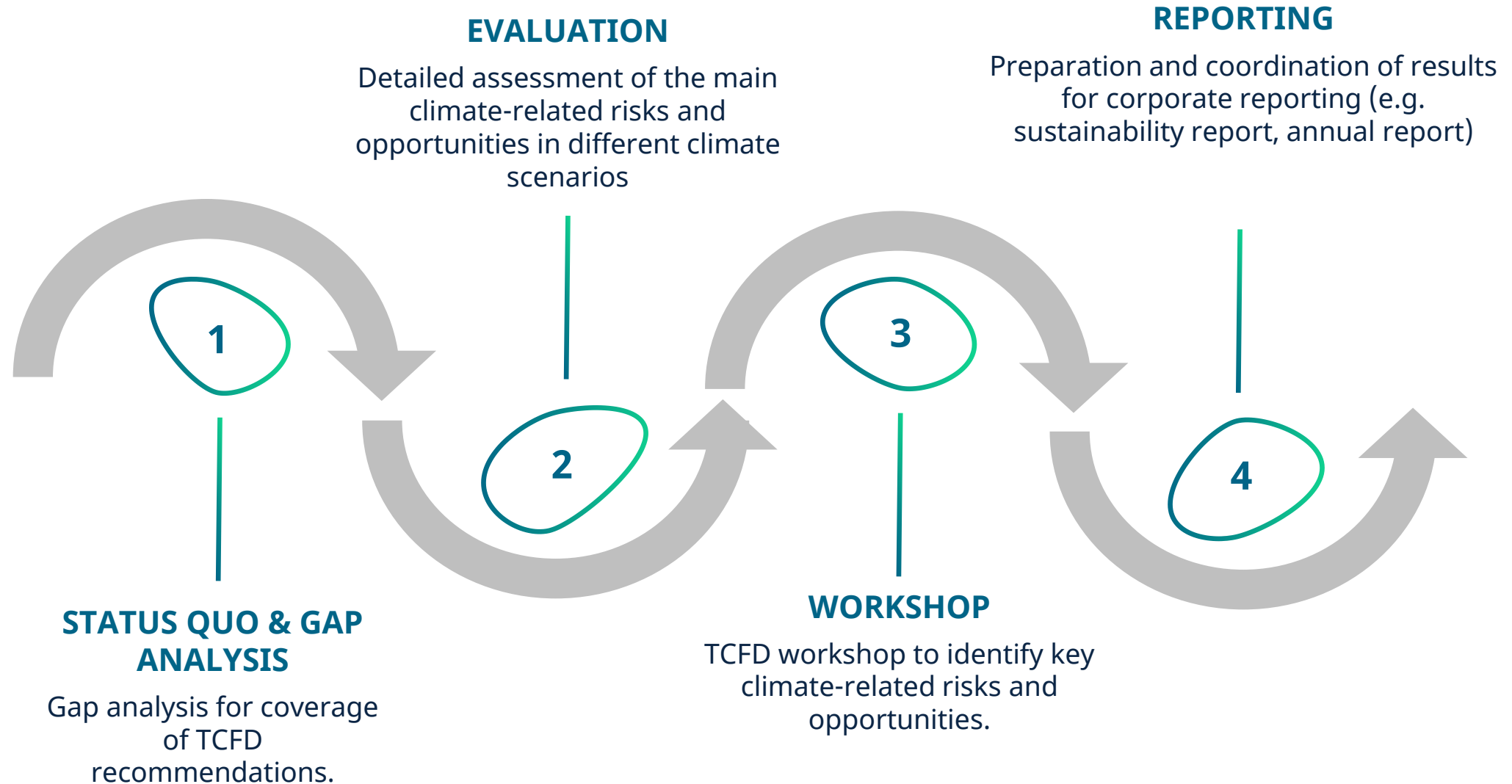


Opportunities

- Developing solutions to mitigate climate change, e.g. low-emission technologies.



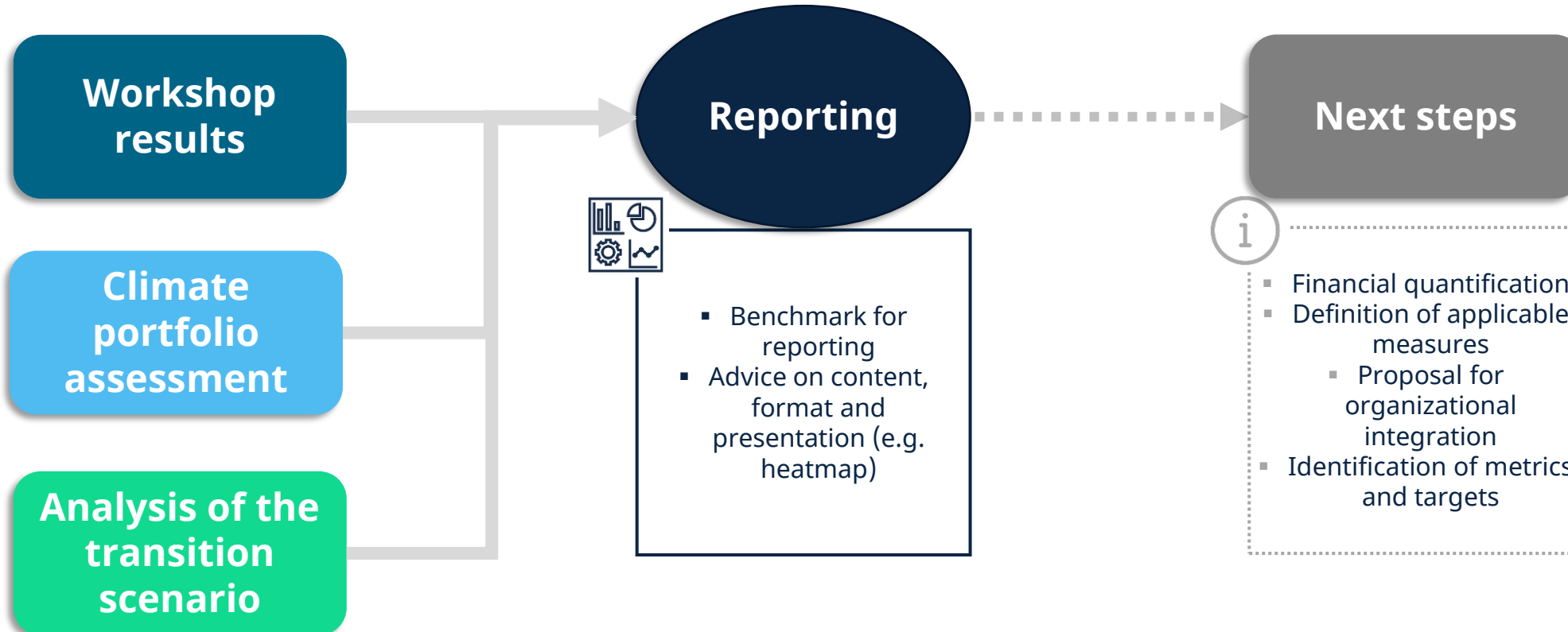
IMPLEMENTATION OF TCFD RECOMMENDATIONS PROCESS



IMPLEMENTATION OF TCFD RECOMMENDATIONS

TCFD-REPORTING

- Consolidation and preparation of results for corporate reporting (e.g. sustainability report, annual report)



LKSG AND CSDD



THE LKSG – REQUIREMENTS FOR COMPANIES

From 2023, companies are obliged by the LkSG to observe human rights due diligence in an "appropriate manner".

Affected companies:

