



# Welcome to the ISCC Webinar – Getting the Corporate Sustainability Reporting Directive (CSRD) Right

ISCC System GmbH & Meo Carbon Solutions GmbH  
23 October 2024

# Connecting the Elements to Build Your Sustainable Business



# Getting the Corporate Sustainability Reporting Directive (CSRD) Right

- 01** What CSRD means for your company
- 02** Double Materiality Assessment
- 03** General disclosures
- 04** Reporting requirements in detail: E1
- 05** Reporting synergies for ISCC system users

# 01

## **What CSRD means for your company**

# CSRD in a nutshell

**"The Corporate Sustainability Reporting Directive (CSRD) is a European Union regulation designed to enhance and standardize sustainability reporting across companies, replacing the previous Non-Financial Reporting Directive (NFRD)"**

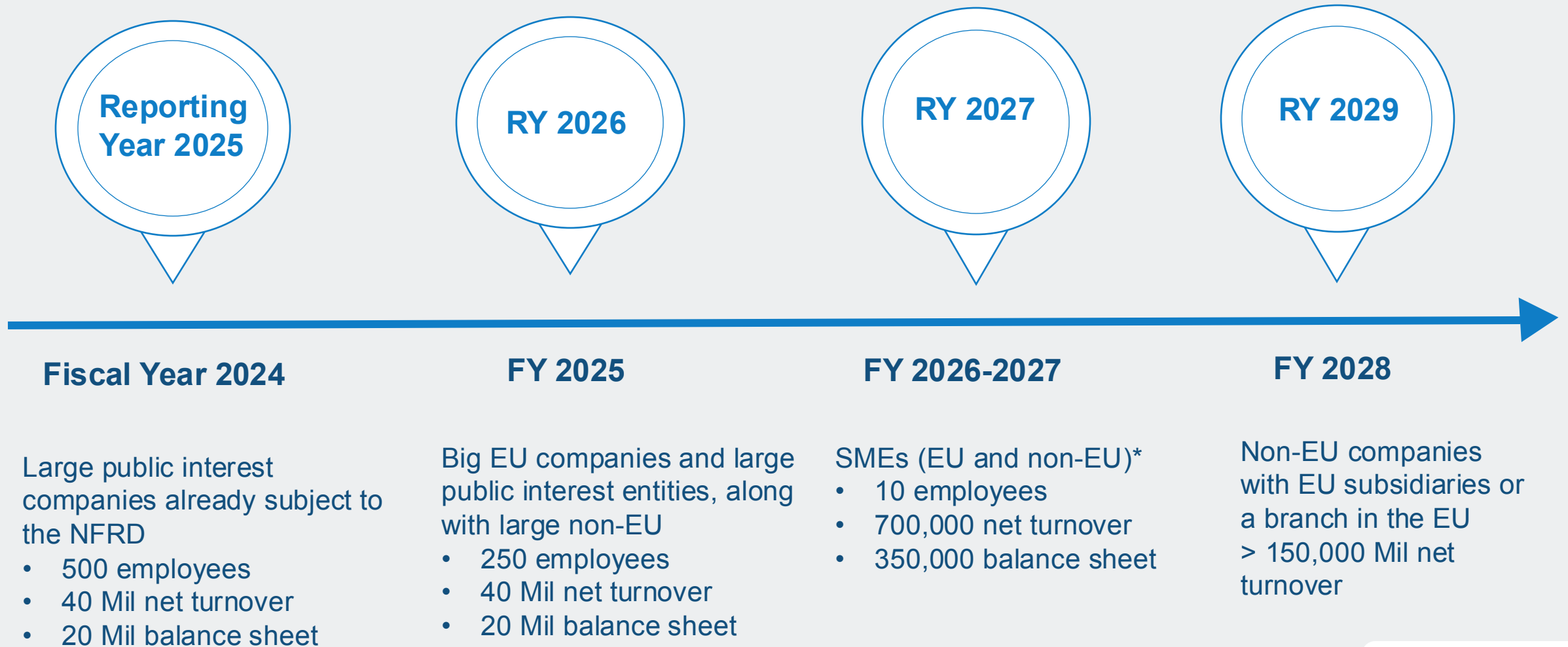
**Purpose:** Enhance transparency, accountability, and contribute to the EU's sustainability and climate goals. **Puts sustainability reporting on an equal footing with financial reporting**

**Key Objectives:**

- Promote sustainability through clear, comparable ESG data
- Align with the EU Green Deal and global sustainability goals
- Ensure transparency for investors and stakeholders

**Who is affected:** Over 50,000 companies, including large and listed organizations, and SMEs in the EU.

# Date of Application



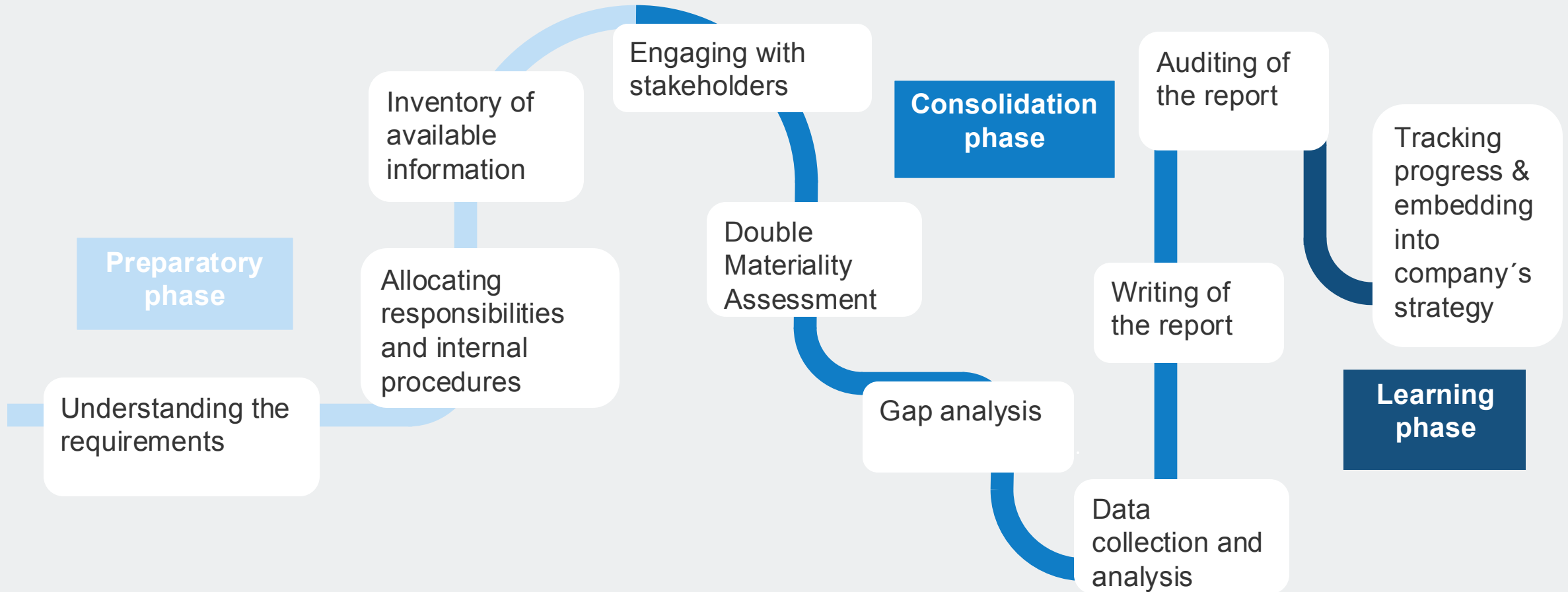
\* Opt out option until 01.2028

# The European Sustainability Reporting Standards (ESRS)



Sector-Agnostic Standards		
General cross-sector standards		
ESRS 1 General Requirements		ESRS 2 General disclosures
Topic-specific cross-sector standards		
Environment (E-)	Social (S-)	Governance (G-)
E1 Climate Change	S1 Own Workforce	G1 Business Conduct
E2 Pollution	S2 Workers in the value chain	
E3 Water & Marine Resources	S3 Affected communities	
E4 Biodiversity & Ecosystems	S4 Consumers & End users	
E5 Resource use & Circular Economy		

