

ESG PRESENTATION

CSRD BACKGROUND

The CSRD applies to:

- All listed companies on an EU regulated market (excluding micro-enterprises)
- All large companies, irrespective of whether they are listed
 - 250 employees minimum
 - Net turnover of 50m €
 - Balance sheet of 25m €

ESRS

Table 1: Typical standards of the CSRD.

Cross-Cutting	ESRS 1: General Requirements
	ESRS 2: General Disclosures
Environment	ESRS E1: Climate Change
	ESRS E2: Pollution
	ESRS E3: Water and marine resources
	ESRS E4: Biodiversity and ecosystems
	ESRS E5: Resource and circular economy
Social	ESRS S1: Own workforce
	ESRS S2: Workers in the value chain
	ESRS S3: Affected communities
	ESRS S4: Consumers and end users
Governance	ESRS G1: Business conduct

Examples for possible farm level disclosure:

Outlines mandatory concepts and principles

General disclosures: Governance, IROs and Strategy

Scope 3 GHG emissions

Air, water & soil pollution (e.g. NH₃, nitrate, phosphate, pesticides)

Total water consumption, water recycled & water risks (e.g. droughts)

Biodiversity related actions and risks

Nutrients (mineral fertilizer) and waste

Farmers working conditions (e.g. working time, wages, health and safety) & equality

+ Company specific material issues

E.g. Animal welfare

CONTENT OF TOPICAL STANDARDS

- Impact, Risk and Opportunities (IRO) assessment
- IRO Management
 - Policies, Targets, Action Plans and Resources
- Standard-specific metrics and disclosure requirements (e.g. Scope 1-3 GHG emissions and energy consumption for ESRS E1)

DOUBLE MATERIALITY

- ESRS 1&2 are mandatory. Topical standards depend on materiality assessment.