Companies that

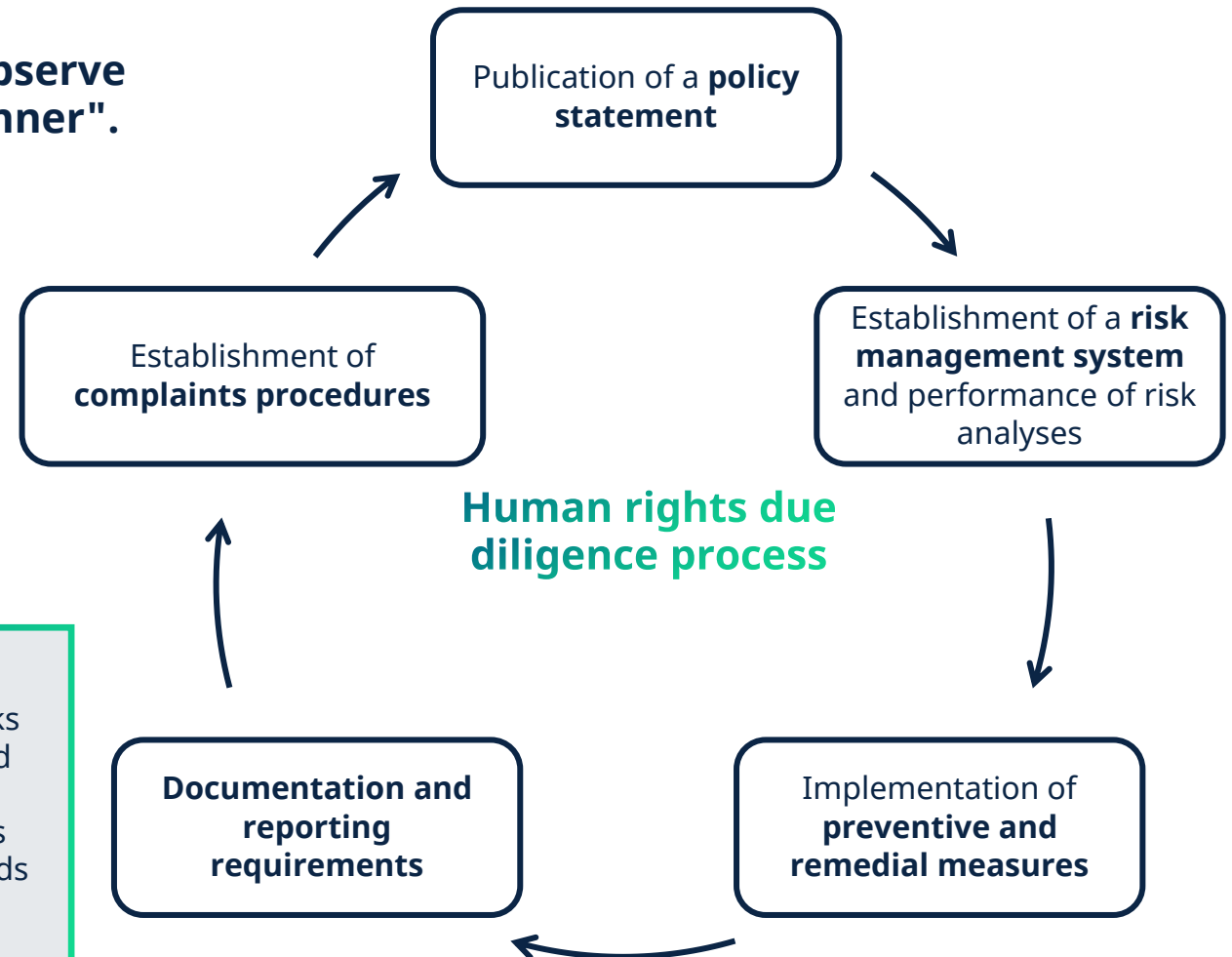
- have their head office, principal place of business or registered office in Germany
- employ more than 3,000 employees (from 2024: 1,000 employees)

Scope of Risk analysis

Own business
Direct suppliers
Indirect suppliers as far as indications exist

Risk topics

A total of 12 human rights risks which companies should avoid violating and eight environmental risks as well as environmental damage if it leads to human rights violations



CSDD – STATUS QUO CURRENT DRAFT

From 2026, the CSDD will provide a framework to promote the contribution of companies operating in the EU's internal market to respect for human rights and the environment in their own operations and value chains.

Affected Companies:

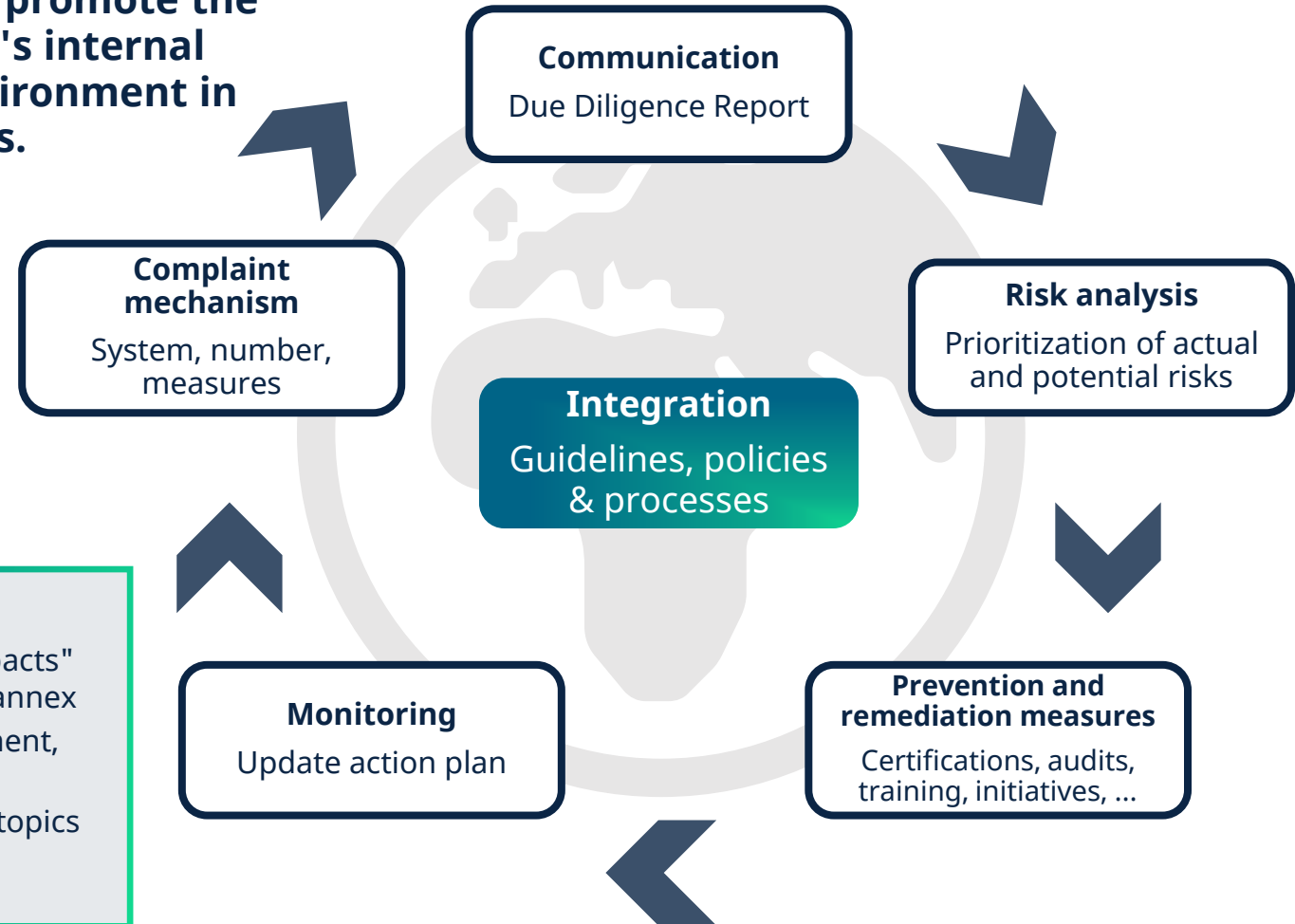
- > 500 employees and EUR 150 million in revenue
- Risk sectors: 250 employees and 40 million turnover
- Foreign companies based in the EU with sales of > € 150 million or € 40 million (risk sectors)

Scope:




Own operations, subsidiaries
Value chain (Upstream and downstream)
Starting point direct business relationships

Risk topics:

A total of 20 "adverse impacts" specifically named in the annex (human rights, environment, climate protection)
Expectation to take these topics fully into account

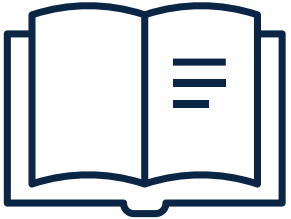


COMPARING CSRD, LKSG & CSDD

	CSRD		LkSG	CSDD
Scope				
Policy Statement	✓		✓	✓
Risk analysis	Own business unit, business relationships + supply chain Actual or potential negative impacts on human rights or the environment		Own business, direct suppliers (Indirect suppliers as far as indications exist) Human rights and environmental risks	Own business, business relationships + supply chain (upstream and downstream) Actual or potential negative impacts on human rights or the environment
Prevention measures	Description measures and their effectiveness		Anchoring within own business unit (e.g. training) and vis-à-vis direct suppliers (e.g. contractual control mechanisms)	Action plan, contractual cascading also in lower supply chain (indirect suppliers)
Mitigation and remedial measures	Description measures and their effectiveness		Own business: Termination Direct suppliers: Termination/minimization concept	Termination, including damages or action plan to terminate or minimize.
Complaint mechanisms	Description measures and their effectiveness		Access for people	Access for (potentially) affected persons, trade unions and civil society organizations
Monitoring			anually	At least every 12 month
Sanctions	Fines		Fines, no civil liability	Fines, civil liability planned

THE REPORTING OBLIGATION ACCORDING TO LKSG

70



A due diligence report shall be prepared annually and shall include information on

- whether and, if so, what human rights and environmental risks or violations of a human rights-related or environmental duty have been identified
- what has been done, with reference to the measures described in the law, to fulfill the due diligence obligations
- how the impact and effectiveness of the measures have been assessed
- what conclusions are drawn from the assessment for future action

The report must be made available free of charge on the company's website **no later than four months** after the end of the financial year

“§10 (1) Die Erfüllung der Sorgfaltspflichten nach § 3 ist unternehmensintern fortlaufend zu dokumentieren. Die Dokumentation ist ab ihrer Erstellung mindestens sieben Jahre lang aufzubewahren.”