# Road map to the report

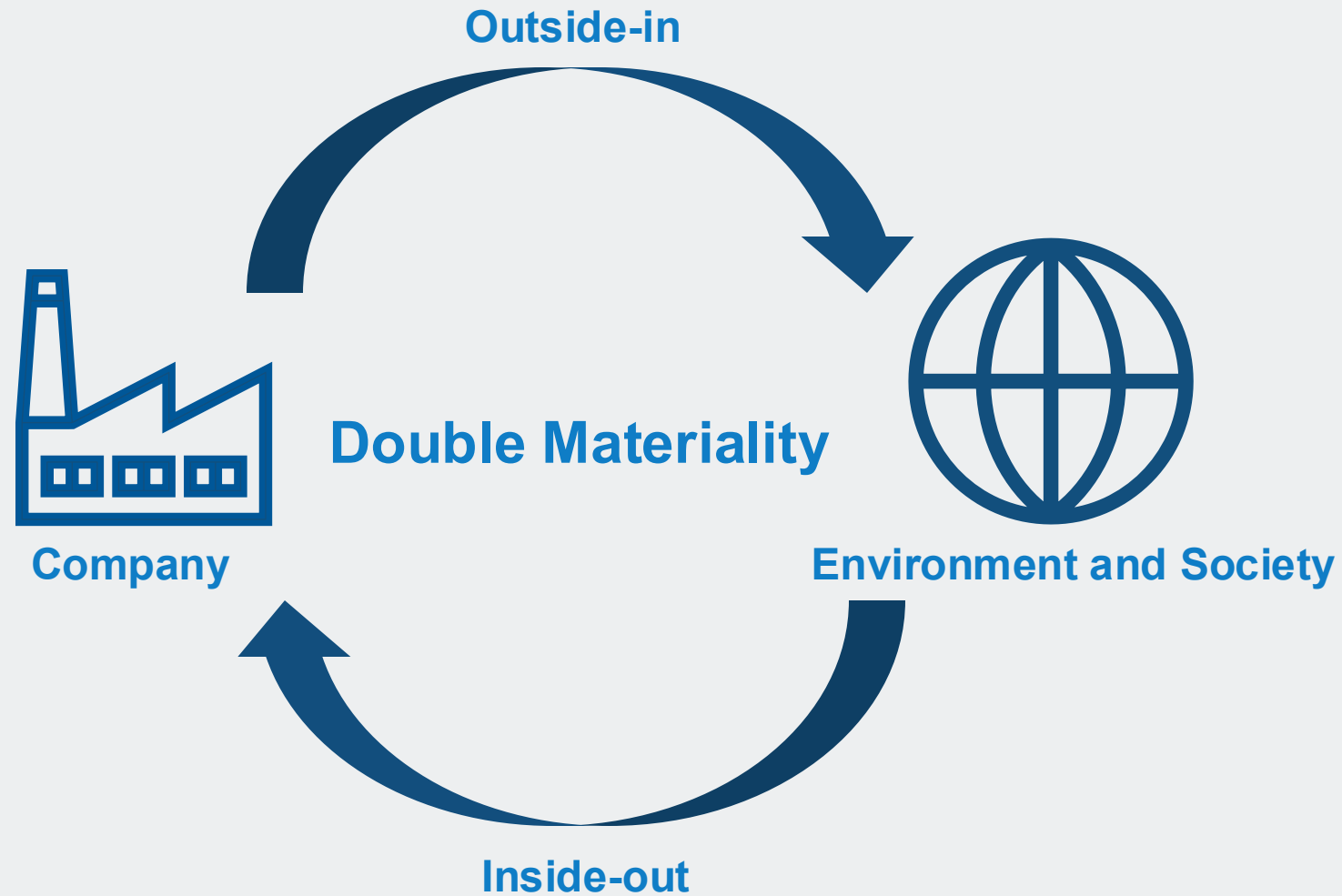








# 02

## Double Materiality Assessment

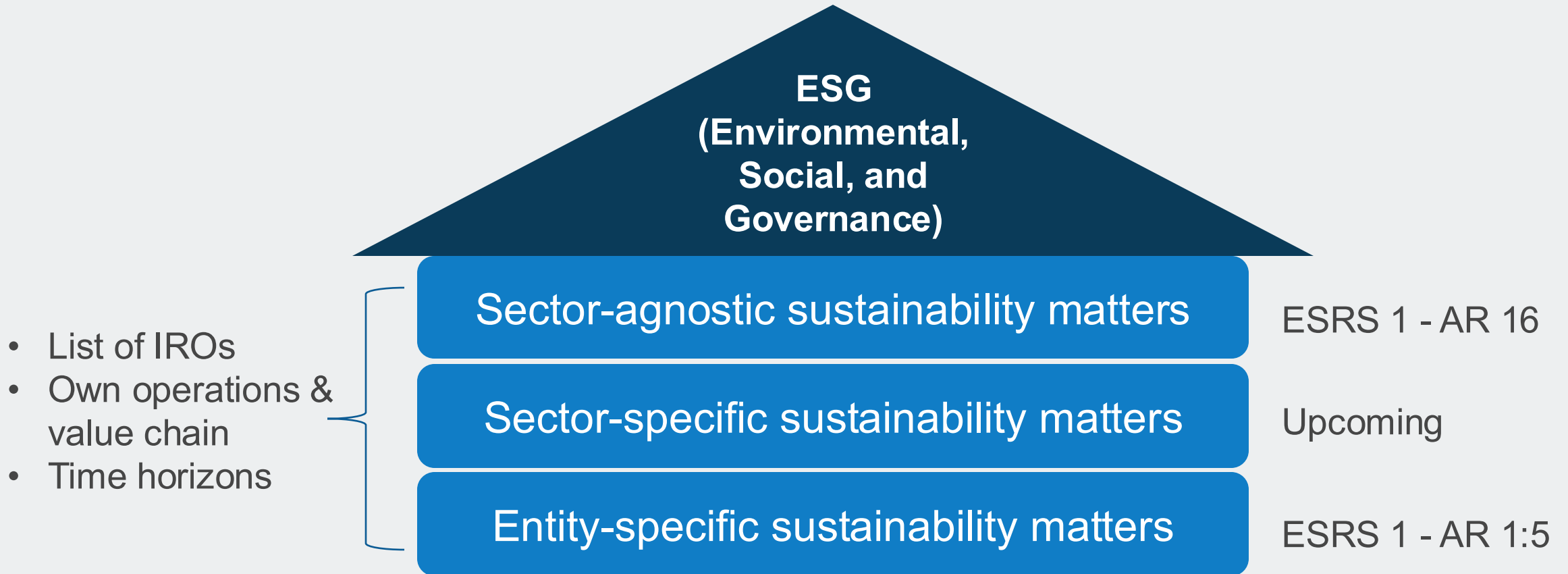
# What is double materiality?



