

UN GLOBAL COMPACT SUMMARY REPORT

5TH European Peer Learning Group on Climate:

Climate Reporting according to international standards & EU directives

Host



Pacto Mundial Red Española



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Global Compact Network Austria



Global Compact Network Denmark



Global Compact Network Finland



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Global Compact Network Portugal



Global Compact Network Switzerland & Liechtenstein



Global Compact Network Türkiye



Global Compact Network UK



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1

EU PEER LEARNING GROUP ON CLIMATE

The European (EU) Peer Learning Group (PLG) on Climate was established in 2019 as an exclusive knowledge-sharing platform with annual meetings of European companies in the field of climate action, and enables discussion, networking, and information exchange with peers and experts. To ensure all parties feel comfortable sharing within the peer learning experience, the meetings are held under Chatham House Rule.

This meeting of corporate sustainability experts applies the partnership methodology (SDG 17) to address business challenges related to the net zero transition of companies. In the past, it has focused on topics such as carbon emissions reductions, value chain management, and climate transition strategies. This is key in promoting corporate sustainability initiatives to support the 2030 Agenda and tackle global climate change.

Every year, this event becomes more relevant given the urgent transformation needed by European companies to adapt their strategies to combat climate change and address the regulatory developments set out by the European Union.

2

5TH EU PEER LEARNING GROUP ON CLIMATE



This year, the Spanish Network hosted the 5th EU Peer Learning Group on Climate in Madrid. On 22 & 23 April, 53 companies from 14 European countries met at IE University. The main aims of the meeting were to enable participants to:

- Gain valuable insights from experts and peers by delving into approaches and best practices for voluntary and mandatory climate reporting standards.
- Share experiences and best practices on key topics related to climate reporting according to EU legislation and international standards.
- Connect with other climate specialists across the European region.

2.1 PARTICIPANTS

For the first time, Eastern European countries participated in the PLG this year, bringing new perspectives to the climate challenges. The 14 countries represented were Austria, Denmark, Finland, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Switzerland, Spain, Türkiye, Ukraine, and the United Kingdom. Country Networks invited participating companies in each region to join the group, bringing together a total of 53 companies:



Participants List

Austria

AI Telekom Austria Group
Palfinger AG
PORR AG
Strabag SE
VERBUND AG

Denmark

Nilfisk
Pandora
The VELUX Group
WS Audiology

Finland

Kone Oyj
Lindström Group
Nokia

Germany

Bayer AG
Bertin Hyp AG
CECONOMY AG
Siemens AG

Ireland

An Post

Italy

Danieli & C. Officine Meccaniche S.p.A.

Netherlands

Ahold Delhaize
Irdeto

Norway

Arendals Fossekompagni ASA
Gard
Kongsberg Group

Portugal

Bondalti
EDP - Energias de Portugal S.A.
EPAL
Fidelidade
TMG - Tecidos Plásticos e outros

Switzerland

Novartis International AG
SGS
Verisure

Spain

Acciona
BBVA
Cabify
Iberdrola
Iberostar
Ferrovial
Mercadona S.A.
ROCA CORPORACION EMPRESARIAL, SA
Redeia
Siemens Gamesa

Türkiye

Borusan Holding
Koc Holding
Migros Ticaret AS
Vestel Elektronik San. ve Tic. A.Ş.

Ukraine

DTEK
Enamine Ltd
Epicentrk
I.P.Cert LLC
SoftServe

United Kingdom

EV Cargo

2.2 PROGRAMME

On the first day, participants discussed the main climate international standards and voluntary initiatives such as the UN Global Compact’s Communication on Progress (CoP), Global Reporting Initiative (GRI) and the Science Based Targets initiative (SBTi).

In addition, participating companies A1 Group, Softserve, and EDP - Energias de Portugal, shared their experience on these topics with the rest of the attendees, which was then followed by discussion groups to identify and explore key challenges that companies are facing with regard to climate reporting.

Day 1 International Standards	
	22 April 2024, 14:30-18:00 (Madrid)
	Cristina Fernández, A. Director for Alliances with II.OO., IE University. Master of ceremonies
14:30-14:50	Welcome & introduction to the 5th EU PLG Javier Molero, Director of Programmes and 2030 Agenda at UN Global Compact Spain Isabela del Alcázar, Chief Sustainability Officer at IE University
14:50-15:15	Icebreaker
15:15-16:00	Panel: Climate Standards & Initiatives Fernando Castellanos, Head of Climate and Environment at UN Global Compact Cristina Gil White, Chief Officer- Community & MarComs GRI Lígia Ramos, SBTi Regional Lead for LATAM
16:00-16:30	Coffee break
16:30-17:00	Keynote: Company case studies Lucas Ribeiro, Lead of Climate Ambition Accelerator at UN Global Compact Raffaella Ortner, Head of ESG A1 Group Yuliia Schmidt, Environmental Sustainability Coordinator of SoftServe Lígia Fernandes, Sustainability Specialist of EDP Q&A
17:00-17:45	Groups discussion Climate reporting challenges
17:45-18:00	Wrap-up & outlook Recap day 1 and outlook day 2
20:30	Evening event Dinner at Iberostar Las Letras Gran Vía (C.Gran Vía, 11, Centro, 28013 Madrid)