“§10 (1) 2) Das Unternehmen hat jährlich einen Bericht über die Erfüllung seiner Sorgfaltspflichten im vergangenen Geschäftsjahr zu erstellen und spätestens vier Monate nach dem Schluss des Geschäftsjahrs auf der Internetseite des Unternehmens für einen Zeitraum von sieben Jahren kostenfrei öffentlich zugänglich zu machen.”

THE DUE DILIGENCE REPORT – A FIRST GUESS

71

Principles of good reporting



1

RISK STRATEGY

- › **Company profile** and reference to **policy statement**
- › **Internal responsibilities:** Tasks and role of human rights officers, involvement of management level.
- › **Risk management:** annual risk analysis, assessment and decision on remedial and preventive measures
- › **Preventive and remedial actions:** Supplier requirements, internal training & guidelines, control mechanisms, complaint procedures.
- › **Documentation and reporting**

2

RISK ANALYSIS

- › **Risk analysis method:**
 - › Goal, scope, sources, limits of analysis, stakeholder engagement.
 - › Assessment method: ability to influence, expected severity, and probability of occurrence
- › **Shortlist:** Identified environmental and human rights risks.

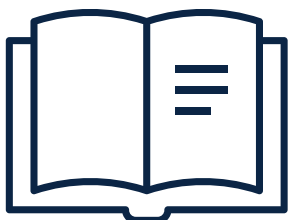
3

RISK PROFILES

- › **Differentiated risk description:** Presentation of knowledge of gross risks, mitigating measures taken, remaining net risk
- › **Review of effectiveness** of measures for previous fiscal year
- › **Action plan**
 - › Measures with timetable for coming fiscal year

Results from risk analysis and data collection

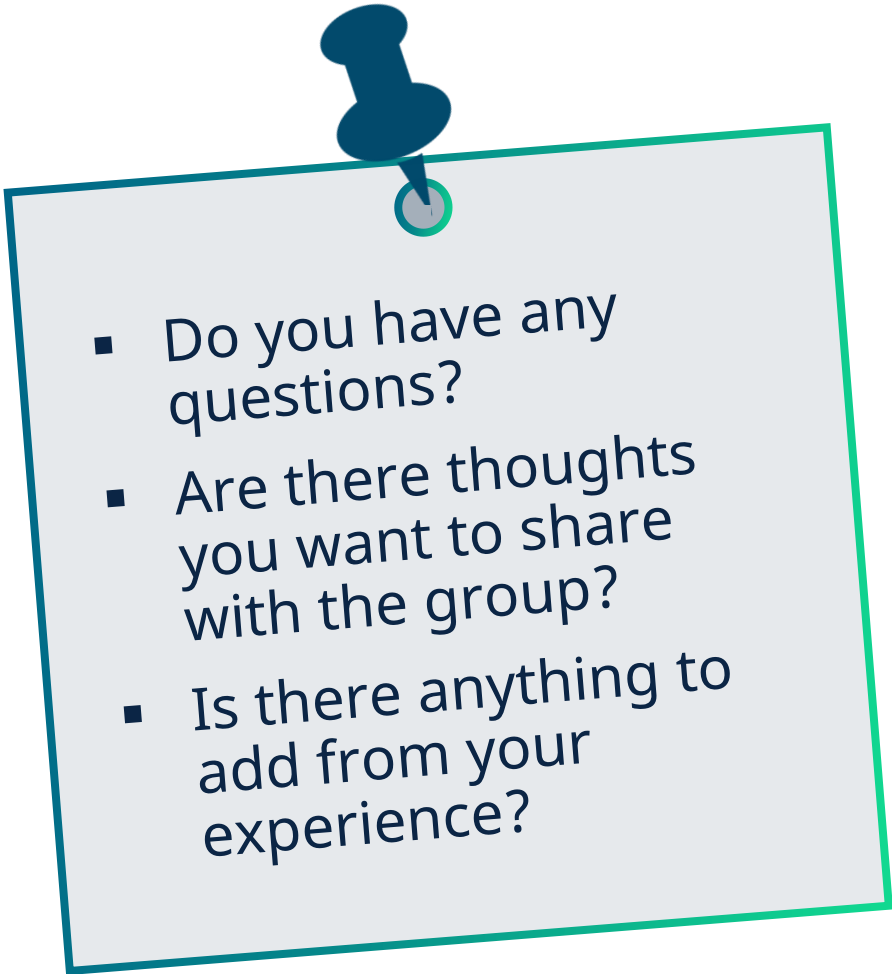
THE REPORTING OBLIGATION ACCORDING TO CSDD



- Reporting within the framework of the CSRD (objective: avoid duplication of reporting obligations)
 - No new reporting obligations for companies covered by the CSRD that go beyond the CSRD or the ESRS
 - Publication of CSDD-relevant content in the management report as part of the CSRD topics
- Publication of an annual statement on the website for companies covered by the CSDD but not the CSRD (specifications on format and content to be determined in more detail)

"In order to avoid duplicating reporting obligations, this Directive should therefore not introduce any new reporting obligations in addition to those under Directive 2013/34/EU for the companies covered by that Directive as well as the reporting standards that should be developed under it."

"...companies that are not subject to reporting requirements under Directive 2013/34/EU [are required to] report on the matters covered by this Directive and publish an annual statement on their website."

- 
- Do you have any questions?
 - Are there thoughts you want to share with the group?
 - Is there anything to add from your experience?

DEEP DIVE TAXONOMY



REVIEW: EU TAXONOMY IMPLEMENTATION 2021

Implementation process 2021

- Taxonomy implementation **steered by External Reporting** team
- Screening of “**cross-cutting activities**” **only** as technical screening criteria for textile sector have not been adopted yet
- “**Manual**” **data collection** excel/email/phone to identify eligible activities
- **CapEx and OpEx** extracted from **ERP system** and **manually allocated** to eligible activities
- Application of **materiality thresholds** for CapEx (< 5%) and OpEx
- **Assurance** of disclosed Taxonomy information in the NfE

MAIN CHALLENGES



Omission of textile sector in current set of Taxonomy criteria



Manual data collection



Positioning with regards to low Taxonomy KPIs

EU TAXONOMY REPORTING 2021

1

TO OUR
SHAREHOLDERS

2

COMBINED
MANAGEMENT REPORT

3

CORPORATE
GOVERNANCE

4

CONSOLIDATED
FINANCIAL STATEMENTS

5

ADDITIONAL
INFORMATION

HUGO BOSS
Annual Report 2021

EU Taxonomy

The European Green Deal presented by the European Commission in 2019 contains the goal of reducing net greenhouse gas emissions in the European Union to zero by 2050. A central component of this is the EU taxonomy, a **classification system for defining “environmentally sustainable” business activities**. The aim is to classify business activities across the EU in terms of their contribution to six defined environmental objectives on the basis of defined requirements, in order to steer capital flows toward sustainable investments: (1) “Climate change mitigation” (2) “Climate change adaptation” (3) “Sustainable use and protection of water and marine resources” (4) “Transition to a circular economy” (5) “Pollution prevention and control” and (6) “Protection and restoration of biodiversity and ecosystems”.

The EU taxonomy requires companies to **report** on their taxonomy-aligned, i.e. environmentally sustainable, economic activities as part of the non-financial statement. For fiscal year 2021, the reporting requirements extend to the two climate-related objectives (1) and (2), as so far, criteria have been only defined for these targets. In addition, for the first reporting year, simplifications were granted that limit the reporting to the disclosure of the share of taxonomy-eligible and non-taxonomy-eligible economic activities in relation to **sales, capital expenditure (CapEx) and operating expenses (OpEx)**, as well as selected qualitative disclosures based on these. Taxonomy-eligible business activities are those that comply with the respective activity

The delegated acts published to date in connection with the EU taxonomy on the two climate-related objectives cover only a limited number of sectors and corporate activities. For example, the Taxonomy Regulation currently focuses primarily on the sectors responsible for the largest emissions of CO₂ within Europe. There are also no specific taxonomy criteria yet for **companies in the global apparel market** and their primary economic activities. Therefore, the economic activities of HUGO BOSS and thus the sales of these activities as well as CapEx and OpEx in connection with these activities have not yet been covered by the taxonomy to a large extent and are therefore mainly to be classified as not taxonomy-eligible for fiscal year 2021. However, among the economic activities listed in the context of the delegated acts already in force for the two climate-related objectives, there are so-called cross-cutting activities which, although not revenue-generating for HUGO BOSS, are generally relevant, even if they are not directly related to the primary business activity. The **cross-cutting activities relevant to HUGO BOSS were identified** as part of a cross-divisional project to implement the requirements of the EU taxonomy. This was based on the overview of activities listed in the annexes to the delegated regulation on the two climate-related objectives. While the share of taxonomy-eligible sales in fiscal year 2021 is consequently 0%, the taxonomy-eligible shares of the cross-cutting activities in CapEx and OpEx are to be determined and reported for fiscal year 2021.