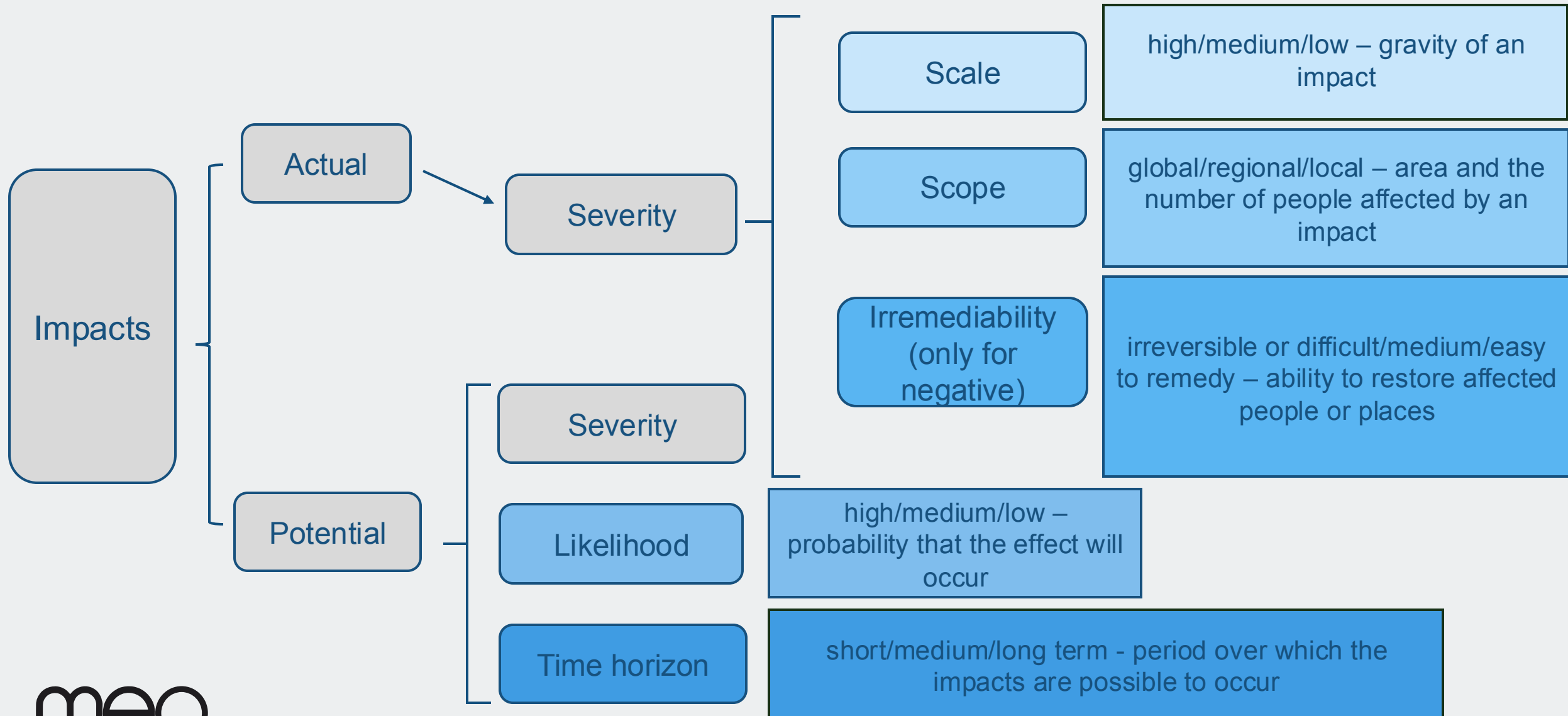
# Steps of the materiality assessment

1. Context analysis	2. Identify IROs (Impacts, Risks, and Opportunities)	3. Assessment of IROs	4. Reporting
<ul style="list-style-type: none"><li>• Analyse business <b>activities and strategies</b>, relationships and value chain</li><li>• Analyse <b>legal and regulatory</b> frameworks</li><li>• Understand <b>affected stakeholders</b></li></ul>	<ul style="list-style-type: none"><li>• Provide a list of <b>potential and actual</b> material IROs related to the sustainability matters</li><li>• Identify IROs across the <b>value chain</b></li><li>• Define a relevant <b>time horizon</b></li></ul>	<ul style="list-style-type: none"><li>• Conduct an <b>impact</b> materiality and a <b>financial</b> materiality assessment</li><li>• Investigate <b>interaction</b> between them</li></ul>	<ul style="list-style-type: none"><li>• Describe the <b>processes</b> of IROs identification and assessment</li><li>• Disclose <b>material</b> IROs and <b>thresholds</b></li><li>• Address how to deal with IROs</li></ul>
			

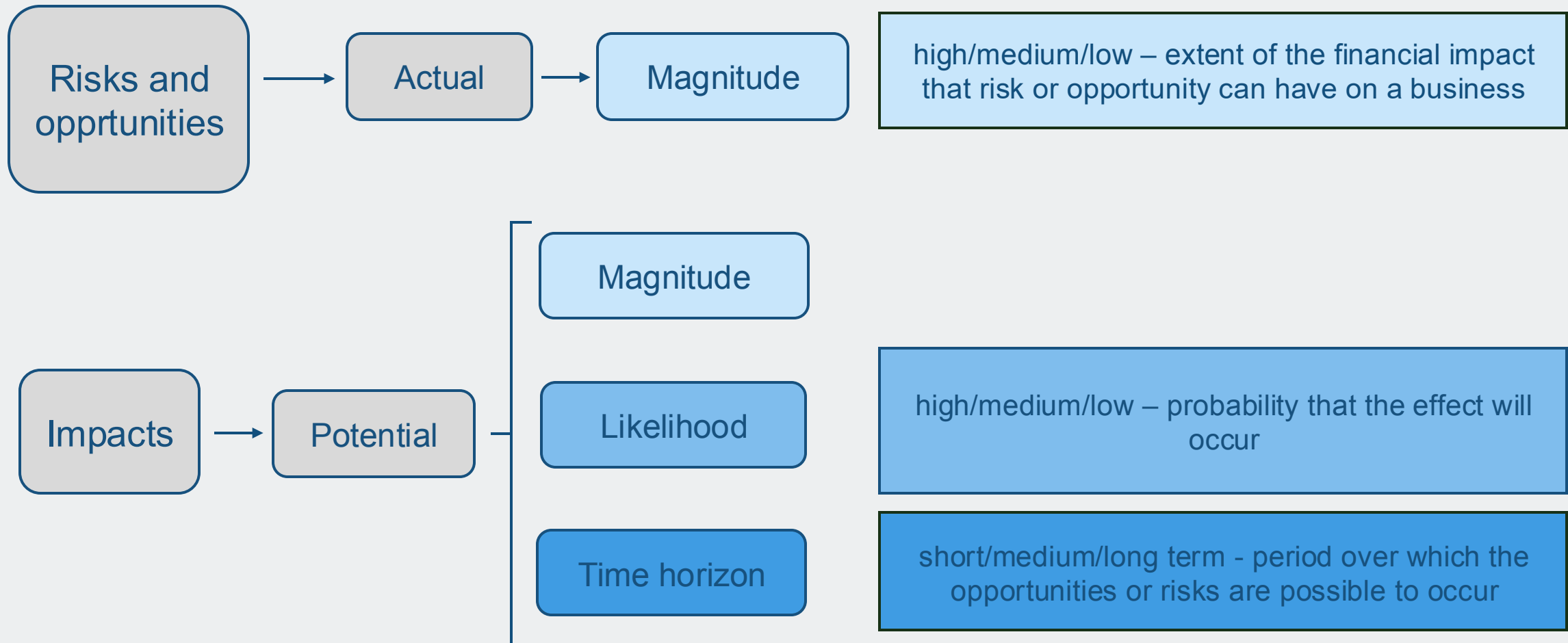
# Identify IROs (Impacts, Risks, and Opportunities)



