

AGENDA

Emerging Sustainability standards

- GHG protocol
- ISO 14000 family
- Science-Based Targets initiative (SBTi)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Corporate Sustainability Reporting Directive (CSRD)

GHG protocol

- Est. 1998



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GHG protocol

- **The Corporate standard**

Guidance for corporate level emissions inventories

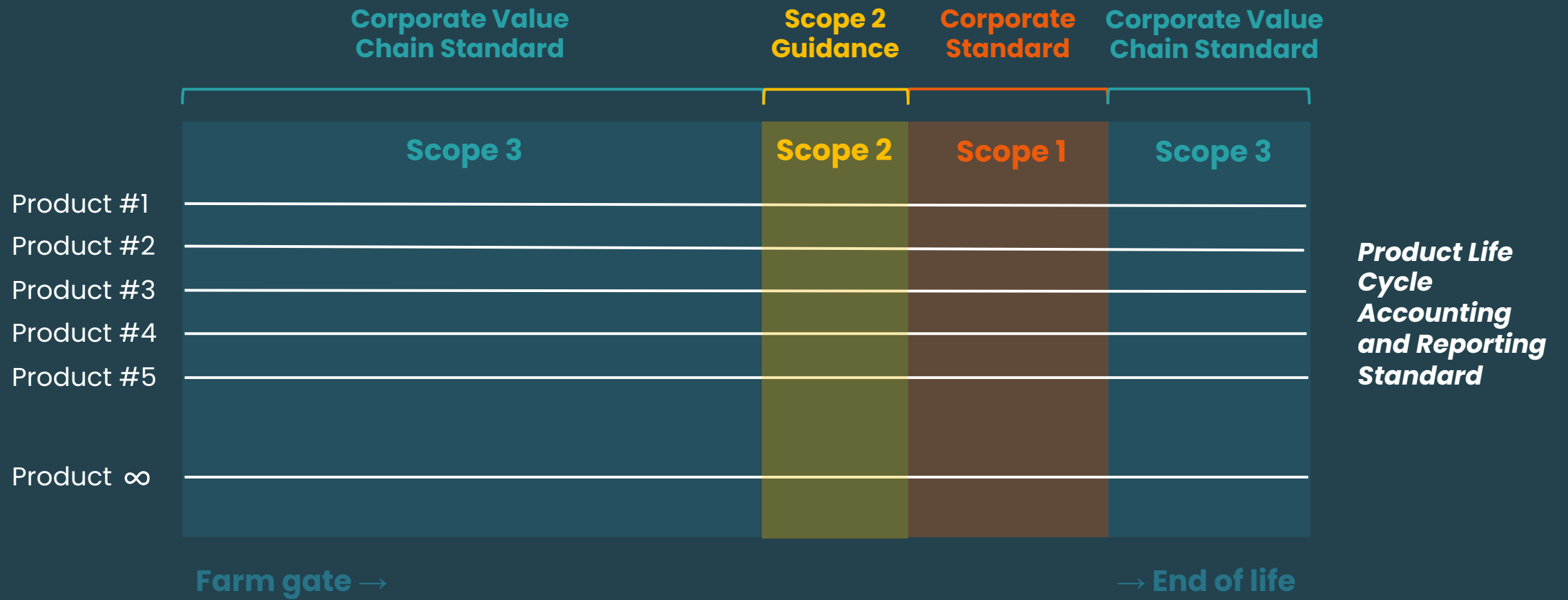
- **The Corporate Value chain standard**

Assessing the impact of a company's value chain

- **The Product standard**

Calculate and outline the emissions of a product

GHG protocol



GHG protocol Product Standard

- **Attributional approach**
Emissions linked to the generating process
- **Definition of product**
- **Definition of scope cradle-to-gate or cradle-to-grave**
- **Greenhouse gases**
- **Functional unit**
Performance characteristics of studied product

GHG protocol Product Standard

- Definition of
 - Boundaries between life cycle stages and processes
 - Time period
 - Methodology
- Level of uncertainty in data
- Level of assurance
- Consistent allocation
- Global warming potential (GWP) 100 years
- Quantified % emissions per life cycle stage
- Land-use change impact
- Cradle-to-gate and gate-to-gate inventories

ISO 14000 family

- **ISO 14001 – 14015:** Implementation, incorporation, assessment, performance evaluation of environmental management systems (EMS)
- **ISO 14050:** Glossary
- **The ISO 14020 subfamily:** Environmental labels and claims
- **ISO 14063:** Internal & External environmental communication
- **ISO 14040–14049:** Guidelines for life cycle assessment and goal setting.
- **The ISO 14060 subfamily:** Guidance for quantifying, reporting, and reducing greenhouse gas emissions

ISO 14067-1

- Scope categorization (Scopes 1, 2, 3)
- Emissions metrics
- Data quality clarification