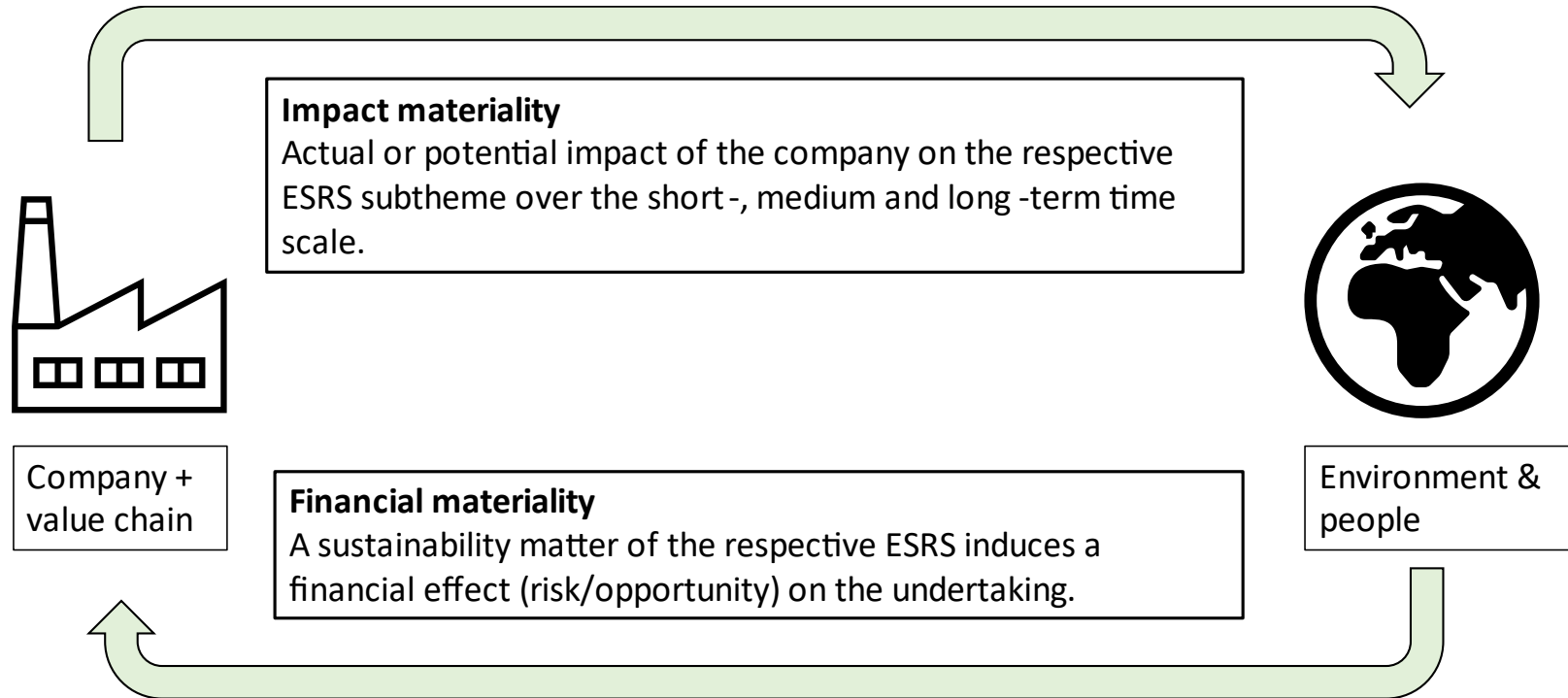


Figure 1: Concept of double materiality under the ESRS. Own figure.