RESULTS 2021



Only **CapEx** and **OpEx**-related activities determined to be eligible for environmental goals 1 & 2



Identification of **cross-cutting activities** allocated to section “Construction and real estate activities”



Application of **materiality thresholds** leading to immaterial share of eligible activities

CHALLENGE 1: SCREENING CROSS-CUTTING ACTIVITIES

Implementation process 2022

- Again screening of **eligible cross-cutting activities**
- If materiality thresholds are met, **taxonomy alignment check** for eligible cross-cutting activities needed



Early estimate if materiality thresholds are met to avoid unnecessary alignment checks



Early involvement of the auditor to approve materiality thresholds and check necessity of alignment check



UP TO DISCUSSION



Level of completeness when screening cross-cutting activities?



Materiality thresholds from 2021 to be maintained?



All **functions/persons needed** to screen cross-cutting activities identified?



Level of ambition re. introduction of **IT solution** for screening cross-cutting activities (deep dive to follow)?

CHALLENGE 2: EU TAXONOMY ALIGNMENT CHECK

Implementation process 2022

- If materiality thresholds are met, **taxonomy alignment check** for eligible cross-cutting activities needed
- **Granularity** of technical screening criteria complicates the taxonomy alignment check
- Some **information** needed to prove the taxonomy alignment, e.g. of building projects, is only known by **suppliers / business partners**



Gap analysis needed with regards to data availability and conformity with taxonomy criteria



UP TO DISCUSSION



Timing of implementation of alignment check?



Detailed requirements for alignment: dealing with **data gaps**?



Coordination with suppliers for gaining access to required data?

CHALLENGE 2: EU TAXONOMY ALIGNMENT CHECK



EXEMPLARY ALIGNMENT CRITERIA FOR "CONSTRUCTION OF NEW BUILDINGS"

Substantial contribution to climate change mitigation:

- Primary Energy Demand at least 10% lower than threshold set for nearly zero-energy buildings requirements in national measures
- Thermal integrity and air-tightness testing (for buildings > 5000qm)
- Calculation of Global Warming Potential resulting from construction (for buildings > 5000qm)

Do no significant harm criteria

Climate change adaptation	<ul style="list-style-type: none">• Identification of climate-related risks and development of an action plan to reduce material physical risks
Water and marine resources	<ul style="list-style-type: none">• Identification of water risks (water quality and water stress) and implementation of (storm)water management plans or implementation of an Environmental Impact Assessment• Compliance with technical specifications for water use (e.g. max. water flow for wash hand basins)
Circular economy	<ul style="list-style-type: none">• Preparation of 70% construction waste for reuse, recycling and other material recovery• Application of “best available techniques” for limiting waste• Demonstration of resource efficiency according to ISO 20887 or comparable standards
Pollution prevention	<ul style="list-style-type: none">• Exclusion of listed substances and chemicals, e. g. substances of very high concern (SVHC), mercury etc. and limit values for formaldehyde other categories of carcinogenic volatile organic compounds• Application of ISO 18400 at potentially contaminated sites• Implementation of noise reduction measures
Biodiversity and ecosystems	<ul style="list-style-type: none">• Conduct of an Environmental Impact Assessment and implementation of imposed measures• No building of new constructions on land e. g. with moderate or high level of soil fertility and below ground biodiversity or habitats of endangered species or forests used in GHG inventory etc.



EXEMPLARY ALIGNMENT CRITERIA FOR "INSTALLATION, MAINTENANCE AND REPAIR OF RENEWABLE ENERGY TECHNOLOGIES" (referring to commissioning of a photovoltaic system)

Substantial contribution to climate change mitigation:

- Installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment

Do no significant harm criteria

Climate change adaptation	<ul style="list-style-type: none">• Identification of climate-related risks and development of an action plan to reduce material physical risks
Water and marine resources	(n/a)
Circular economy	(n/a)
Pollution prevention	(n/a)
Biodiversity and ecosystems	(n/a)

CHALLENGE 3: ADAPTATION OF PROCESSES AND IT SYSTEMS

Implementation process 2022

- Status quo: Implementation of company-wide SAP systems as solid foundation for collection of financial data; separate system (Sphera/ Pivot 88) for sustainability data
- Outlook: Connection of financial and sustainability data necessary for smooth Taxonomy reporting

Increasing range of providers offer **IT solutions** for systematic EU Taxonomy implementation



Digital tool helping companies integrate sustainability compliance - integration of requirements from NFRD, SFRD and EU-Taxonomy



Software tool for sustainability analysis, controlling and EU Taxonomy



Add-On software tool for SAP systems for implementing EU Taxonomy



UP TO DISCUSSION



Estimates on potential of **current implemented SAP system** re. data collection for EU Taxonomy requirements?



Expected arising **challenges** when adapting internal processes and IT systems?



Integration of **external software tools** possible in general?



Suitable point of time for conducting a **need analysis**?

CHALLENGE 4: CAPEX PLANS

Implementation process 2022

- **CapEx plans** for turnover-related activities **not relevant yet** as textile sector is not covered by the Taxonomy so far; will be needed in advance of Taxonomy reporting for objectives 3 to 6
- No explicit statement whether **CapEx plans** have to be applied to **“cross-cutting activities”** if their alignment needs mid-term investments
- Due to restricted reporting in first year, **reported CapEx/OpEx** on eligible activities made in **FY 2021 will count as eligible for FY 2022** regardless of whether CapEx plans have already been adopted (acc. to guidance from EU Commission)



Clarify with the auditor if CapEx plans are needed for supporting activities



UP TO DISCUSSION



Integration of EU Taxonomy in **investment planning** now and going forward

CHALLENGE 4: CAPEX PLANS



REQUIREMENTS FOR DISCLOSURE OF CAPEX PLANS

- Planned investment aims to
 - either to **expand** Taxonomy-aligned economic activities or
 - to **upgrade** Taxonomy-eligible economic activities to render them Taxonomy-aligned within a period of **five years** (or, where a longer period is objectively justified, within a maximum of 10 years); it does not matter whether the financial resources are used for complying with criteria for substantial contribution, DNSH-criteria or social minimum safeguards
- CapEx plan as to be **approved by the management body** either directly or by delegation
- CapEx plan has to be **disclosed** at economic activity **aggregated level**
 - Pursued environmental objective(s)
 - Relevant economic activity (no need to provide details of which facilities/products/services are affected)
 - Related R&D activities, if applicable (disclosure at the aggregate level is intended to avoid disclosure of competitively sensitive data)
 - Maturity of the plan (explanation if 5 years period is exceeded)
 - Total investments (broken down by reporting year and the remaining period)
- Where the relevant technical **screening criteria are amended** before the completion of the CapEx plan, the plan has to be **updated** within two years to ensure the economic activities are aligned with the amended criteria upon the completion of the plan or the CapEx KPI has to be **restated**
- If **objectives** of the CapEx plan are **not met** within the maturity, previously published CapEx KPIs have to be **restated**

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR

Implementation process 2022

- ! Technical screening criteria for environmental objectives 3-6 only published as a set of recommendations by the Platform on Sustainable Finance at the current state
- Comprehensive and demanding criteria for textile sector
- Parallels to the adopted criteria:
 - DNSH criteria for objectives 3-6 refer to generic DNSH criteria of climate standard, i.e. **climate risk analysis, water impact assessment, biodiversity impact assessment, restriction of certain chemicals**
 - **Social minimum safeguards** remain identical



Participation in public consultations recommendable



Potential approach: Start with assessment of generic DNSH criteria and social minimum safeguards



UP TO DISCUSSION



Which of the four activities for the textile sector **apply to HUGO BOSS**?



Which **criteria** are expected to be the **most challenging** from HUGO BOSS perspective?



Elements of the Taxonomy alignment check that could be **prioritized** from HUGO BOSS perspective?