- **ISO 14064-3**

Guidance on verifying statements on GHG inventories

ISO 14067

- **Goal of the study**
Application and audience of carbon footprint study
- **Scope definition**
 - system boundaries
 - functional or declared unit
 - data quality requirements
 - time boundaries and assumptions
 - allocation

ISO 14067 LCI & LCIA

Life cycle inventory analysis

- Quality specification
- Sensitivity analysis
- Aligned with selected allocation

Life cycle impact assessment

- Assessment of impact
- Interpretation of results for all gates
 - Hotspot identification
 - Completeness and consistency
 - Conclusions, limitations, recommendations

Science-Based Targets Initiative (SBTi)

- Est. 2015



**United
Nations**



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”

...limiting global warming to well-below 2 °C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

”

Company A commits to reducing the emissions for every chocolate bar unit sold by 30% by 2025.

SBTi target criteria

Targets on Scopes 1, 2

Targets on Scope 3 if

- Scope 3 emissions are over 40% of total emissions
- Scope 3 targets must address 67% of Scope 3 emissions

Calculation of Scope 1, 2, 3 GHG emissions inventory

- Screening is accepted for all 15 categories of Scope 3



1. Purchased goods and services
2. Capital goods
3. Fuel- and energy-related activities
4. Transportation and distribution (upstream)
5. Transportation and distribution (downstream)
6. Waste generated in operations
7. Business travel
8. Employee commuting
9. Leased assets (upstream)
10. Leased assets (downstream)
11. Processing of sold products
12. Use of sold products
13. End-of-life treatment of sold products
14. Franchises
15. Investments

SBTi FLAG targets

Applies to

- Companies with SBTi approved targets or newly committing to SBTi
- With activity in
 - Agriculture
 - Animal sourcing
 - Food processing
 - Food retail

Emissions until farm gate

> Applies from April 2023

SBTi target criteria

Long-term and near-term

Absolute

Intensity

- FLAG commodities
 - Companies in the supply side
 - Companies with over 10% of emissions in one commodity

1. Beef
2. Chicken
3. Dairy
4. Maize
5. Leather
6. Palm oil
7. Pork
8. Soy
9. Rice
10. Wheat
11. Timber & Wood fiber

SBTi FLAG targets

Zero deforestation by 2030

FLAG emissions inventory

- IPCC IPCC Guidelines for National GHG inventory, Guidance for LULUCF (Land use and Land use change), and Gas inventories: Wetlands
- ISO 14064-1 and 14067
- GHG protocol: Corporate Standard, Scope 3 Standard, Product Standard, Land Sector and Removals Guidance

SBTi targets

Target	Method	Timeframe	Scopes
Absolute	Cross-sector reduction	Near- and long-term	Any
	FLAG reduction	Near- and long-term	Any
Intensity	FLAG commodities	Near- and long-term	Any
	Economic intensity reduction	Near- and long-term	Scope 3 only
	Physical intensity reduction	Near- and long-term	Scope 3 only
Other	Renewable electricity	Near- and long-term	Scope 3 only
	Engagement	Near-term only	Scope 3 only

How to set an SBTi target

Commit

Develop

Submit

Communicate

Report

Task Force on Climate-related Financial Disclosures (TCFD)

- Est. 2015
- Chairman: Michael Bloomberg

FSB

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Financial markets need clear, comprehensive, high-quality information on the impacts of climate change. This includes the risks and opportunities presented by rising temperatures, climate-related policy, and emerging technologies in our changing world.

TCFD areas

Governance

Strategy

Risk management

Targets and metrics

TCFD – Governance

1. The Board's oversight on climate-related issues

- What processes your Board has in place to oversee climate issues and how frequently they take place.
- How the Board is informed on the progress against your climate targets and goals.
- How climate issues are integrated in your overall business processes and ventures.

2. Management's role in assessing and managing climate issues

- What the climate-related responsibilities are in your management team.
- How your organization is structured.
- What the processes for information exchange and monitoring on climate-related issues.

TCFD – Strategy

Risks & Opportunities

Short-, medium-, long-term

Transition risks

Policy & legal

Technology

Market

Reputational

Physical risks

Acute

Chronic

Opportunities

Resource efficiency

Energy sources

Low-carbon products

New markets

Resilience-increasing initiatives

3. Disclose the climate-related risks and opportunities your company has identified
4. Describe the impact of each risk and opportunity on your financial planning
5. Outline the resilience of your company based on climate change scenarios

TCFD – Risk management

6. How your company identifies and assesses the risks included in your strategy
7. How your company manages and prioritizes climate-related risks
8. How climate-related risks are integrated in your overall risk management

TCFD – Metrics & Targets

9. Metrics to assess climate-related risks and opportunities
10. Scope 1, 2, and possibly 3 GHG emissions inventory
11. Targets on climate-related risks and opportunities and yearly performance

Corporate Sustainability Reporting Directive (CSRD)