On the second day, the focus of the meeting turned to the main European regulations that are affecting corporate climate reporting, including the recently approved Due Diligence Directive (CSDDD), the Corporate Sustainability Reporting Directive (CSRD), and the classification of sustainable economic activities established by the EU Taxonomy.

Throughout several sessions, experts from the European Commission, EFRAG, the European Sustainability Platform for Sustainable Finance, Spainsif, Acciona, and BBVA participated in the panels and the keynote. This allowed the attendees to hear directly from European regulation experts and ask relevant questions, which provided valuable context for workshops focused on identifying the opportunities and challenges offered by the regulations.

Day 2 EU Directives

23 April 2024, 09:00-16:30 (Madrid)

Cristina Fernández, A. Director for Alliances with II.OO., IE University. Master of ceremonies

9:00-9:30

Welcome, recap day 1 & warm-up
Recap day 1 and outlook day 2

9:30-10:45

Keynote: Reporting Standards
Stefano Matonte, EU Policy, Partnerships and Programming at UN Global Compact
Tom Dodd, Team Leader of Sustainability Reporting at European Commission
Begoña Giner, Prof. University of Valencia, EFRAG SRB Member
Jaime Potti, Global Sustainability Manager ACCIONA

10:45-11:15

Coffee break

11:15-13:00

Workshop 1: CSRD & CSDDD

13:00-14:00

Lunch break

14:00-14:30

Panel: Sustainable Finance
Gonzalo Delacámara, Centre of Water & Climate Adaptation, IE University. Member EU Platform on Sustainable Finance.
Andrea González, CEO SPAINSIF
Susana Vega, Sustainability Standards BBVA
Q&A

14:30-16:00

Workshop 2: EU Taxonomy

16:00-16:20

Wrap-up
Recap day 2 & feedback

16:20-16:30

Closure
Cristina Sánchez, Chair of the Western Europe & North America Regional Network Council at UN Global Compact and Executive Director UNGC Spain





2.3 STRATEGIC PARTNER



IE University has a deep alliance with the United Nations as shown during the conference.



This collaboration between the UN and IE is framed as a partnership to co-assess, co-design and co-implement a series of initiatives that not only have a direct impact in society, but also help further develop in-house capacities within the UN System. Today, over 1,400 IE students are enrolled in programs co-developed with the United Nations.



In the domain of sustainability, IE University is dedicated to support organizations that aim to integrate sustainability into their core strategies, fostering resilience and impactful change. The university has various educational and research units, including centers, observatories, and chairs supported by over 150 world-class experts in sustainability areas.

Participating in The EU Peer Learning Group on Climate of the Global Compact is crucial as it addresses climate reporting according to international standards and EU directives, a critical area for sustainable business practices.



2.4 WORK METHODOLOGY

The UN Global Compact EU Peer Learning Group was held under Chatham House Rule.

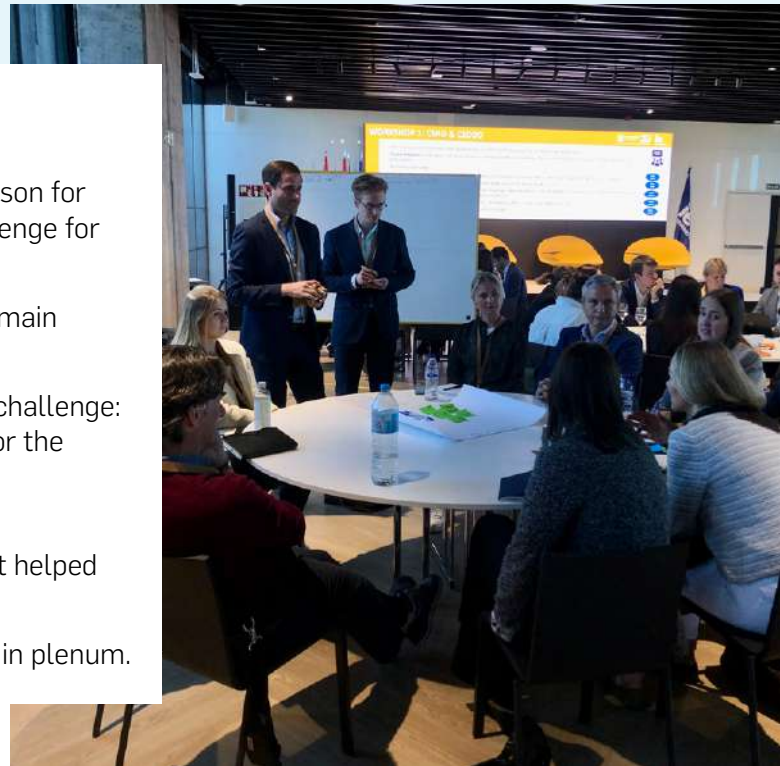
Group discussion overview:

1. Smaller discussion groups with peers.
2. Identify and discuss key challenges in climate reporting. Consider voluntary reporting standards and mandatory reporting requirements including CSRD, CSDDD and EU Taxonomy.
3. Wrap-up: review and sort discussed challenges. Select the two most important challenges for your group and place it at the top of your flipchart.



Workshop overview:

1. Flashlight round: each participant states the reason for the selected challenge: Why is this a priority challenge for our company?
2. Prioritization of reasons: Decide and prioritize the main reasons for following discussion.
3. Discussion: Discuss the prioritized reasons of the challenge: Who has been confronted with the same reason for the stated challenge? What were the solutions found (ideal/temporary solutions)?
4. Graffiti boards: Complete the Graffiti boards on: "It helped us that ..." and "It would be best, if ..."
5. Plenary synthesis: Summarizing of the discussion in plenum.



3



RESULTS OF THE 5TH EU PEER LEARNING GROUP ON CLIMATE

The main results of the 5th EU Peer Learning Group are presented below:

3.1 TAKING OFF

At the beginning of the 5th EU Peer Learning Group on Climate the participants shared:



3.2 CHALLENGES IDENTIFICATION

On the first day, participants formed groups and identified the following key challenges in climate reporting:

1. **Data collection**
2. **Lack of alignment/ consistency of methods**
3. **Dependencies (on other companies, supply chain, ...)**
4. **Data Quality & Reliability**
5. **Double Materiality**
6. **Internal resources in terms of time and costs**
7. **Perceived relevance**

3.3 WORKSHOP 1: CSRD/CSDDD

During the first workshop on Day 2, participants discussed the reasons for one of the challenges above in the context of CSRD, then prioritised these reasons based on what is most material or difficult to overcome. Each group then focused on resolving these challenges, and gathered existing solutions, based on the experiences of the group (“It helped us that...”) and elements or ideas that can help overcome the challenge (“It would be best, if...”)

Data collection

SOLUTION FOUND “It helped us that”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • CDP supplier engagement programme • Industry initiative for standardised PCF • Building up capacities of suppliers • To take the spend-based approach to get an estimation • Step by step increase activity-based data (report on mix in CCF) • Incentives improvement in remuneration of management and external performance (ie. Upstream) • Clear data collection processes and supplier targets communicated • To calculate historical activity-based data: <ol style="list-style-type: none"> 1) Set supplier CO2 emission baseline in current year 2) segment supplier by maturity 3) Determine if baseline of Science Based Target (SBT) can be calculated • Data collection was automated • Data was available / transparent internally • Procurement / purchasing is trained / knowledgeable / engaged in sustainability • Supplier engagement was prioritised based on materiality • More product-level data is incorporated 	<ul style="list-style-type: none"> • All industry peers share information • Common understanding on supplier and customer specific calculation methods • CO2 value/price on invoice or incorporated into tender process • More Life Cycle Analysis (LCAs) in all companies: customers and suppliers • GHG Protocol for PCF • Recalculation is more accepted in upper-level management • Data collection leads to emissions reductions (purposefully accounting for carbon....) • Executives / Board are engaged and invested in sustainability: link € to carbon. • If business performance was linked to sustainability • If large and influential players used their influence in the industry and partnerships • Everyone published their methodologies and learnings • There was clear communication, both internally and externally, about the importance of sustainability