Status quo of participation in **public consultations**

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR



OVERVIEW OF POTENTIALLY *ELIGIBLE* ACTIVITIES

Activity 2.6: Finishing of textiles



- **Improving** the properties of textile materials
- Series of steps including **pre-treatment**, **colouring** and **functional finishing** of textile fibres, yarns, fabrics and textile articles, including wearing apparel

Activity 2.7: Wearing apparel



- **Manufacture** of new wearing apparel
- **Repair, refurbishment** and **remanufacturing** of wearing apparel
- **Sale** of wearing apparel
- Provision of customers with **access to wearing apparel through services**, i.e. use- and result-oriented service models

Activity 2.8: Footwear and leather goods



- **Manufacture** of leather wearing apparel, gloves, hats, footwear, luggage, handbags, etc.
- **Repair, refurbishment** and **remanufacturing** of footwear and leather goods
- **Sale** of footwear and leather goods
- Provision of customers with **access to products through services**, i.e. use- and result-oriented service models

Activity 2.9: Tanning of leather



- Converting highly putrescible **raw hides or skins** into durable **leather**
- No coverage of manufacture of composition leather or processing of fur skins

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR

DNSH criteria	2.6 Finishing of textiles	2.7 Wearing apparel	2.8 Footwear and leather goods	2.9 Tanning of leather
DNSH: Climate change mitigation	<ul style="list-style-type: none"> Direct GHG emissions for generation of heat and/or power for the textile finishing processes in scope of the economic activity are lower than 270g CO₂e/kW 			
		<ul style="list-style-type: none"> Implementation of ISO 14001 and calculation of GHG emissions (applies to renting services only) 		
DNSH: Climate change adaptation	<ul style="list-style-type: none"> Identification of climate-related risks and development of an action plan to reduce material physical risks* 			
DNSH: Water and marine resources	<ul style="list-style-type: none"> Identification of water risks (water quality and water stress) and implementation of (storm) water management plans* Alternative: Environmental Impact Assessment and implementation of imposed measures* For sale of second-hand wearing apparel/renting services water impact assessment also for laundry 			
DNSH: Biodiversity and ecosystems	<ul style="list-style-type: none"> Environmental Impact Assessment and implementation of imposed measures or equivalent analysis* Where applicable, for sites located in or near biodiversity-sensitive areas appropriate biodiversity impact assessment and implementation of mitigation measures* 			
		<ul style="list-style-type: none"> Cotton/cellulose fibres: compliance with IPM principles according to FAO and thresholds for use of listed pesticides (<0,5 ppm) Sourcing of fibres only from farmers having participated in formal training programs (e. g. UN FAO) 	<ul style="list-style-type: none"> No sourcing of hides/ skins originating from biodiversity-sensitive areas (Leather Manufacturer Audit Protocol) and from endangered species (EU 2018/2001) 	

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR

DNSH criteria	2.6 Finishing of textiles	2.9 Tanning of leather	2.8 Footwear and leather goods	2.7 Wearing apparel
DNSH: Pollution prevention	None (see SC criteria)		<ul style="list-style-type: none"> Compliance with limit values of Industrial Emission Directive for total emissions of volatile organic compounds (VOC) Adherence to water discharge and wastewater thresholds (BAT) 	<ul style="list-style-type: none"> Compliance with requirements of the latest EU Best Available Technology (BAT) Reference Document (BREF) for the Textile Industry
DNSH: Circular Economy	<ul style="list-style-type: none"> Assessment of availability and adoption of techniques supporting reuse of products and secondary raw materials, design for longevity, sharing, repair etc.* Waste management that prioritizes recycling over disposal* Information on traceability of chemical content and material composition throughout the lifecycle* 		None (see SC criteria)	None (see SC criteria)

*Criteria marked with a star are (nearly) identical with DNSH criteria of adopted climate delegated act

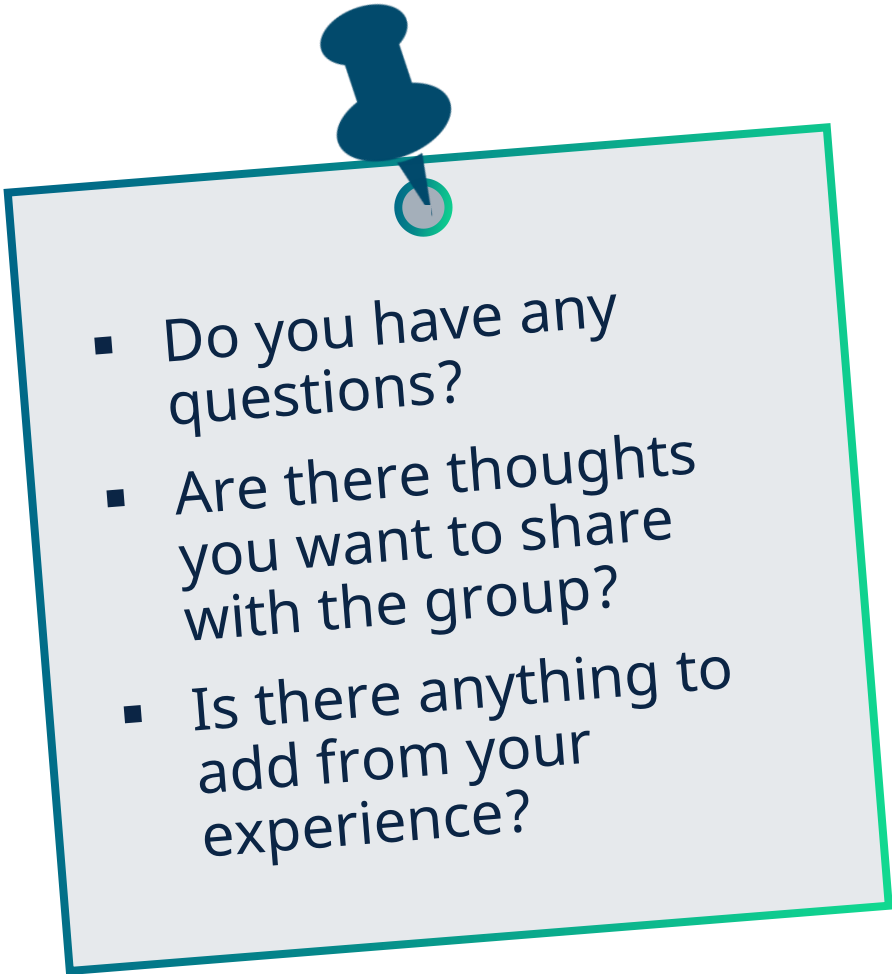
Start with implementation of DNSH criteria that are already part of the climate delegated act

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR

Substantial Contribution criteria	2.6 Finishing of textiles	2.9 Tanning of leather	2.7 Wearing apparel	2.8 Footwear and leather goods
Substantial contribution: Pollution prevention	<ul style="list-style-type: none"> • Availability of Blue Angel Ecolabel or EU Ecolabel • Implementation of externally assured management systems – EMAS, ISO 14001 or equivalent management systems – for production sites • Exclusion of listed critical substances and chemicals and compliance with limit values (e. g. PFCs, SVHC according to EU REACH and CLP, limit values according to MRSL of ZDHC) and compliance with biodegradability criteria of auxiliaries 		None (see DNSH criteria)	None (see DNSH criteria)
	<ul style="list-style-type: none"> • Implementation of wastewater management systems for optimization of water use including e. g. compliance with threshold limits of direct and indirect water discharge according to ZDHC or STeP by OEKO-TEX, connection to a Common Effluent Treatment Plant 	<ul style="list-style-type: none"> • Sourcing of hides/ skins limited to animals raised for milk or meat production and compliance with Commission Regulation (EC) 1243/2007 (sourced within the EU) or Leather Manufacturer Audit Protocol (sourced outside the EU) • Compliance with water consumption limits for tanning (e. g. 25 m3/t for cattle) and adherence to thresholds for water discharge and air emissions according to ZDHC/ EU BREF 		