# Impact materiality assessment



# Financial materiality assessment



# Determination of relevance and materiality (Shortlist)

Sustainability topics as per ESRS	Impact Materiality	Financial Materiality
E1 Adaptation to climate change	3,0	2,2
E2 Soil contamination	3,2	3,6
E2 Pollution of living organisms and food resources	1,8	2,8
E4 Biodiversity and ecosystems	3,4	2,3
E5 Waste	1,2	0,3
S1 Appropriate remuneration	2,8	2,7
S1 Social Dialogue	2,3	1,6
S1 Child labour	3,8	1,8
G1 Management of relationships with suppliers, incl. payment practices	3,1	1,4
G1 Incidents	1,0	3,0

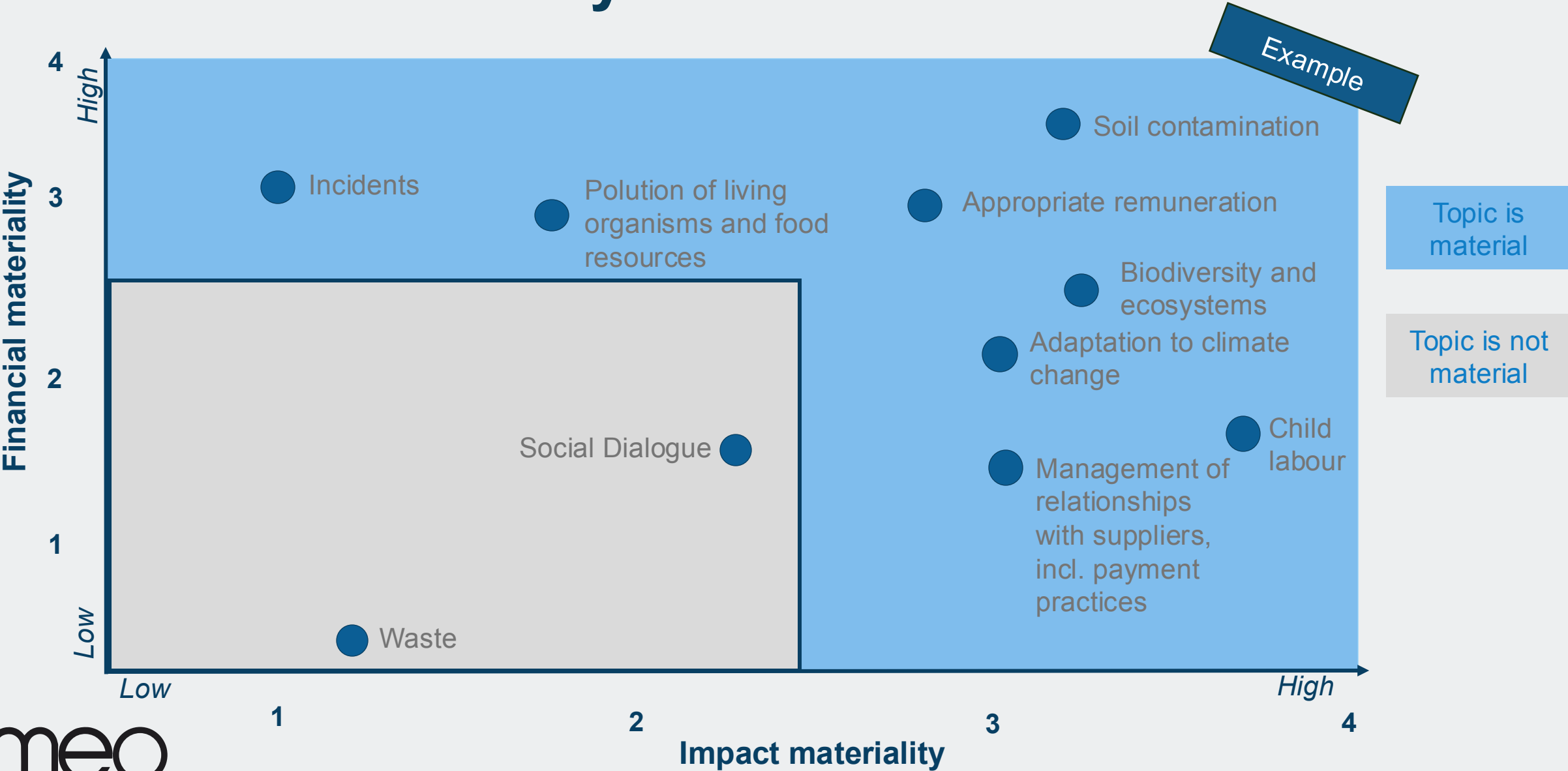
Example

Topic is material

Topic is not material

Scale from 0 (low) - 4 (high)  
Threshold value for materiality= 2,5

# Outcome: materiality matrix





# How can MEO support you

- Support with the context analysis
- Help to identify and engage with relevant stakeholders
- Establish methodologies to identify and assess IROs
- Provide guidance on criteria to determine relevance and materiality
- Develop materiality matrix

# 03

## General disclosures

# Understanding disclosure requirements and datapoints (ESRS 2)

Reporting area		Disclosure requirement	Data points
Basis for preparation (BP)	BP-1 BP-2	General basis for preparation of sustainability statements	37
Governance (GOV)	GOV-1 GOV-2 GOV-3 GOV-4 GOV-5	How are sustainability aspects monitored, managed and supervised?	35
Strategy (SBM)	SBM-1 SBM-2 SBM-3	What is the strategy and the business model of the company? How are essential sustainability aspects considered?	53

# Understanding disclosure requirements and datapoints (ESRS 2)

Reporting area		Disclosure requirement	Data points
Impact, Risks, and Opportunity management (IRO)	IRO-1 IRO-2	How was the materiality assessment conducted, and which topics were deemed material? What are the strategies for dealing with material sustainability topics?	28
Minimum Disclosure Requirements (MDR)	MDR-Policies MDR-Actions MDR-Targets MDR-Metrics	Which parameters are used to assess the effectiveness of measures in relation to material topics?	32
		<b>TOTAL</b>	<b>185</b>

