

#### 1st GS1 Portugal Sustainability Congress

Sustainability and Decarbonization: The Reporting Challenge

Francesca Poggiali, Vice President Global Public Policy – GS1 Global Office 23 January 2025



### Content of this presentation







Regulators and industry at a crossroads



## EU Omnibus simplification package

ESG REPORTING



### Overview of EU requirements



#### **EU TAXONOMY**

- · Classifying business activities based on their contribution to the green transition
- · Help Investors direct funds towards more sustainable businesses
- Transparency on Turnover, OpEx and CapEx expenditures

#### Climate change mitigation

Climate change adaptation

Sustainable use/protection of water & marine resources

Transition to a circular economy

Pollution prevention and control

Protection/restoration of biodiversity & ecosystems Social taxonomy?

Key concept: Taxonomy eligible expenditures (phase 1) ) vs. aligned (phase 2)



#### **EUROPEAN SUSTAINABILITY** REPORTING STANDARDS

- · Cements double materiality as "go to approach"
- Sustainability Impacts, rlsks & opportunitles
- · Own operations and value chain
- · Past, current, future IRO
- Stakeholder involvement

#### Climate change

Pollution

Water & marine resources

Biodiversity & ecosystems

Resource use & circular economy

Own workforce

Workers in the value chain

Affected communities

Consumers & end-users

Governance, risk management & internal control

**Business** conduct



Establishes a corporate due diligence duty to Identify, prevent, and bring to an end adverse human rights and environmental impacts in the company's own operations, subsidiaries and value chain.

#### Adverse human rights impacts

Violations related to child labour, freedom of association, living living, indigenous peoples' right to land, etc.

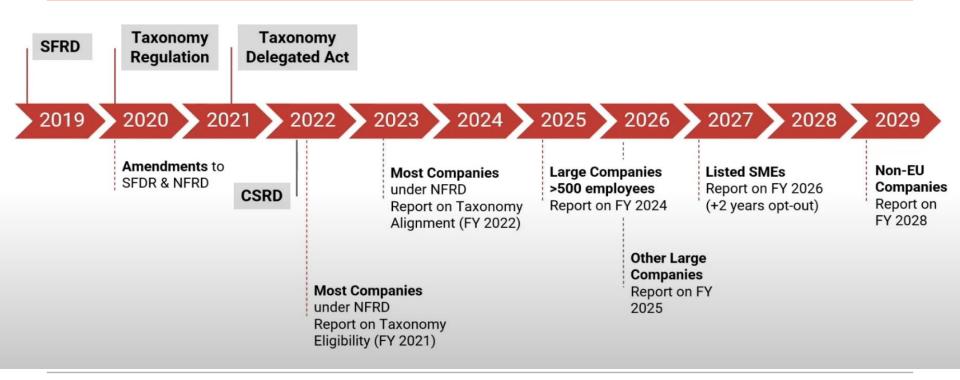
#### Adverse environmental impacts

Violations related to biological diversity, hazardous waste, ozone layer depleting substances, etc.



Reporting themes

#### **EU Timeline**





### EU Omnibus simplification package

- Ursula von der Leyen announced that the European Commission will consolidate EU sustainable finance regulation by way of omnibus legislation.
- The omnibus will address the large number of data points, thousands of them, required in sustainability reporting and duplication in reporting. The Omnibus legislation will likely amend the CSRD, CS3D and EU Taxonomy (and possibly other EU legislation) by means of a single instrument.
- The omnibus proposal is on the agenda to be discussed at the Commission meeting on 26 February 2025 and that it will be discussed at the ECOFIN.





#### What will it entail?



- Corporate Sustainability Due Diligence Directive (CS3D)
- Corporate Sustainability Reporting Directive (CSRD)
- EU Sustainable Finance Taxonomy
- Harmonised Rules and Procedures Businesses should encounter fewer discrepancies in the requirements established by EU policies, as well as in how these rules are applied across Member States
- Digitalisation of Compliance A greater reliance on digital tools and platforms will facilitate faster and more transparent communication with EU authorities, making processes more efficient.
- **Simplified Reporting Obligations** Consolidated reporting requirements will also save businesses time and resources, reducing mistakes and allowing them to focus on core activities.