EXAMPLE: ARLA'S MATERIAL ISSUES

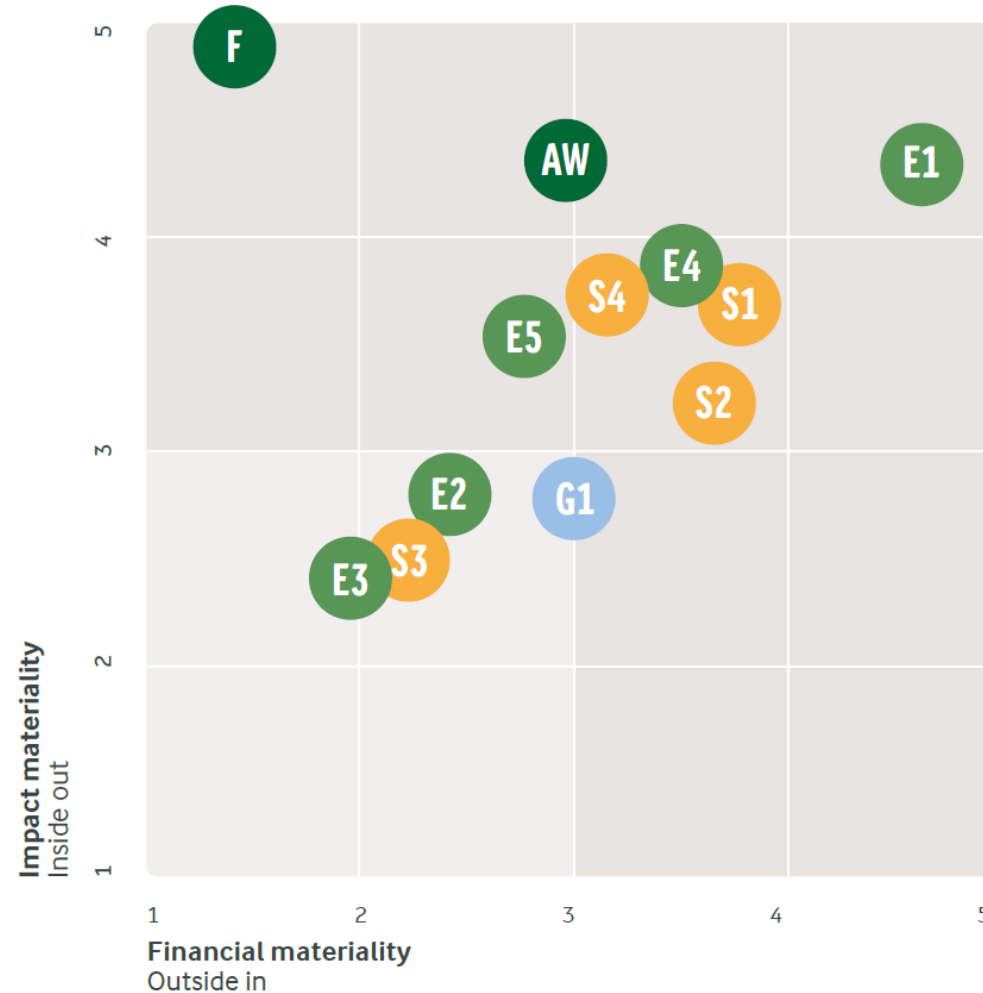
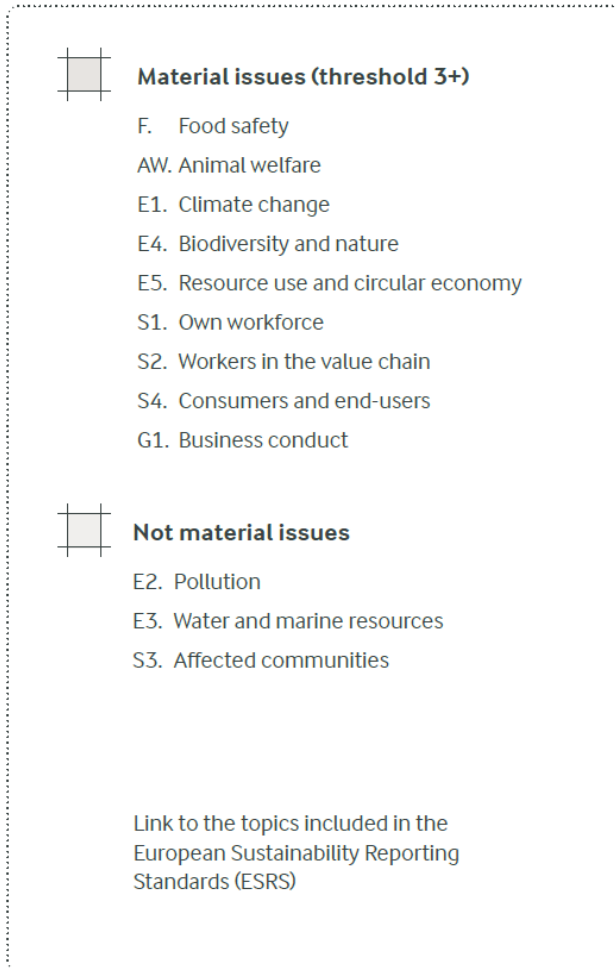