# Example of a report

## Management report

Analysis of the development and performance of the undertaking's business and its position

The undertaking's likely future developments

Description of the principal risks and uncertainties

Corporate governance statement

## Sustainability statement

### General information

ESRS 2 General disclosures

Specific topical DR from topical ESRS

Additional DR from sector specific ESRS

List of DR complied with

Table of all the datapoints deriving from other EU legislation

### Topic-specific standards

Environment ESRS E1- 5

Social ESRS S1- 4

Governance ESRS G1

Impact, risk and opportunity management and metrics and targets DR from ESRS

Additional DR from sector specific ESRS

Potential additional entity-specific information

# How can MEO support you

- Close information gaps (providing proxies, sector data, secondary sources)
- Map impacts across the value chain (f.i. general risks analysis by country or product)
- Connect the different sustainability and due diligence processes
- Develop metrics and targets

# 04

## Reporting requirements in detail: E1

# The Importance of ESRS E1



Sector-Agnostic Standards		
General cross-sector standards		
ESRS 1 General Requirements		ESRS 2 General disclosures
Topic-specific cross-sector standards		
Environmental (E-)	Social (S-)	Governance (G-)
<b>E1 Climate Change</b>	<b>S1 Own Workforce</b>	<b>G1 Business Conduct</b>
E2 Pollution	S2 Workers in the value chain	
E3 Water & Marine Resources	S3 Affected communities	
E4 Biodiversity & Ecosystems	S4 Consumers & End users	
E5 Resource use & Circular Economy		



# Objectives of ESRS E1

1. Understand how the Undertaking affects climate change

2. Understand mitigation efforts in line with Paris Agreement, limiting global warming to 1.5°C

3. Align plans and capacities of the undertaking to adapt its strategy and business model(s) in line with 1.5°C goal

4. Understand any other action and its impact (result) of such actions regarding climate change

5. Understand the nature, type and extent of material risks and opportunities arising from impacts and dependencies on Climate change.