Published December 2022 by the European Commission

18-month window to transmit to national legislation

Phase 1: First reporters in 2025 for FY 2024 for NFRD reporting companies

Corporate Sustainability Reporting Directive (CSRD)

Phase 2: in 2026 for FY 2025 for companies that tick 2 out of 3

- 1) 250 employees or more
- 2) €40 million in net sales
- 3) €20 million balance sheet total

Phase 3: in 2027 for FY 2026 for listed SMEs

Phase 4: in 2028 for FY 2027 for non-EU companies with

- a) Minimum one subsidiary operating in the EU
- b) Sales in the EU of more than €150 million

Corporate Sustainability Reporting Directive (CSRD)

E – Environment

- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy

S – Social

- Own workforce
- Value chain workers
- Consumers and end-users
- Affected communities

G – Governance

- Business conduct

CSRD – Environmental objectives

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water
4. Transition to circular economy
5. Pollution management
6. Protection of biodiversity

CSRD – Environmental objectives

Criteria for EU taxonomy-classifying activities

1. Contributes substantially to one or more of the objectives
2. Does not cause significant harm to any of the remaining criteria
3. is carried out in compliance with the minimum safeguards
4. Complies with technical screening criteria that have been established by the Commission

ANNEX I

Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

TABLE OF CONTENTS

1.	Forestry	16
1.1.	Afforestation	16
1.2.	Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event	21
1.3.	Forest management	27
1.4.	Conservation forestry	32
2.	Environmental protection and restoration activities	37
2.1.	Restoration of wetlands	37

9. PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES

9.1. **Engineering activities and related technical consultancy dedicated to adaptation to climate change**

Technical screening criteria

Substantial contribution to climate change adaptation

The economic activity is predominantly aimed at the provision of consultancy that helps one or more economic activities for which the technical screening criteria have been set out in this Annex to meet those respective criteria for substantial contribution to climate change adaptation, while respecting the relevant criteria for doing no significant harm to other environmental objectives.

The economic activity complies with one the following criteria:

(a) it uses state-of-the-art modelling techniques that:

(i) properly reflect climate change risks;

(ii) do not rely only on historical trends;

(iii) integrate forward-looking scenarios;

(b) it develops climate models and projections, services and assessment of impacts, the best available science for vulnerability and risk analysis and related methodologies line with the most recent Intergovernmental Panel on Climate Change reports and scientific peer-reviewed publications.

The economic activity removes information, financial, technological and capacity barriers to adaptation.

Covered matters: climate change mitigation & adaptation and energy

ESRS 2 General disclosures

- **DR related to ESRS 2 GOV-3**
Integration of sustainability-related performance in incentive schemes
- **DR E1-1** Transition plan for climate change mitigation
- **DR related to ESRS 2 SBM-3**
Material impacts, risks and opportunities and their interaction with strategy and business model(s)
- **DR related to ESRS 2 IRO-1**
Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Impact, risk and opportunity management

- **DR E1-2** Policies related to climate change mitigation and adaptation
- **DR E1-3** Actions and resources in relation to climate change policies

Metrics and targets

- **DR E1-4** Targets related to mitigation and adaptation
- **DR E1-5** Energy consumption and mix (including intensity per revenue)
- **DR E1-6** Gross Scopes 1, 2, 3 and total GHG emissions (including intensity per revenue)
- **DR E1-7** GHG removals and GHG mitigation projects financed through carbon credits
- **DR E1-8** Internal carbon pricing
- **DR E1-9** Potential financial effects from material physical and transition risks and potential climate-related opportunities

Topical Standards

Criteria for EU taxonomy-classifying activities

1. Contributes substantially to one or more of the objectives
2. Does not cause significant harm to any of the remaining criteria
3. is carried out in compliance with the minimum safeguards
4. Complies with technical screening criteria that have been established by the Commission

Scope 3 inventory

Companies are asked to calculate it or screen it in full (all 15 categories of **the GHG protocol Value Chain Standard**) but you may disclose only significant categories.

Double materiality

Companies must perform double materiality, i.e. assess risks the company poses to sustainability and risks the company may face from outcomes of unsustainable practices.

ISO 14067

CSRD takes a life cycle approach and the accepted standard for life cycle assessments is ISO 14067.

Publishing

CSRD disclosures may be integrated in your sustainability report and hosted on your website.

Auditable data

Data submitted to CSRD should be audited. Until the full rollout of CSRD in 2028, limited assurance is permitted but after 2028, **reasonable assurance** will be required.

TOPICAL STANDARDS

Environment

ESRS E1
Climate change

ESRS E2
Pollution

ESRS E3
*Water and marine
resources*

ESRS E4
*Biodiversity and
ecosystems*

ESRS E5
*Resource use &
circular economy*

Social

ESRS S1
Own workforce

ESRS S2
*Workers in the
value chain*

ESRS S4
*Consumers and
end-users*

ESRS S3
*Affected
communities*

Governance

ESRS G1
*Business
conduct*