Figure 2: Arla's material issues according the double materiality assessment of the ESRS. Source: Arla 2023 Annual Report.

VALUE CHAIN DISCLOSURE

63. “The information about the reporting undertaking provided in the **sustainability statement** shall be extended to include information on the material **impacts, risks** and **opportunities** connected with the undertaking through its direct and indirect **business relationships** in the upstream and/or downstream **value chain** (“value chain information”). In extending the information about the reporting undertaking, the undertaking shall include material impacts, risks and opportunities connected with its upstream and downstream value chain:

- (a) following the outcome of its due diligence process and of its **materiality** assessment; and
- (b) in accordance with any specific requirements related to the value chain in other ESRS.”

64. “Paragraph 63 does not require information on each and every **actor in the value chain**, but only the inclusion of material upstream and downstream **value chain** information. Different **sustainability matters** can be material in relation to different parts of the undertaking’s upstream and downstream value chain. The information shall be extended to include value chain info”

ESTIMATES FOR VALUE CHAIN DISCLOSURE

69. “There are circumstances where the undertaking cannot collect the information about its upstream and downstream **value chain** as required by paragraph 63 after making **reasonable** efforts to do so. In these circumstances, the undertaking shall estimate the information to be reported about its upstream and downstream value chain, by using all reasonable and supportable information, such as sector-average data and other proxies.”

71. “[...] With reference to **metrics**, in many cases, in particular for environmental matters for which proxies are available, the undertaking may be able to comply with the reporting requirements without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, for example, when calculating the undertaking’s GHG Scope 3 emissions.”

→ ESRS leave room for companies to avoid the collection of value-chain data.

PHD – FIRST PROJECT

“What are the implications of the EU Corporate Sustainability Reporting Directive on the Danish food value chain?”