6. Understand financial effects (short, medium and long term) arising from impacts and dependencies on Climate Change

# ESRS E1 – The 9 Disclosure Requirements

**E1-1** Transition Plan for  
Climate Change  
Mitigation

**E1-2** Climate Policies

**E1-3** Action and  
resources

**E1-4** Climate Targets

**E1-5** Energy consumption  
& mix

**E1-6** GHG emissions  
(Scope 1,2 and 3)

**E1-7** GHG removals and  
GHG mitigation  
projects

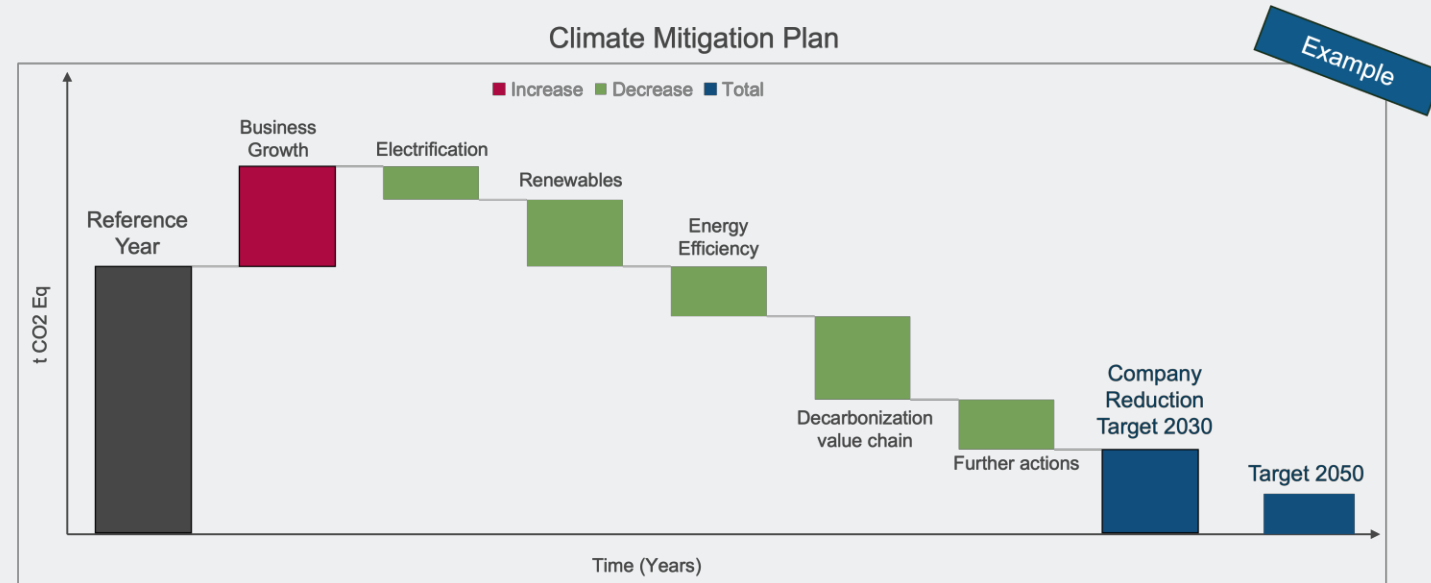
**E1-8** Internal Carbon  
pricing

**E1-9** Financial efforts  
from climate related  
risks and  
opportunities

- Strategy
- IRO Management
- Metrics & Targets

# Example E1 – 4: Climate Targets

## E1-4 Climate Targets



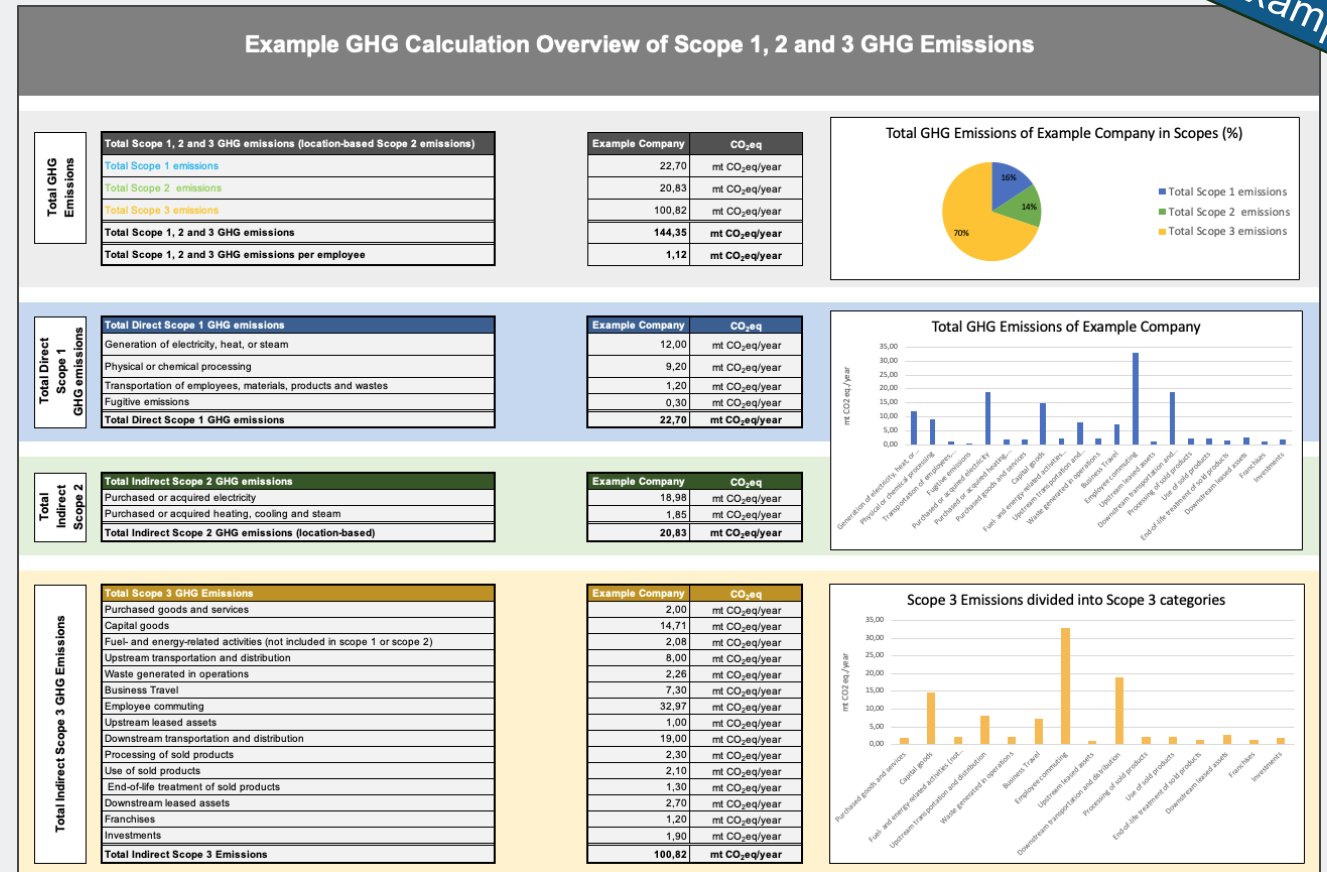
### General Disclosure:

- The company must disclose the climate-related targets it has set, providing details on how these targets align with its mitigation and adaptation strategies.
- The disclosure should include targets related to greenhouse gas (GHG) emissions reduction as well as any other relevant targets to manage material climate-related impacts, risks, and opportunities.

# Example E1 – 6: Scope 1, 2 and 3 Emissions

Example

E1-6 GHG emissions  
(Scope 1, 2 and 3)



Example calculation: Values are not connected to MCS, ISCC or any client. No original values are displayed

# ESRS E1 – The 9 Disclosure Requirements

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- Strategy
- IRO Management
- Metrics & Targets

# How can MEO support you

- Assist to develop climate transition plans
- Calculate GHG emissions and develop tailored and transparent Calculators, including Scope 1-3 Emissions
- Guide the creation of climate policies and goals
- Assess energy consumption and mix
- Support carbon offset strategies
- Analyse financial impacts of climate risks and opportunities
- Ensure compliance while advancing sustainability efforts

# 05

## Reporting synergies for ISCC system users

# ISCC's three certification schemes to support compliance with legal and voluntary sustainability requirements



## ISCC EU

- Sustainable fuels used for **transport, electricity, heating and cooling in the European Union under the Renewable Energy Directive (RED)**
- To demonstrate compliance with the EU's sustainability and GHG criteria for biofuels, bioliquids and biomass fuels (and soon RFNBOs, RCFs)



## ISCC PLUS

- Circular and biobased **chemicals, plastics, packaging, textiles, ...**
- Sustainable **fuels outside the EU**
- **Sustainable food and feed**
- **Renewable feedstock** derived from using renewable energy sources



## ISCC CORSIA

- **Sustainable aviation fuels under ICAO CORSIA**
- To demonstrate compliance with the sustainability and **GHG criteria for CORSIA eligible fuels**

ISCC also operates **ISCC Japan FIT** for the production of renewable electricity in Japan. Eligible to produce include palm oil, palm kernel shells, and other kinds of shells