CHALLENGE 5: FULFILLMENT OF FUTURE CRITERIA FOR THE TEXTILE SECTOR

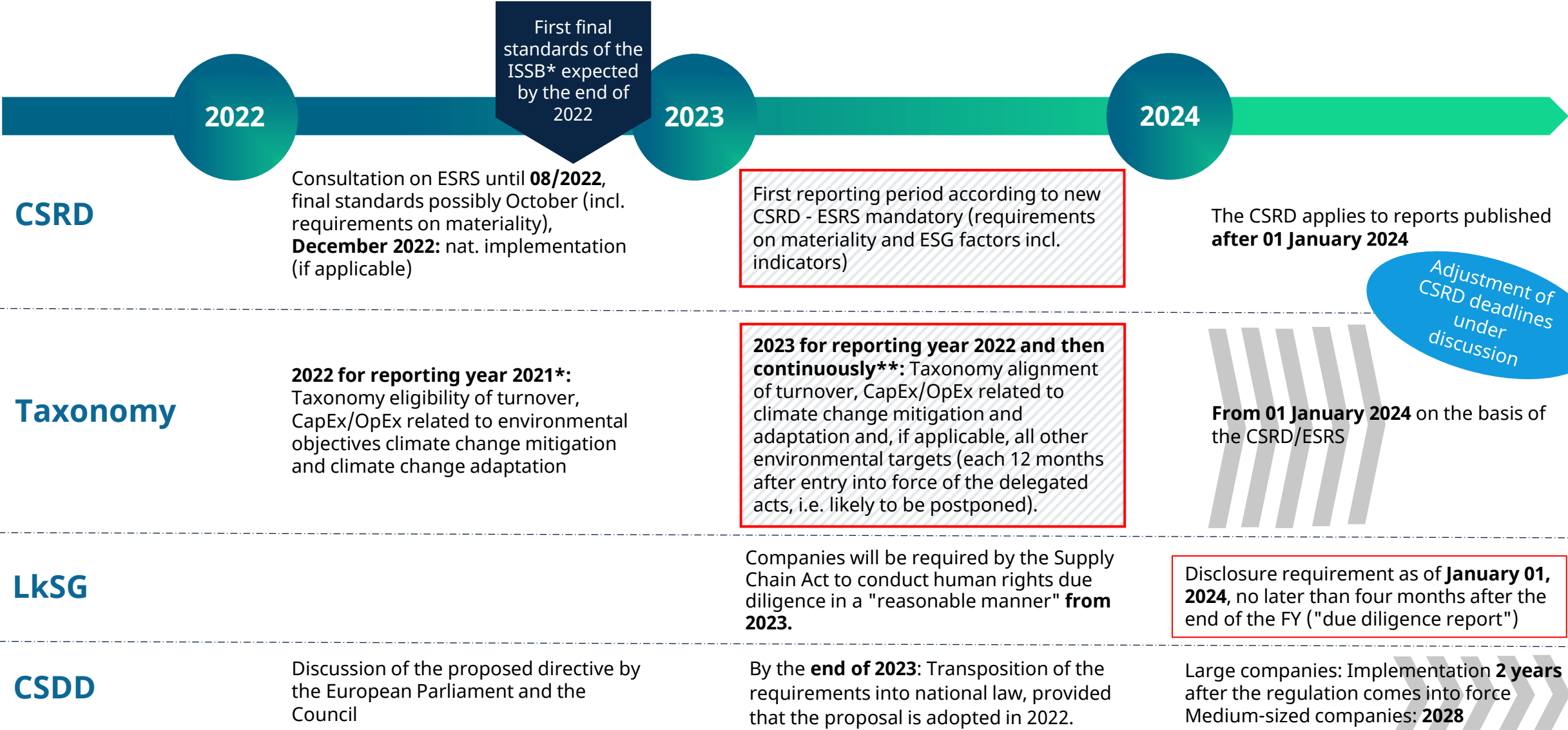
Substantial Contribution criteria	2.6 Finishing of textiles / 2.9 Tanning of leather	2.7 Wearing apparel	2.8 Footwear and leather goods
Substantial Contribution: Circular economy (incl. certain criteria in the area of pollution prevention)	None (see DNSH criteria)	<ul style="list-style-type: none"> • Availability of Blue Angel Ecolabel or EU Ecolabel • 80% share of recycled material for packaging certified by FSC/ PEFC • 70% share of recycled fibres • Exclusion of listed critical substances and chemicals (e. g. PFCs, “list of candidates” according to EU REACH, SVHCs and CLP, limit values according to MRSL of ZDHC) and compliance with biodegradability criteria for auxiliaries and finishing agents (if no ecolabel available) 	
		<ul style="list-style-type: none"> • Implementation of a variety of ISO standards (e.g. EN ISO 5077) for enabling durability of new wearing apparel in terms of colour fastness and durability of function (if no ecolabel available)) • 90% share of cellulose-based fibres in related wearing apparel • External verification of fulfillment of quality criteria for virgin cotton (EU organic production or NOP) and virgin cellulose fibres (e.g. FSC/ PEFC) • Requirements for design extending longevity (guarantees), recyclability, repair and refurbishment and enabling sale as second-hand wearing apparel • Repair or refurbishment of wearing apparel, sale of second-hand wearing apparel or subscription, leasing or renting services for increasing the lifetime (also as stand-alone activity) 	<ul style="list-style-type: none"> • Guarantees and availability of spare parts (for a period of at least 4 years) for new leather goods and footwear • Requirements for design facilitating reuse, recycling and repair, refurbishment and enabling sale as second-hand goods • Compliance with water consumption limits for tanning of leather (e. g. 25 m3/t for cattle) • Sourcing of hides/ skins limited to animals raised for milk or meat production and compliance with Commission Regulation (EC) 1243/2007 (sourced within the EU) or Leather Manufacturer Audit Protocol (sourced outside the EU) • Repair or refurbishment. sale of second-hand goods or subscription, leasing or renting services for increasing the lifetime (also as stand-alone activity)

- 
- Do you have any questions?
 - Are there thoughts you want to share with the group?
 - Is there anything to add from your experience?

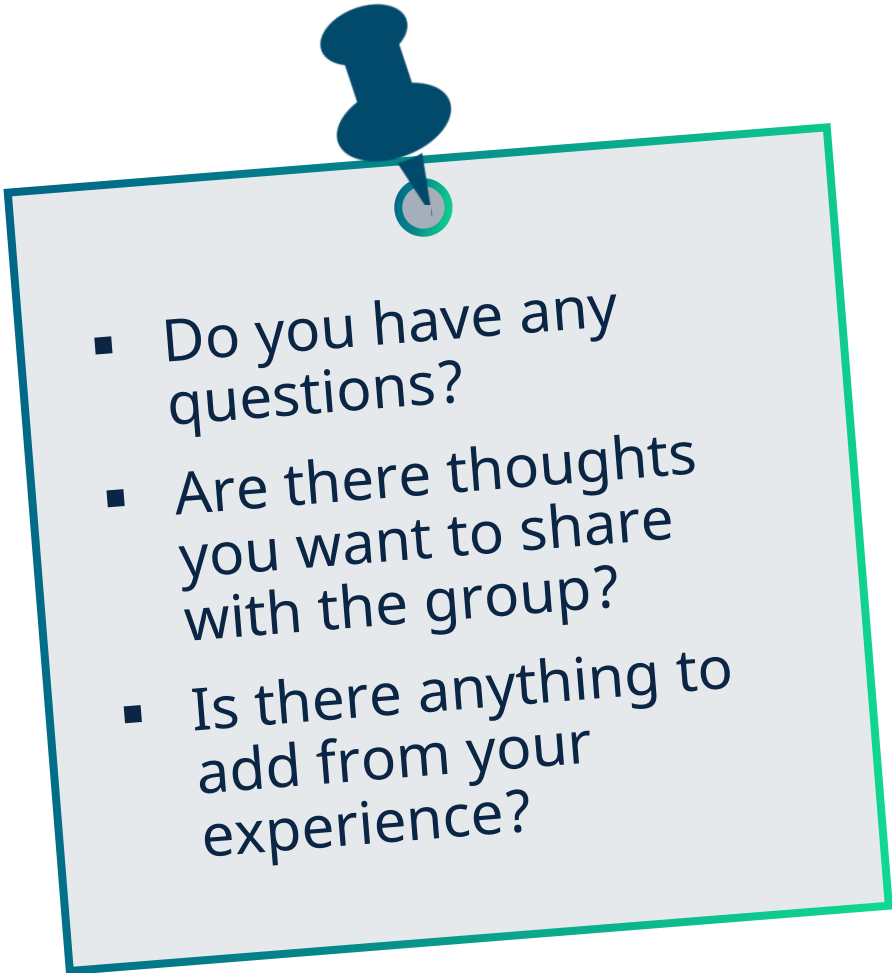
MILESTONES



MILESTONES CSRD, TAXONOMIE, LKSG AND CSDD



* International Sustainability Standards Board
** For companies reporting under NFRD, from 2024 for reporting year 2023 also for companies reporting under CSRD

- 
- Do you have any questions?
 - Are there thoughts you want to share with the group?
 - Is there anything to add from your experience?

OVERLAPS BETWEEN REGULATIONS



DUE DILIGENCE – PLEA FOR A JOINT PERSPECTIVE

The OECD Guidelines and UN Guiding Principles set the path: CSRD and CSDD definition of Due Diligence is based on OECD Guidelines and UNGP that also form the core of the social minimum safeguards of the EU Taxonomy

EU Taxonomy

Comply with social minimum safeguards:
OECD Guidelines for Multinational Enterprises UN (scope of due diligence: **human rights, environmental and governance topics**), Guiding Principles on Business and Human Rights (focus human rights), ILO Core Labor Standards, Fundamental Principles and Rights at Work, International Bill of Human Rights.

LkSG

Businesses are required to conduct appropriate **human rights and environmental due diligence** in their **supply chains** (direct supplies) with the aim of preventing or minimizing human rights or environmental risks or ending the violation of human rights or environmental obligations as defined in selected international conventions.

