

IMPACT ON VALUE CHAIN

22-9-2023



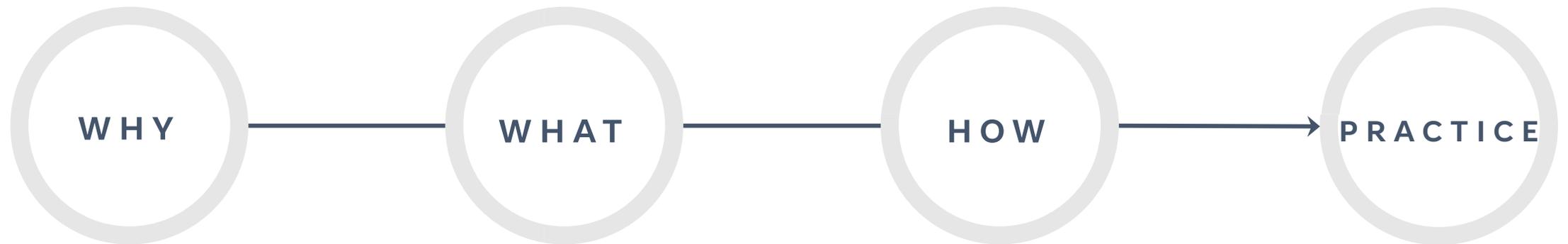
AGENDA

- Welkom en kennismakingsrondje (ca. 20 min.)
- Wat zegt de richtlijn (EU/EFrag) over up- & downstream impact? (ca. 15 minuten).
- Bespreken van vragen van deelnemers – deel I (ca. 45 min.)
- Pauze (ca. 10-15 minuten)
- Bespreken van vragen van deelnemers – deel II (ca. 45 min.)
- Afsluiting (ca. 10 minuten)





STRUCTURE PRESENTATION



Why does value chain matter?



SOURCE AND DEFINITIONS

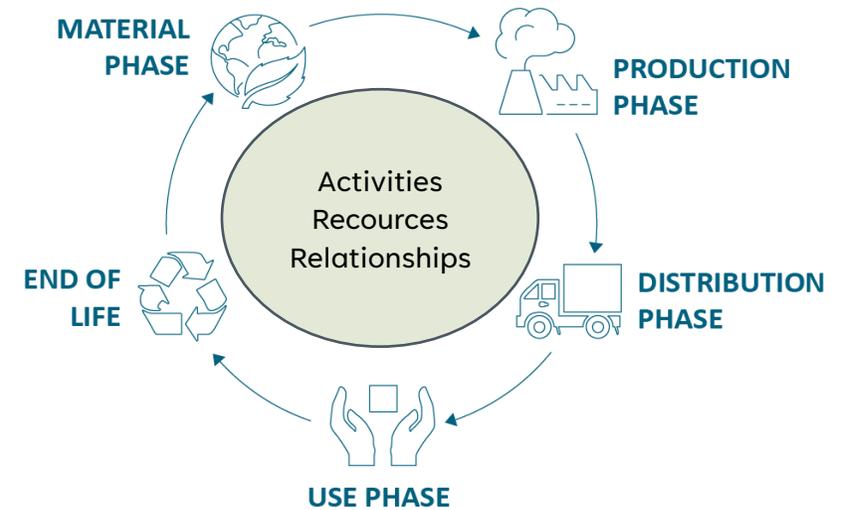
- Source: Directive 2013/34/EU ("Accounting Directive") articles 19a or 29a as amended in Directive 2022/2464 Corporate Sustainability Reporting Directive ("CSRD").
- **Value chain (VC):** The full range of activities, resources and relationships related to the undertaking's business model and the external environment in which it operates. A value chain encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of- life. Relevant activities, resources and relationships include: i. those in the undertaking's own operations, such as human resources; ii. those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and 31 iii. the financing, geographical, geopolitical and regulatory environments in which the undertaking operates. Value chain includes actors upstream and downstream from the undertaking. Actors upstream from the undertaking (e.g., suppliers) provide products or services that are used in the development of the undertaking's products or services. Entities downstream from the undertaking (e.g., distributors, customers) receive products or services from the undertaking. ESRS use the term "value chain" in the singular, although it is recognised that undertakings may have multiple value chains.
- **Business relationships:** The relationships the 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. Business relationships are not limited to direct contractual relationships. They include indirect business relationships in the undertaking's value chain beyond the first tier, and shareholding positions in joint ventures or investments.