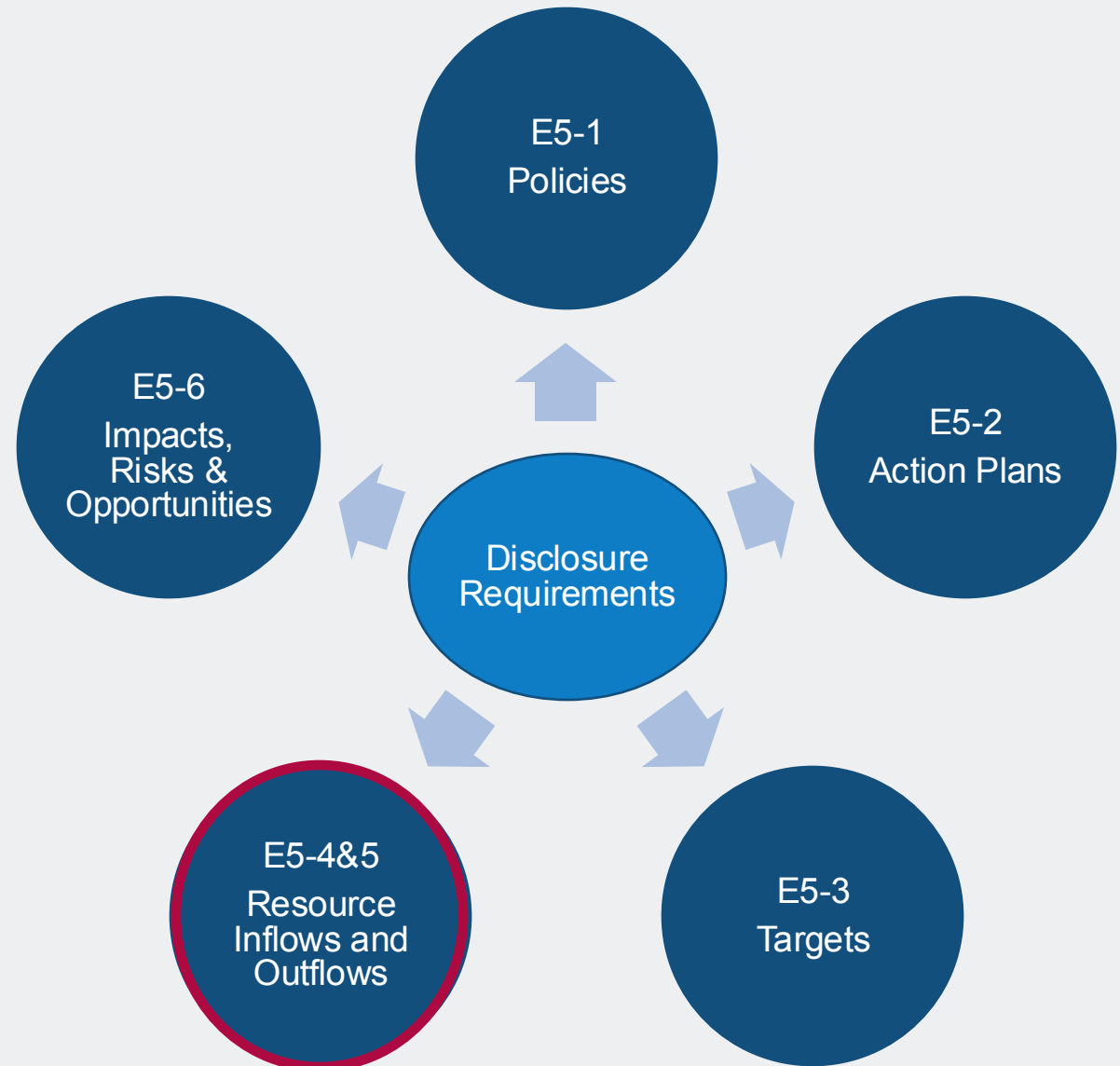
# Synergies between CSRD and ISCC

Sector-Agnostic Standards		
General cross-sector standards		
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Environment (E-)	Social (S-)	Governance (G-)
<b>E1 Climate Change</b> 	<b>S1 Own Workforce</b> 	<b>G1 Business Conduct</b> 
E2 Pollution	S2 Workers in the value chain 	
E3 Water & Marine Resources	S3 Affected communities 	
E4 Biodiversity & Ecosystems 	S4 Consumers & End users	
<b>E5 Resource use &amp; Circular Economy</b> 		

# ESRS E5: Resource use and circular economy

## Key Objectives

- Promote sustainable resource use and circular economy practices
- Support waste reduction, material efficiency, and recycling
- Align corporate actions with EU circular economy goals
- Ensure transparent reporting on strategies and policies
- Provide stakeholders with actionable insights on resource management



# Disclosure Requirement E5-4 – Resource inflows

*“31. When an undertaking assesses that **resource inflows is a material sustainability matter**, it shall **disclose the following information** about the materials used to manufacture the undertaking’s products and services during the reporting report, in tonnes or kilogrammes:*

- a) the overall total weight of products and technical and biological materials used during the reporting period;*
- b) the **percentage of biological materials** (and biofuels used for non-energy purposes) **used to manufacture the undertaking’s products and services (including packaging)** that is **sustainably sourced**, with the information on the **certification scheme used** and on the application of the cascading principle; and*
- c) the weight in absolute value and percentage, of secondary reused or recycled components, secondary intermediately products and secondary materials used to manufacture the undertaking’s products and services (including packaging).”*

# ISCC PLUS certified feedstocks covers all final markets

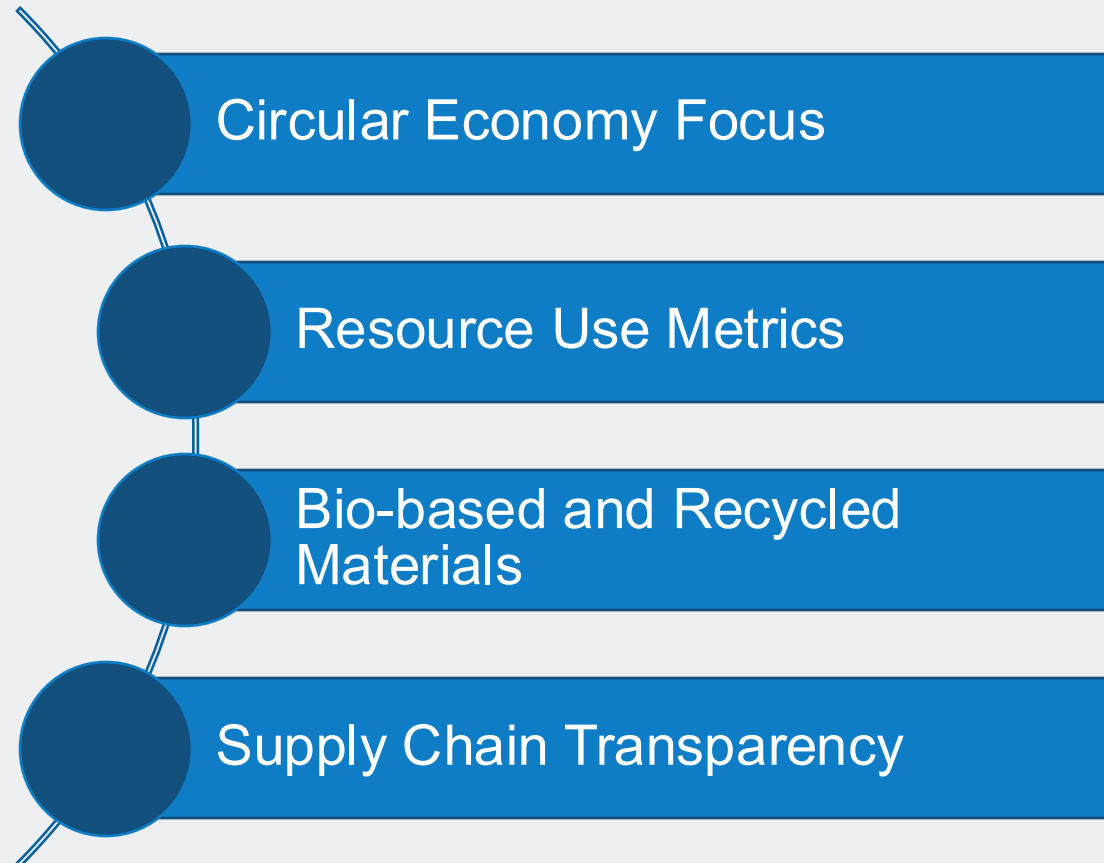
Raw material  
categories










Markets\*



# Synergies between ESRS E5 and ISCC



# Synergies between CSRD and ISCC

Sector-Agnostic Standards		
General cross-sector standards		
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E2 Pollution	<b>S2 Workers in the value chain</b> 	
E3 Water & Marine Resources	S3 Affected communities 	
E4 Biodiversity & Ecosystems 	S4 Consumers & End users	
E5 Resource use & Circular Economy 		