Analysis of:

- Previous ESG Reporting in Agricultural Sector
- Impacts of the CSRD for companies, farmers and advisors
- Overall stakeholder satisfaction
- Theoretical classification

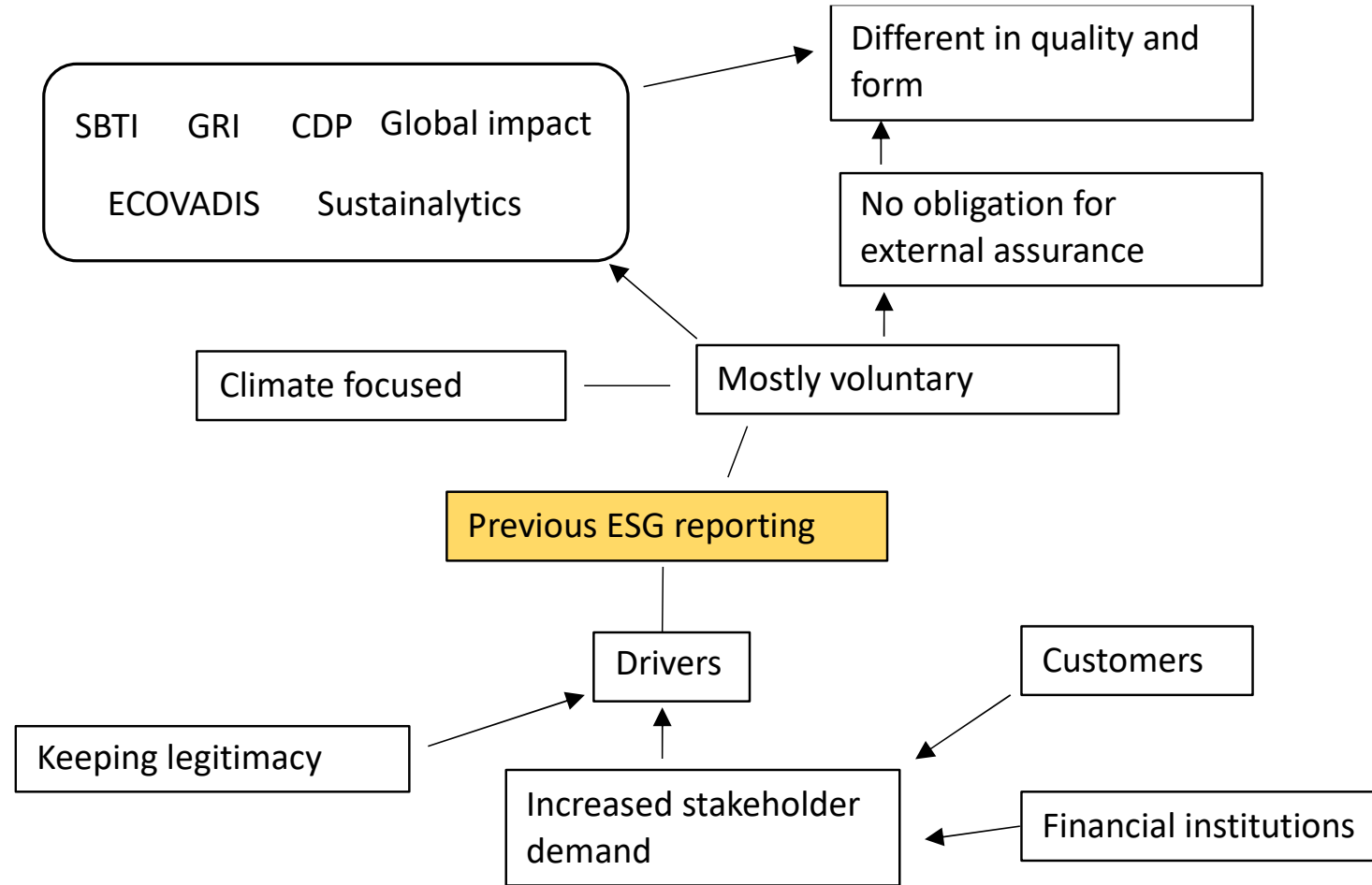
METHODOLOGY – QUALITATIVE INTERVIEWS

- Semi-structured interviews
- 13 interview partners
- Combination of deductive and inductive coding