CSRD

Sustainability due diligence is the process that undertakings carry out to identify, assess, prevent, mitigate and remediate the **actual and potential adverse impacts** connected with their operations, products or services through their own activities and its **business relationships** (full value chain perspective).

CSDD

Companies have to conduct appropriate human rights, and environmental due diligence with respect to **their own operations and through their value chains**, by identifying, preventing, mitigating and accounting for their **adverse human rights, and environmental impacts**, and having adequate governance, management systems and measures in place to this end.



DUE DILIGENCE: OECD GUIDELINES SET THE PATH

Definition of risk

- CSRD, CSDD, OECD and UNGP speak of **actual and potential adverse impacts on people and the environment**. Only LkSG uses the term “Risks”
- Adverse impacts on **employees, workers in the value chain, effected communities** (CSRD) as well as **consumers and business partners** (OECD) within the risk definition
- Most overall perspective can be found in **CSRD**

Overlap
with
**double
materiality**

Risk Management

- Value chain approach of CSDD and CSRD
 - OECD specification: suppliers, franchise, licensees, joint ventures, clients, investors, contractors, customers, consultants, advisors, state and non-state entities
- Implementation of adequate and effective risk management included within broader enterprise risk management systems (Taxonomy, CSDD and CSRD refer to OECD)

*Ensure an appropriate understanding of risk in terms of **negative impacts according to CSRD** approach*

*Consider **positive impacts** in the risk (impact) analysis to prepare for CSRD (and forward-looking for social taxonomy).*

Ensure topic connection of CSRD and risk analysis

*Consider **employees, business partners and consumers***

***Integrate** ESG risk management (incl. climate risks) into existing risk management*

*Identify relevant departments that need to be involved in the process due to the **extended scope** (people and environment in whole value chain)*

*Topic needs to be taken care of at **top management level***

DUE DILIGENCE: OECD GUIDELINES SET THE PATH

Risk analysis & Prioritization

- CSRD, CSDD and Taxonomy refer to OECD and UNGP
- Broadest scope in CSRD: Negative impacts on the **environment or people** considers **own activities, products and services**; the types, nature and location of business relationships across **its operations and value chain**; and **the locations where it operates, sources sells or is otherwise active**
- Prioritization of risks required by all regulations

Overlap
with
**double
materiality**

Prevention & mitigation

- The most sophisticated description of prevention and mitigation process can be found in the **OECD Guideline**.
- **Stakeholder engagement** demanded by OECD, UNGP and CSDD
- LkSG as well as CSDD and OECD offer examples for mitigation and prevention measures. LkSG points out that sector initiatives are a suitable prevention measure for the deeper supply chain.

*OECD approach recommended (step-by-step)
Consideration of **entire value chain**
Consider **both human rights and environmental impacts** in risk analysis as in CSDD & LkSG
To prioritize **adverse impacts** use OECD guideline as the most internationally acknowledge standard*

*Use **OECD guideline** to design, implement and describe the due diligence process in your policy*

CLIMATE CHANGE MITIGATION – NEED FOR A TRANSITION PLAN

The Paris Agreement sets the path: All legal regulations define the Paris Agreement as the reference point for corporate decarbonization pathways

EU Taxonomy

The EU Taxonomy defines **thresholds for GHG emissions of selected economic activities** in accordance with the Paris Agreement. The current set of screening criteria focuses on the sectors that are currently responsible for about 80% of direct GHG emissions in Europe.

TCFD

Organizations should describe **how resilient their strategies are** to climate-related risks and opportunities, taking into consideration a transition to a low-carbon economy **consistent with a 2° C or lower scenario** and, where relevant to the organization, scenarios consistent with increased physical climate-related risks.

CSRD

The CSRD **mandates disclosure**

- **of plans** of an undertaking to ensure that its business model and strategy are **compatible** with the transition to a sustainable economy and with the **limiting of global warming to 1.5 ° C** in line with the Paris Agreement
- the way in which the company's strategy is implemented with regard to overall sustainability aspects

CSDD

The CSDD will **set obligations** for companies to have in place the plan ensuring that the business model and strategy are compatible with the transition to a sustainable economy and with the **limiting of global warming to 1.5 ° C** in line with the Paris Agreement on which they then have to report.



CLIMATE CHANGE MITIGATION: PARIS AGREEMENT SETS THE PATH

Climate Risk Analysis

- Taxonomy: Substantial contribution/DNSH: analysis of **physical climate-related risks**
- CSRD: Recommends disclosure on resilience analysis: **principal transition and physical climate-related risks**
- CSDD: Requires companies to determine **the extent** to which climate change poses a risk to or impacts the company's operations
- TCFD: Calls for comprehensive **analysis of climate-related risks** under different climate scenarios

Overlap
with
**double
materiality
and risk
analysis**

TCFD approach regarding climate risk analysis recommended

Climate risk analysis needed for all disclosures

Couple TCFD analysis to climate risk analysis as required by the Taxonomy

Climate Strategy

- CSRD: requires disclosure of an action plan to ensure the business model is compatible with the transition to a carbon-neutral economy and limiting global warming to 1.5° C
- CSDD will set obligations for companies to have in place the plan ensuring that the business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5° C in line with the Paris Agreement

Derive adequate measures for mitigating physical climate-related risks identified by TCFD and transfer it into a strategy (incl. action plan) in accordance with CSRD/CSDD and document it for Taxonomy

MATERIALITY – IMPACT-DRIVEN APPROACH

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The impact approach sets the path: Change of perspective towards positive and negative impacts in most of the regulations

EU Taxonomy

Site-specific impact analyses for water and biodiversity according to do no significant harm criteria of the taxonomy.

CSRD

Impact materiality and **financial materiality** as double materiality components to which companies should refer for the identification of its principal impacts, risks and opportunities across the value chain.

TCFD

Organizations should determine **materiality for climate-related issues** consistent with how they determine the materiality of other information included in their financial filings.

CSDD

Performance of social and environmental due diligence for **adverse human rights, and environmental impacts across the value chain**. Impacts need to be identified first.



MATERIALITY – IMPACT APPROACH SETS THE PATH

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Impact materiality

- Taxonomy: The **substantial contribution** of a **Taxonomy-aligned activities** to one or more environmental objectives can be understood as positive impact
- CSDD: **adverse** human rights, and environmental impacts can be understood as negative impact
- CSRD: actual or potential significant positive or negative impacts by the undertaking on people or the environment over the short-, medium- or long-term.

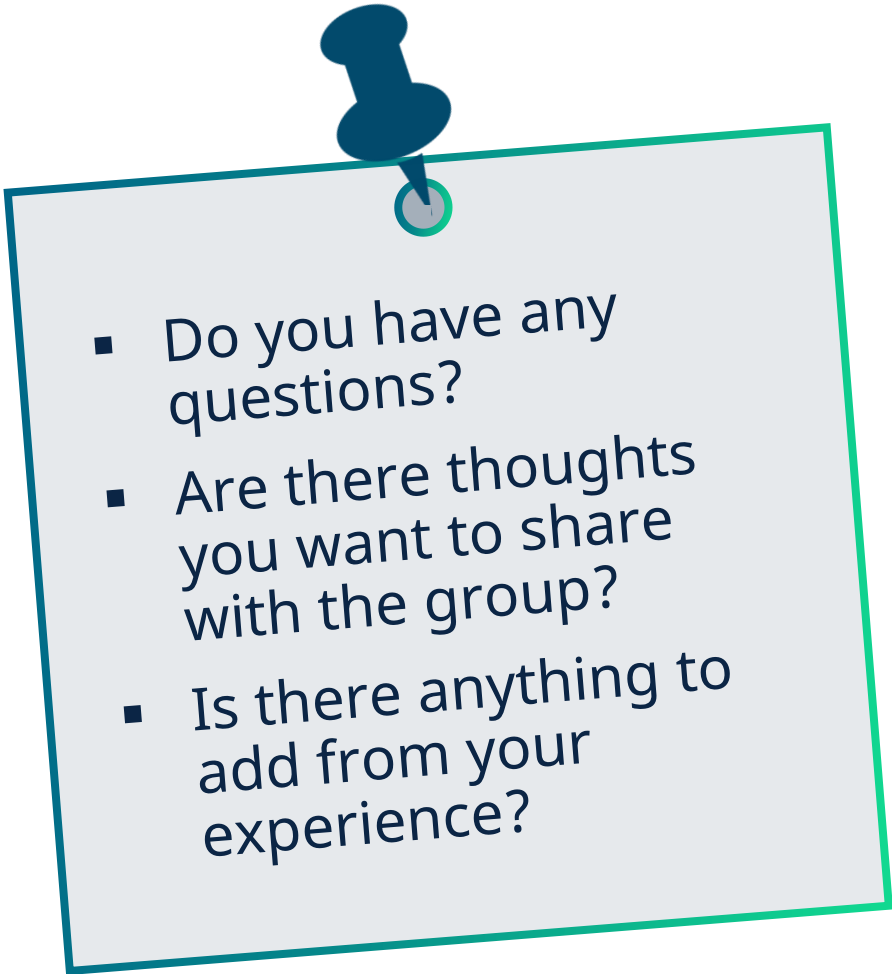
Financial materiality

- TCFD: Determining the **financial impact** of climate-related opportunities and risks
- CSRD: a sustainability matter is material from a financial perspective if it **triggers or may trigger significant financial effects on undertakings**, i.e., it generates or may generate significant risks or opportunities that influence or are likely to influence the **future cash flows** and therefore the enterprise value of the undertaking in the short-, medium- or long-term, **but it is not captured or not yet fully captured by financial reporting at the reporting date**

Overlap
with **risk
analysis**

*Integrate the results of **Taxonomy screening and materiality analysis** according to CSRD*
*Use **synergies** regarding identification of negative (adverse) and positive impacts according to CSDD*

Interlock results of TCFD analysis with CSRD related financial materiality screening
Establish a link with “classic” risk management

- 
- Do you have any questions?
 - Are there thoughts you want to share with the group?
 - Is there anything to add from your experience?