# ESRS S2: Workers in the value chain

## Key Objectives

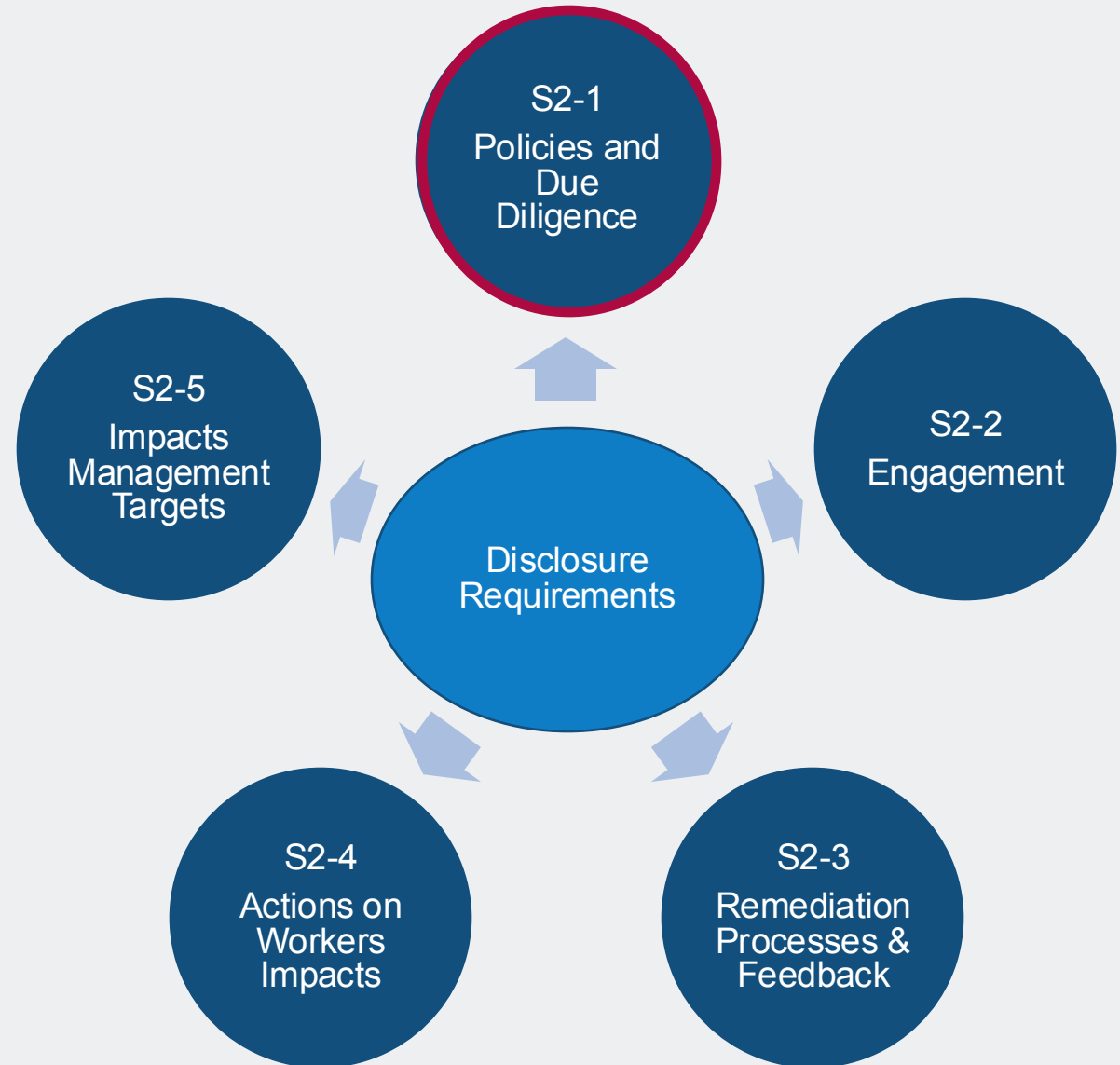
Promote human rights and fair labour practices

Ensure safe and decent working conditions

Manage and mitigate risks

Support worker engagement and empowerment

Ensure equality and non-discrimination





# ISCC Principles for agricultural and forestry feedstock



## ISCC Principle 3 - Safe working conditions

- Training and Competence
- **Preventions and handling of accidents** (Health, safety and hygiene policy, procedures of risk assessment)

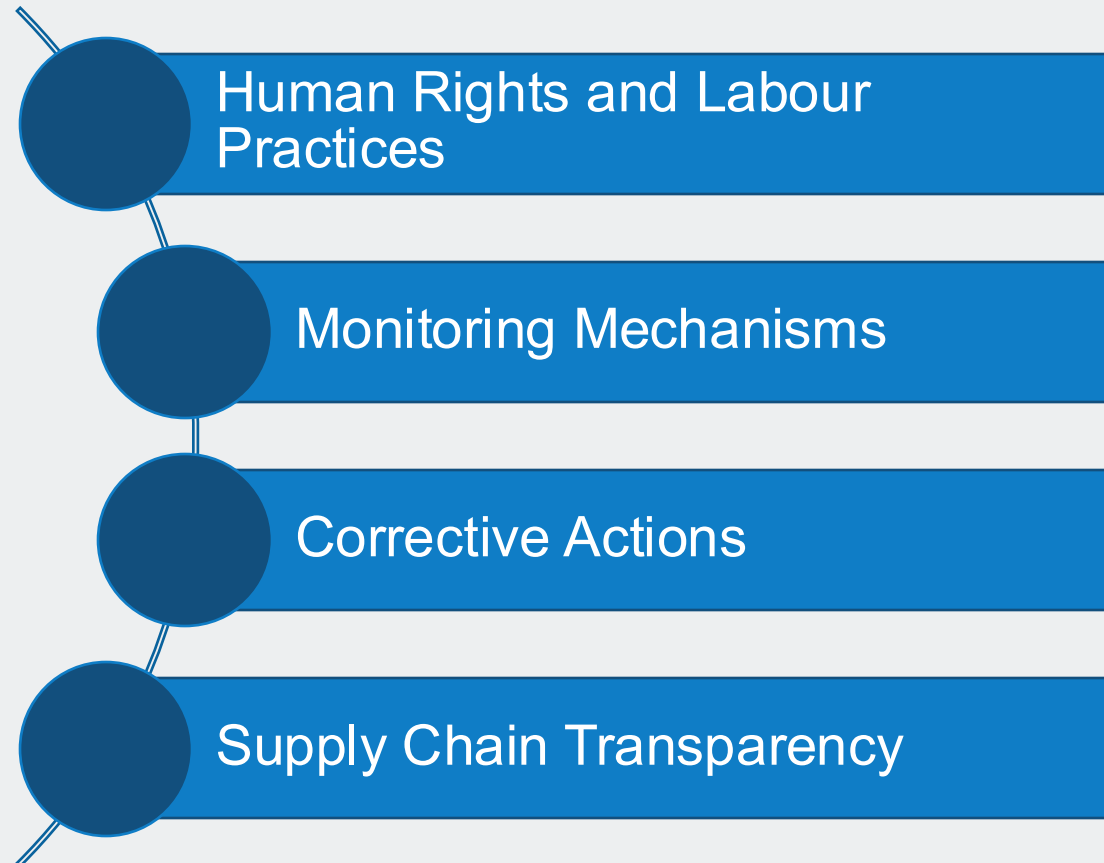


## ISCC Principle 4 - Compliance with human and labour rights and responsible community relations

- **Rural and social development** (Avoidance of negative environmental, social, economic and cultural impacts, remediation of negative impact and worker's concern)
- **Employment conditions** (No child/forced labour, documentation of working time, open communication between workers and managements)



# Synergies between ESRS S2 and ISCC



# Key Takeaways

## Preparing for Compliance

- Essential steps to align your company with CSRD requirements.

## Support from Meo Carbon Solutions (MCS)

- MCS has broad expertise in all areas covered by CSRD and can assist companies throughout the reporting process.
- MCS can support companies to embed CSRD reporting obligations in their internal core business and to establish procedures to track progress.

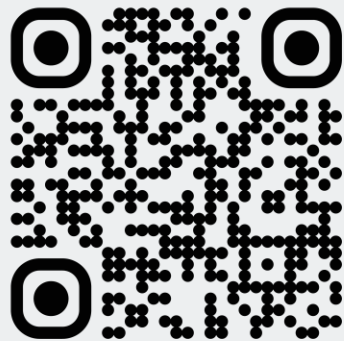
## Synergies with ISCC Certification

- Ensuring sustainable traceability of materials through certification.
- ISCC system documentation enhances transparency in reporting.

## Certification vs. Reporting Obligations

- Certification schemes do not replace the need for compliance.

**Connecting the  
elements to build your  
sustainable business.**



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