VALUE CHAIN UNDER CSRD AND ESRS

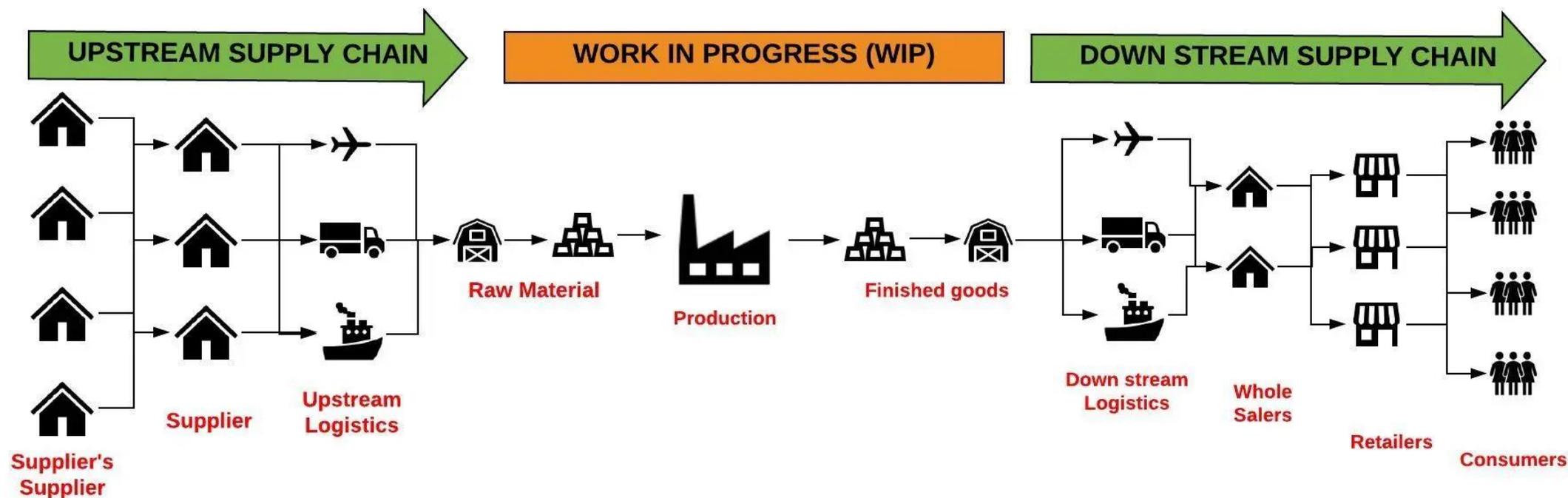
- VC information of all material impacts, risks and opportunities (IRO's) in sustainable statement;
- All relevant actors (direct and indirect), focus on likely to be associated with material IRO's;
- Not limited to the first tier of relationships;
- Mandatory disclosures is ESRS 2 (SBM-1, SBM-3, IRO-1);
- Topical standards (ESG): VC information with policies, targets and actions (when material);
- When material include entity-specific metrics;
- Parties that are not consolidated in financial statements are actors in VC;
- LSME cap: information from SME in VC shall not exceed information disclosed by listed SMEs.

DESCRIBE VALUE CHAIN

- Main features up and downstream VC;
- Position in VC;
- Key suppliers, customers, distribution channels, key end-users.



EXAMPLE VALUE CHAIN



HOW DIFFERENTIATE ACTORS

- Key suppliers, customers, distribution channels and end-users;
- Differentiate actors VC:
 - Likely to be associated with material IRO's;
 - proximity to business (tier 1, tier 2, tier N);
 - degree of influence or leverage;
 - **connection to adverse impacts.**

MATERIALITY ASSESSMENT

1. Project set-up;
2. Define Value Chain;
3. Identify Stakeholders;
4. Determine areas of Impact, Risk or Opportunity (IRO);
5. Assess Materiality of IRO;
6. Determine KPI's;
7. Summarize Findings;
8. Validate Outcome with Stakeholders and Management.