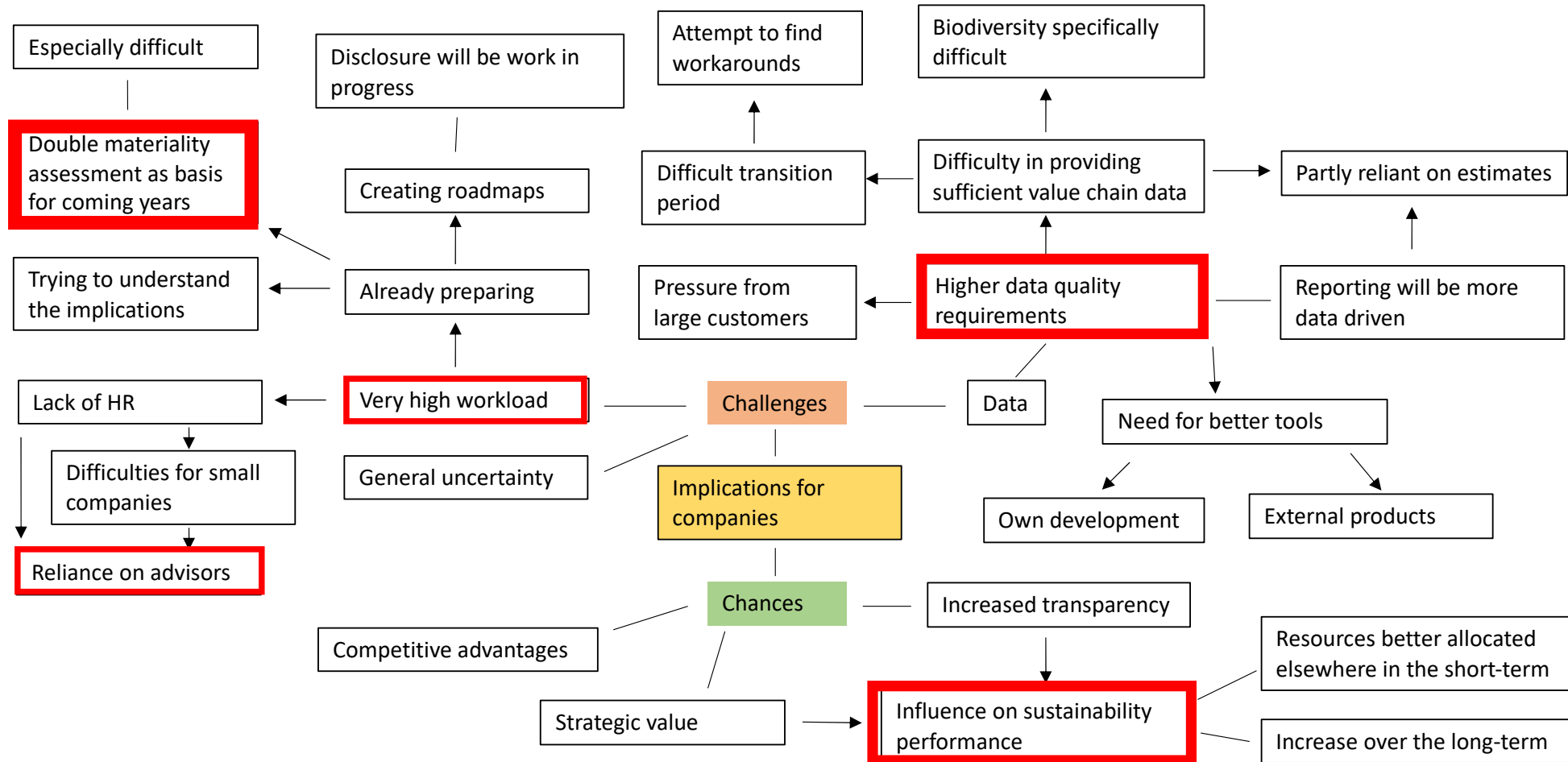
Table 2: List of interviewed stakeholders .