WORKSTREAMS AND NEXT STEPS



OVERARCHING CHALLENGE: HOLISTIC VALUE CHAIN PERSPECTIVE

Value chain:

"The full range of activities or processes needed to create a product or service. This includes entities with which the undertaking has a direct or indirect business relationship, both upstream and downstream of its own activities, which either

- (a) supply products or services that contribute to the organisation's own products or services, or*
- (b) receive products or services from the organization."*

Business relationships:

*"Those relationships an undertaking has with business partners, entities in its value chain and any other non-State or State entity directly linked to its business operations, products or services. They **include indirect business relationships in its value chain**, beyond the first tier, and minority as well as majority shareholding positions in joint ventures or investments"*

Disclosure Requirement E2-4 – Pollution of air, water and soil

"The undertaking shall disclose the list of pollutants that are generated or used during production processes or that are procured, and that leave its facilities as emissions, as products, or as part of products or services." [Tz. 32]

*"The disclosure [...] shall include emissions to air, emissions as effluents or other entries to water and pollutants to soil resulting from its operations, products and services **all along the value chain and product life-cycle.**" [Tz. 35]*

"When assessing its strategy to mitigate negative impacts arising from, and risks to, its business model(s), the undertaking shall include the value chain and identify:

- (a) both actual and future impacts, risks and opportunities; and*
- (b) **where in the value chain** pollution-related impacts, risks and opportunities are concentrated." (ESRS E2, AG2)*

POTENTIAL WORKSTREAMS

Workstream		Drivers	Lead	Departments affected
Materiality analysis (Impact and financial)		GRI, CSRD	Corporate Responsibility	a.o.: Corporate Responsibility, Risk Management, Compliance, Investor Relations, Marketing/Sales, Corporate Communications
Due Diligence Process (incl. Risk analysis and management)		LkSG, EU Taxonomy, CSRD, CSDD	TBD	a.o.: Corporate Responsibility, Risk Management, Compliance, Purchasing, Sales, Marketing
Strategy (Focus: Climate, circularity and general integration of sustainability in corp. strategy)		EU Taxonomy, CSRD, CSDD	TBD	a.o.: Corporate Responsibility, Risk Management, Compliance, Purchasing, Marketing/Sales
Data	Structure/adaptation of data system	GRI, EU Taxonomy, CSRD	TBD	a.o.: Corporate Responsibility, Controlling
	Data collection	GRI, EU Taxonomy, CSRD	TBD	a.o.: Corporate Responsibility, Controlling
Reporting		GRI, LkSG, EU Taxonomy, CSRD, CSDD	TBD	a.o.: Corporate Responsibility, Risk Management, Compliance, Investor Relations, Corporate Communications

Value chain perspective must always be taken into account

Need to identify the relevant ones internally



Overarching questions

- How can overarching control of the necessary processes be ensured (from a project management view)?
- Which position(s) in the company seems suitable to converge workstreams on a general level?
- How to define the responsibilities for the individual workstreams?
- How much attention was paid to other standards (OECD/UNGP/CSDD) in preparing the implementation of the LkSG?

Materiality

- How can the double materiality approach be implemented in the company and which bodies are relevant to make a sound assessment (assessment on positive and negative impact as well as financial impact)?
- Does the scope of consolidation have to be reassessed for the CSRD-related considerations (Target: Same scope of consolidation as in the financial statement)?

Strategy and business model

- How far has the integration of sustainability-relevant topics into the business model progressed? What are the ambitions? Who is driving the integration?
- How robust is the previous climate risk analysis according to TCFD (Climate risk along the value chain) and scenarios derived from it? Are taxonomy-related climate hazards considered?
- How resilient is the existing climate strategy, does it meet the requirements that the business model and strategy are compatible with the transition to a sustainable economy and limiting global warming to 1.5 ° C in line with the Paris Agreement?

RELEVANT QUESTIONS



Risk analysis and management:

- What is the status of integrating ESG risks into risk management? Does the risk management identify the organization's impacts on the economy, the environment, and people, in addition to identifying risks for the organization itself (**inside-out** and **outside-in**)?
- Is there an awareness of which relevant departments need to be involved in the extended risk analysis and management?

Data system and data collection:

- Who will be responsible for collecting taxonomy-related information?
- Who will be responsible for collecting the additional non-financial data?
- Who will be responsible for linking financial and non-financial data in the data management system?

Reporting:

- How should reporting on non-financial topics be structured in the future?
 - Who will be responsible for the due diligence report according to LkSG?
 - Who will be responsible for Taxonomy-related disclosures
 - Who will be responsible for additional disclosures in accordance with CSRD (and forward-looking CSDD)?
- How will consistency between disclosures be ensured?
- How should the requirements of rating and ranking agencies be taken into account in the future?
- Who will have overarching responsibility for reporting on non-financial topics?

RELEVANT STEPS WITHIN THE WORKSTREAMS

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Materiality

Prepare a CSRD-related double materiality analysis for 2022 (also in line with GRI 2021) – **eventually focus on impact materiality** first and integrate check of certain Taxonomy DNSH criteria

Conduct the first **CSRD-compliant materiality analysis** based on draft standards for reporting period 2023 based on the mandatory and sector-specific topic list – prove alignment with certain DNSH criteria

Strategy

Align strategies with international and European targets (1.5° C target, European Green Deal – e.g. EU Strategy for Sustainable and Circular Textiles)

Reinforce strategy by targets & tools to measure progress

Integrate sustainability and corporate strategy

Data

Structure/adaptation of data system

Include pre-defined ESRS indicators, or company-specific indicators in data collection system; prepare climate indicators according to **ESRS E1 & TCFD**

Examine possible adaptation of IT systems to link financial and sustainability data

Prepare the remaining environmental data according to ESRS E2-4, as well as the ESRS S1-N and G1-N

Assess the audit reliability of the relevant data

Data collection

Assess Taxonomy eligibility and alignment of turnover, CapEx/OpEx for FY 2022 related to climate change mitigation and adaptation*

Prepare collection of CSRD relevant data for reporting periode 2023

Prepare collection of Taxonomy data for environmental objectives 3 to 6*

*Assumption: Criteria for env. objectives 3-6 to be applied first for FY 2023

RELEVANT STEPS WITHIN THE WORKSTREAMS

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Due Diligence

Status Quo Analysis of actual risk-management regarding consideration of **ESG-related negative impacts** (inside-out and outside-in)

Review of risk definition (incl. negative impact of the company on environment and people)

Gap analysis of **due diligence process** with social minimum safeguards of EU Taxonomy and CSRD requirements (forward-looking: CSDD)

Determine which departments need to be involved in the extended process

Adapt due diligence process to ensure **alignment** with social minimum safeguards of EU Taxonomy and CSRD requirements

Reporting

Report Taxonomy eligibility and alignment of (turnover) CapEx/OpEx for FY 2022 related to climate change mitigation and adaptation*

Start reporting in **line with GRI 2021** for reporting period 2022

Introduce audit for Taxonomy reporting for FY 2022

Discussion on **audit implications** for non-financial disclosures according to CSRD with auditor for FY 2023 (expected)

Familiarize with **LkSG reporting requirements** and establish appropriate processes for information consolidation

Develop an **overarching reporting approach** taking into account CSRD as well as rating and ranking requirements and the LkSG

Roll-out of **fully CSRD-compliant** disclosure for reporting period 2023 (expected)

Start reporting in **line with LkSG** for reporting period 2023

*Assumption: Criteria for env. objectives 3-6 to be applied first for FY 2023

NEXT STEPS




- Define most pressing issues to continue working on
- Collect and answer current open questions
- Preparation workshop 2

Goals workshop 2:




- Definition of the project team incl. responsibilities
- Decision on future reporting formats
- Elaboration of work packages incl. responsibilities

THANK YOU!

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