ASSESS MATERIALITY OF IRO

Impact materiality

Description					Ranking			
Sustainability matter	Directive number	Positive / negative impact	Actual / potential	Short, medium, long term	Scale	Scope	Likelihood	Irremediability
1								
2								
3								
4								
5								

Financial materiality

Description					Ranking			
Sustainability matter	Directive number	Risk / opportunity	Actual / potential	Short, medium, long term	Scale	Scope	Likelihood	
1								
2								
3								
4								
5								

ASSESS MATERIALITY OF IRO

Scale of impact	Scope of impact	Remediability of impact	Preliminary impact materiality
[5] Absolute [4] High [3] Medium [2] Low [1] Minimal [0] None	[5] Global / total [4] Widespread [3] Medium [2] Concentrated [1] Limited [0] None	[5] Irreversible [4] Very difficult to remedy [3] Difficult to remedy [2] Remediable with effort [1] Relatively easy to remedy [0] Very easy to remedy	>12 Critical 10-12 Significant 8-10 Important 5-8 Informative <5 Minimal



	Impact materialiteit	Finan
werkgeverschap	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Deur-tot-deur reis	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Duurzaam ondernemen	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Internationaal reizen	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Samenwerken met stakeholders	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Financieel gezonde organisatie	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Stations van wereldklasse	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Innoveren, digitaliseren en datagedreven werken	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Veilig reizen en werken	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Toegankelijkheid	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

DISCLOSURE REQUIREMENTS FOR VC

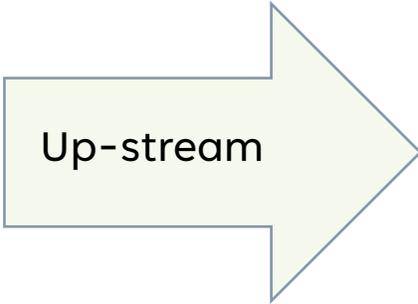
Up- and down-stream VC

Disclosures for full VC: *

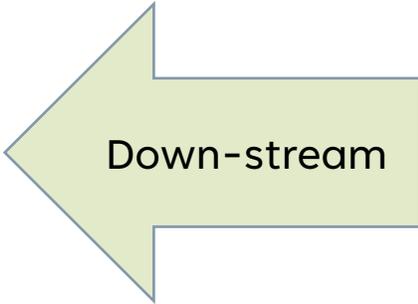
- | | |
|------------------|--------------------------|
| BP-1, 2 | E1-1 |
| SBM-2 | E1-6 |
| GOV-4, 5 | E1-7 |
| E1-2, 3, 4, 9 | E4-5 |
| E2-1, 2, 3, 6 | |
| E3-2, 3, 5 | Only specific datapoints |
| E4-1, 2, 3, 4, 6 | |
| E5-1, 2, 3, 6 | |
| S1-1 to 5 | |
| S2-1 to 5 | |
| S3-1 to 5 | |
| S4-1 to 5 | |
| G1-1, 2, 3 | |

* Only if covered by VC, otherwise for entity

Up-stream



Down-stream



Reporting Entity

- Always for full VC:
- IRO-1
 - SBM-1
 - SBM-3

- Disclosures only for entity:
- GOV-1
 - GOV-2
 - GOV-3
 - IRO-2
 - E1-5
 - E1-8
 - E2-4
 - E3-4
 - E5-4
 - E5-5
 - S1-1 to 17
 - G1- 4, 5, 6

TRANSITION PHASE

- First 3 years comply or explain;
- More time for stakeholder engagement, technological preparation, updating contracts;
- Explain: effort made, reason, plans;
- Use all reasonable and supportable information available without undue cost and effort (estimate when information is missing);
- Entity- specific disclosures.