ID	Sector	Position
C1	Companies	Head of ESG Reporting
C2		Head of ESG Reporting
C3		Head of Sustainable Agriculture Development
C4		Head of ESG reporting
C5		Business Controller / Agricultural Consultant
C6		Head of global marketing and sustainability
A1	Advisors	Economic and sustainability advisor
A2		Senior associate at PwC Sustainability Advisory & Assurance Services
A3		Climate- and sustainability advisor
R1	R & D	Head of Environment and Climate
R2		Sustainable Development Advisor
I1	Interest	CEO
I2	Organization	Head sustainability advisor

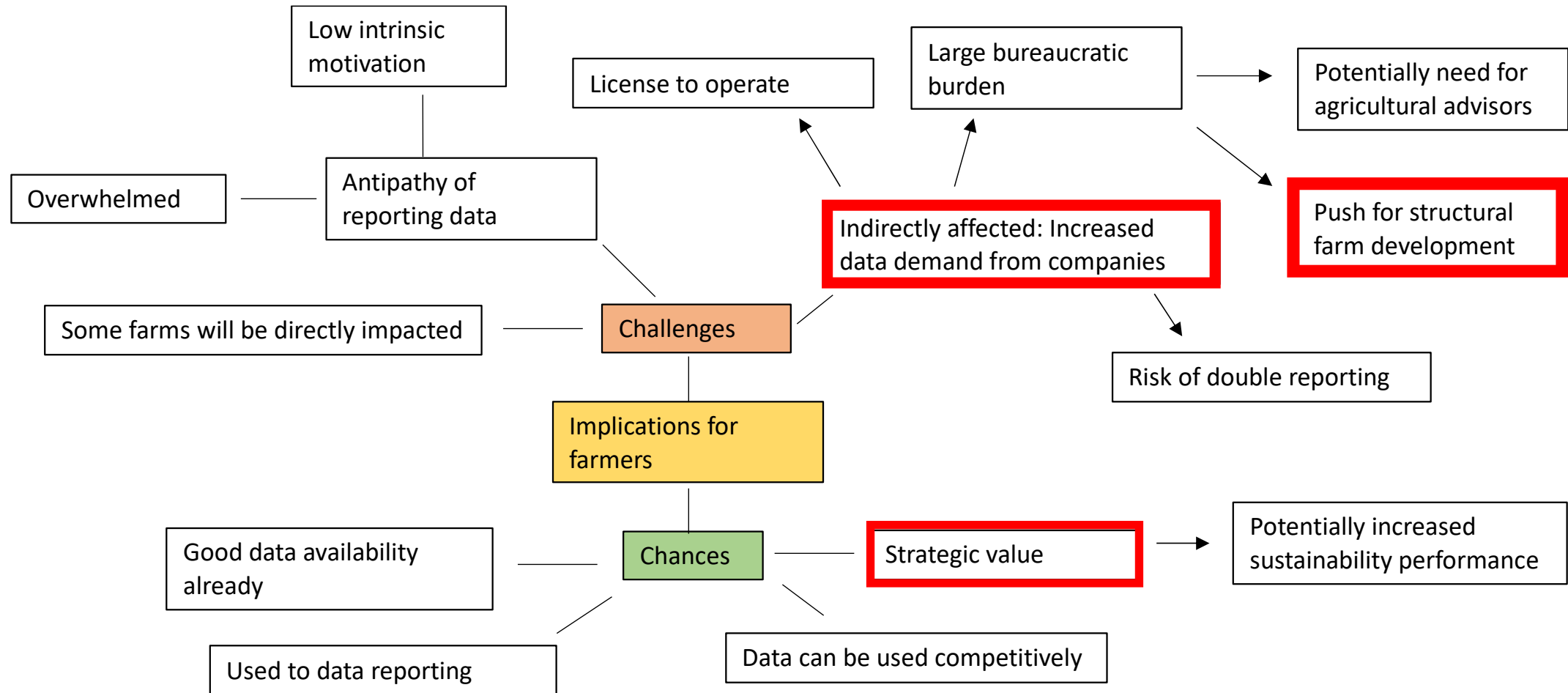
RESULTS – PREVIOUS ESG REPORTING



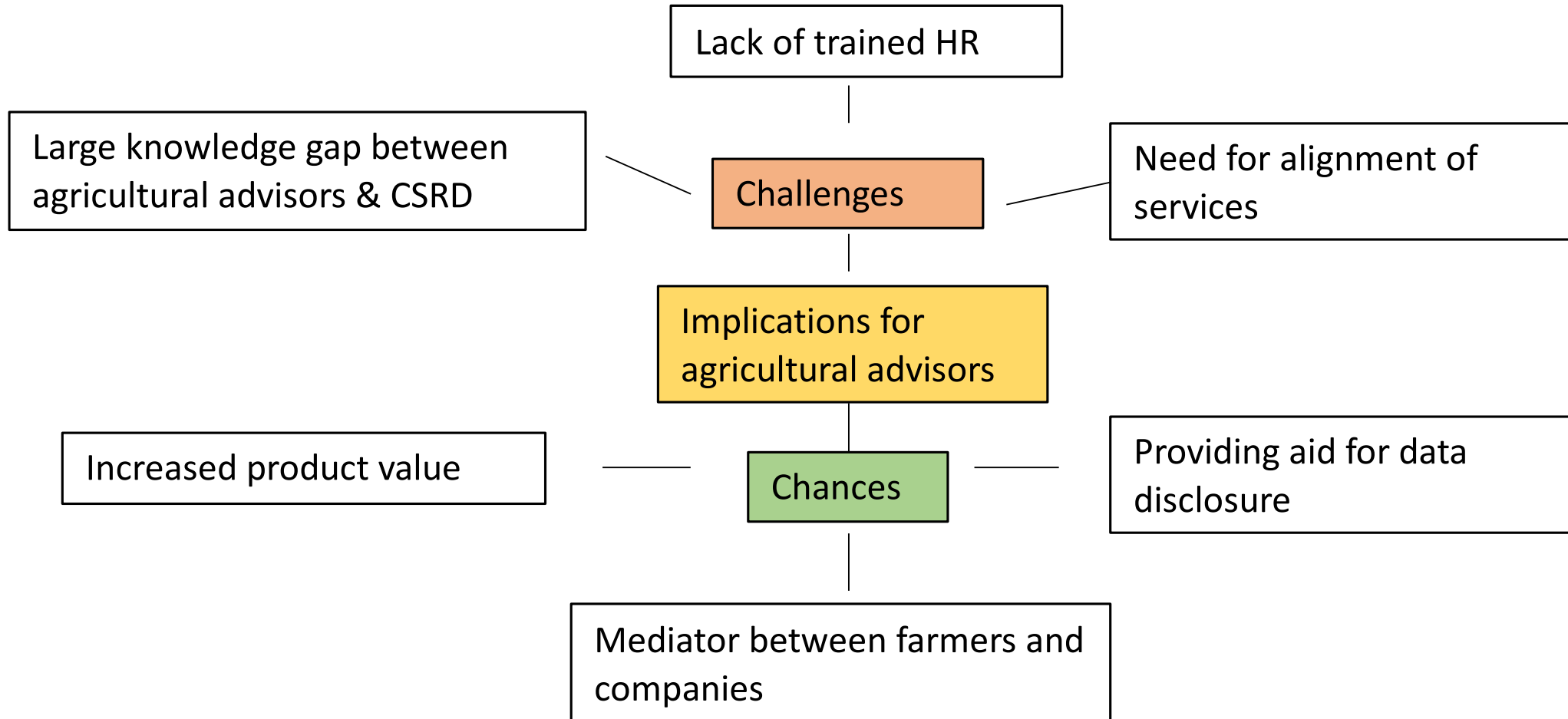
RESULTS – IMPACTS ON COMPANIES



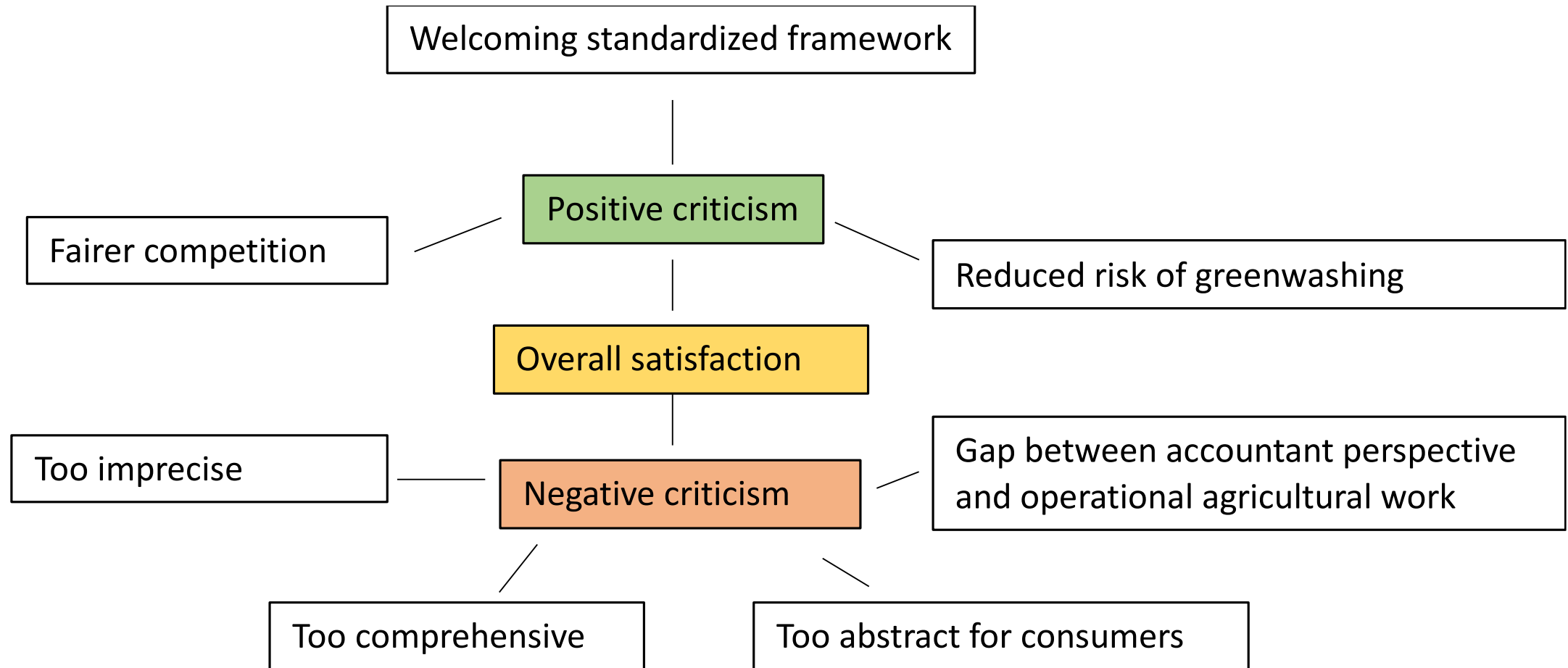
RESULTS – IMPACT ON FARMERS



RESULTS – IMPACT ON ADVISORS



RESULTS – OVERALL SATISFACTION



DISCUSSION

- Ethical considerations
 - Discrepancy between ESG reporting and natural-scientific view of sustainability reporting
 - Potential conflict of interest between assurance providers and (financial-) consultants
 - “Competence Greenwashing”
- Unclarity regarding sustainability impact
 - Uncertainty in literature and amongst interview participants
 - Very company- and farmer specific

NEXT PROJECT

- Aim: Diving deeper into the relationship between ESG reporting and sustainability performance on farm level
- First steps: (1) Systematic literature review of ESG reporting in the food sector; (2) Building database out of EU food companies' ESG reports
- Potential questions to look at in database:
 - Farm-level metrics assessed by companies
 - Recognition of sustainability thresholds (“absolute sustainability”, DTU)
 - Review on one specific metric (e.g. Nitrogen)

CURRENT CHALLENGES

- Keeping up with regulation and the landscape developing around it
- Interdisciplinary (topic is typically addressed by management researchers)
- Data availability



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