### Industry's reply

An open letter signed by 11 major companies including Unilever, Mars, Nestlé, Primark, L'Occitane pushes back against proposed changes to carbon reporting.

- A group of 11 major global organisations has written to the European Commission urging it not to weaken existing sustainability reporting standards through its upcoming omnibus package.
- They have expressed concerns about potential changes to established frameworks that could create uncertainty in corporate sustainability reporting.
- They argue that predictability is crucial for informed decision-making and have called for the Commission to publicly confirm that the omnibus approach will not allow agreed legal texts to be reopened for renegotiation.



### EU Clean Industrial Deal

Circular Economy Act



#### Where we stand

Project Group on Clean Industrial Deal

7 Jan

Clean Industrial Deal Package

26 Feb

Circular Economy Act

Next year

The Project Group shall strengthen coherence with other policies that enable the achievement of the Clean Industrial Deal objectives, notably **research**, **investment**, **access to materials** and **energy**.

A multi-year plan to boost the EU's traditional energyintensive industries and emerging clean technology sectors, tackling six thematic areas: **energy security** and **energy prices**; **financing**; **recycling** and **critical raw materials**; **labor and skills**; **lead markets**; and **global action**.

On recycling and critical raw materials, the Commission will propose a Circular Economy Act next year to tackle resource shortages and reduce waste.

#### **EU Clean Industrial Deal**

Introduced in Von Der Leyen's political guidelines, the new European Prosperity Plan to Build a Clean Industrial Deal aims to decarbonise and bring down energy prices emerged by:



- Focusing on implementing the existing legal framework for 2030 in the simplest, fairest and most cost-efficient way.
- Supporting competitive industries and quality jobs in the first 100 days of the mandate.
- Creating the right economic and financial conditions for companies to reach the common goals such as secure energy supplies and access to critical raw materials.



### More in depth

#### The Clean Industrial Deal may introduce:

- measures that create demand for decarbonized goods, such as setting quotas. One example would be mandating a certain percentage of climate-friendly materials in public procurement contracts.
- So-called mirror clauses in bilateral trade deals requiring that any imports from the other country "mirror" the EU's strict environmental and production standards.



**Teresa Ribera**Clean, Just and Competitive Transition

"We cannot think of building a Clean Industrial Deal and [manufacture] more in Europe and at the same time not make full use of our external policies and capacities," Commissioner Ribera said.



#### Circular Economy Act

 With the European Commission President Von der Leyen's commitment to proposing a new Clean Industrial Deal as a priority in her upcoming mandate, the Circular Economy Act is going ahead.

Working to decarbonise EU's economy will be part of our continued shift to a more sustainable pattern of production and consumption, retaining the value of resources in our economy for longer: this will be the purpose of a new Circular Economy Act.

The Act will focus on creating market demand for secondary materials and establishing a single market for waste, particularly concerning critical raw materials.

#### GS1 DPP white paper

GS1 standards for identification, automatic identification and data capture (AIDC), and data sharing support ESPR requirements of the European Union and other jurisdictions as well.

To increase understanding of GS1 standards conformant systems, GS1 is providing\_a White Paper explaining the different aspect of **how GS1 standards**, widely implemented today or planned for implementation by 2027, can support the evolving circular economy with little to no disruption to industry or consumers.

The sections in the White Paper focus on Product Identification and AIDC carriers, on Facility and Economic Operator Identification, and on Data Sharing.



The Global Language of Business

GS1 Standards enabling the EU digital product passport

Empowering industry's circular transformation and green product choices for consumers

Release 2.2, January 2025





# **GS1 MSWG ON CIRCULARITY/DPP** This open-to-all mission specific work group is setting the foundation for the GS1 system to support industry's identification and data sharing needs related to Circularity/DPP. Sign up here. Or scan the QR code.