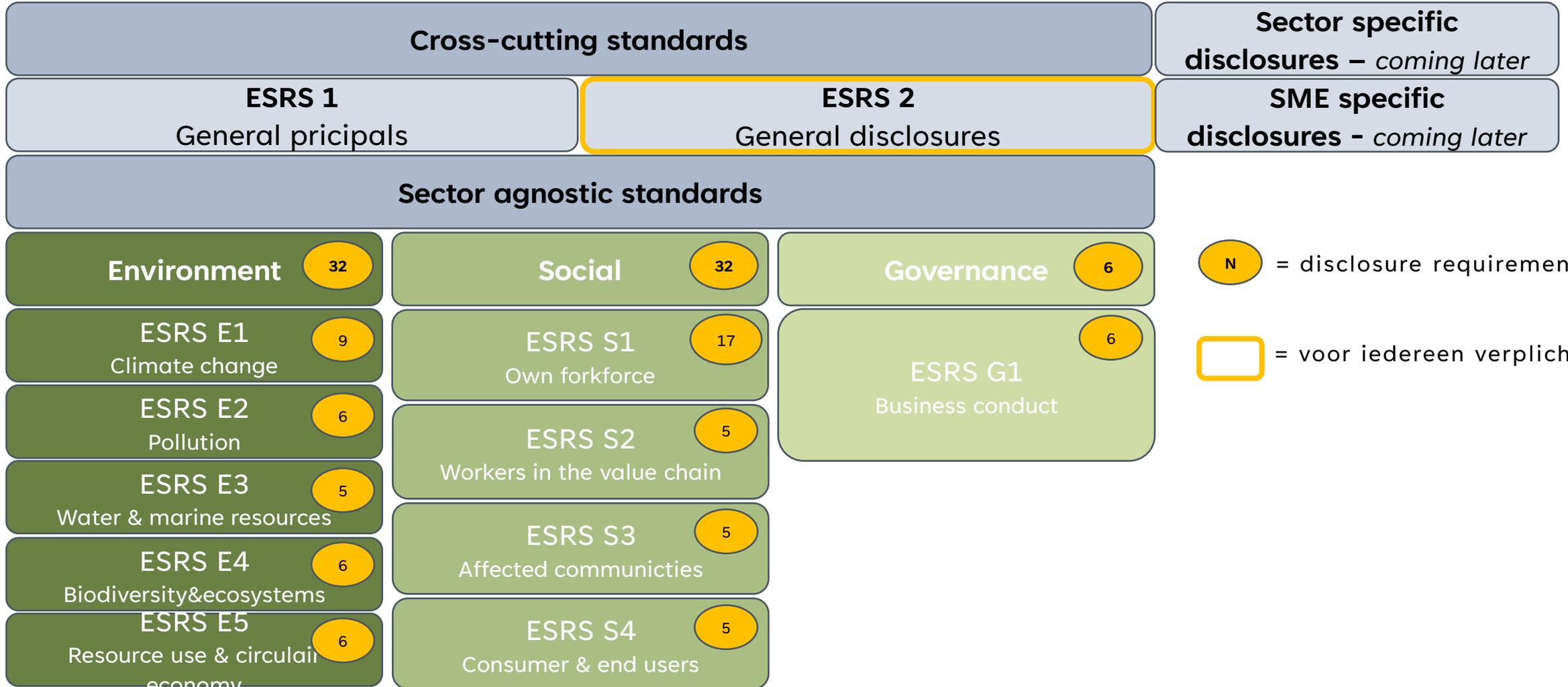
TIPS

- Involvement of accountant from the start (set up plan and process);
- First focus on topics with the most impact;
- Describe on which topics the company will work on in the next years;
- Look at sector and industry comparisons and sector data;
- Templates and tools may help. Don't forget the process, the dialog with stakeholders and common sense;
- Explain choices;
- Other tips?

EXAMPLE VALUE CHAIN INCLUDING ASSESSMENT



BIJLAGE: CSRD / ESRS / ESG



TEN SLOTTE

Heeft uw onderneming CSRD vraagstukken of implementatiewensen? Het CSRD collectief kan u daarbij helpen. Neem contact op met Sandra Vlassak (06-38304094), Petrosjan Damen (06-83179876) of Willem Jan Paardekooper (06-21811229).

Het CSRD Collectief is een samenwerking tussen zelfstandig professionals die organisaties helpen bij het implementeren van de CSRD. En die samen meer impact willen maken dan ze alleen kunnen realiseren. Die grotere impact maken ze door samen kennis op te bouwen, generieke methoden te ontwikkelen en door gezamenlijk implementatieopdrachten uit te voeren.