Lack of alignment/ consistency of methods

SOLUTION FOUND “It helped us that”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Geographical lack of alignment • Integrate all areas of our company in sustainable procedures for data collection • Internal roadshows for educating your supporting teams • Run an internal sustainability conference and innovation challenge • Interpretation of regulations • Report to the highest 2-3 standards (GRI, SASB, UNGC, TVFD etc) • To start early with the fulfilment of regulations “to have a test run” without negative impact 	<ul style="list-style-type: none"> • Geographical lack of alignment • To set up a stakeholder dialogue with board members and top management • To have more support from board members • To train the local teams to gain awareness • Interpretation of regulations • EU should provide a free of charge data platform • Standardised platform which helps to manage or create an overview of required KPIs • There is one aligned platform for data collection • More guidance from the EU on how to implement and fulfil regulations • To have a common database • Sharing future accounting standards – [...] [Im... ue] Sector specialists • If auditors followed same standards • Instead of spending so much time and effort collecting data and writing reports, we focus on resource efficiency, reducing emissions and implementing sustainability strategies to make better business

Dependencies

SOLUTION FOUND “It helped us that”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Indicators and feedback (supply development programmes / education) • Classification of the supplier by ESG (mapping suppliers) • Shared data • Qualification and contracting requirements • AI tools to monitor risks on the supply chain • Sharing knowledge about the utility of sustainable practices with stakeholders 	<ul style="list-style-type: none"> • One open and public database • Develop a global standard • One neutral authority to validate the data (audit and assurance) • Behaviour change in society towards sustainability • More education and awareness

Double Materiality

SOLUTION FOUND “It helped us that”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Establish work focus groups with specific focal points • Finance at the heart of materiality assessment: build on the credibility of the financial reporting process • Use recently collected data • Use ESRS topics as starting point • Peer learning, sharing experiences • We looked for data for our Double Materiality which already existed in the company • We used informal resourced to improve quality the Double Materiality • Engage stakeholders: internal vs external • Ensure quality responses from a Group (internal + external) • Threshold setting • Create threshold based on established metrics / practices • Clarity about requirements: what is necessary? Is the data available already? • Use internal resources to qualify the Double Materiality • Capacity building on Double Materiality among stakeholders • Conjoined analysis in Double Materiality and threshold setting • Establish internal standardised metrics • Recognising that stakeholders are not experts • Change questions / level of involvement depending on internal stakeholders: 1) some need more quantitative questions 2) Others could be directly introduced to scoring • Reduce complexity of questions • Improve efficiency of Double Materiality surveys: existing, number of questions • Avoid post-analysis manipulation • Include the consultant in the right phases 	<ul style="list-style-type: none"> • Digital tools to support Digital Materiality Assessment • Defined process on how to execute impact assessment • Practice guidance examples by EFRAG • Centralisation of risks and opportunities collection • To have implementation flowchart + standard configurations / templates • Change the narrative on Double Materiality to opportunities and benefits • Advisors require more or something else than auditors might require • Mandatory reporting without assurance (at first) • Report on data not in CSRD (for commercial purposes) • Industry standardisation and ongoing PLGs • Sector / regional benchmarks

3.4 WORKSHOP 2: EU TAXONOMY

During the second workshop, participants discussed the reasons for one of the challenges above in the context of the EU Taxonomy, then prioritised these reasons based on what is most material or difficult to overcome. Each group then focused on resolving these challenges, and gathered existing solutions (“It helped us that...”) and elements or ideas that can help overcome the challenge (“It would be best, if...”)

Data collection

SOLUTION FOUND “It helped us that ...”	WISHFUL THINKING “It would be best, if...”
<ul style="list-style-type: none"> • Merging sustainability + finance • Knowledge sharing + creating training programmes (involving lots of functions). • Framing as an opportunity + what value it could bring to business • Building extensive Excel sheet (scoping) 	<ul style="list-style-type: none"> • Questions from financial markets/institutions • Having levels of alignment vs. yes or no • Suggested template of disclosure • More core people in the business are involved

Lack of alignment/ consistency of methods

SOLUTION FOUND “It helped us that ...”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Cross functional groups to clarify definitions • Robust and adaptable data collection platform • Capitalise on the know-how from overlapping standards / Evidences / Requirements • To be more present in the decision process • Internal upskilling 	<ul style="list-style-type: none"> • Harmonisation • Easier compliance • Longer transition time • To be more present in the decision process

Dependencies (on other companies, supply chain, ...)

SOLUTION FOUND “It helped us that ...”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Integrate measurement internally • Train the Trainer – generally on climate and EU Taxonomy • Clarity on what is or is not EU Taxonomy • Close relationship with Finance • Develop calculations to be able to make CAPEX/OPEX green • Working out how EU Taxonomy sits into levels: portfolio, product • Governance structure and clear responsibilities • Envoria (Software) for alignment assessment 	<ul style="list-style-type: none"> • Definition for climate friendly CAPEX/OPEX • Common understanding across auditors • One common standard • More 'merged' reporting standards • AI data-analysis solutions to reduce manual data capture

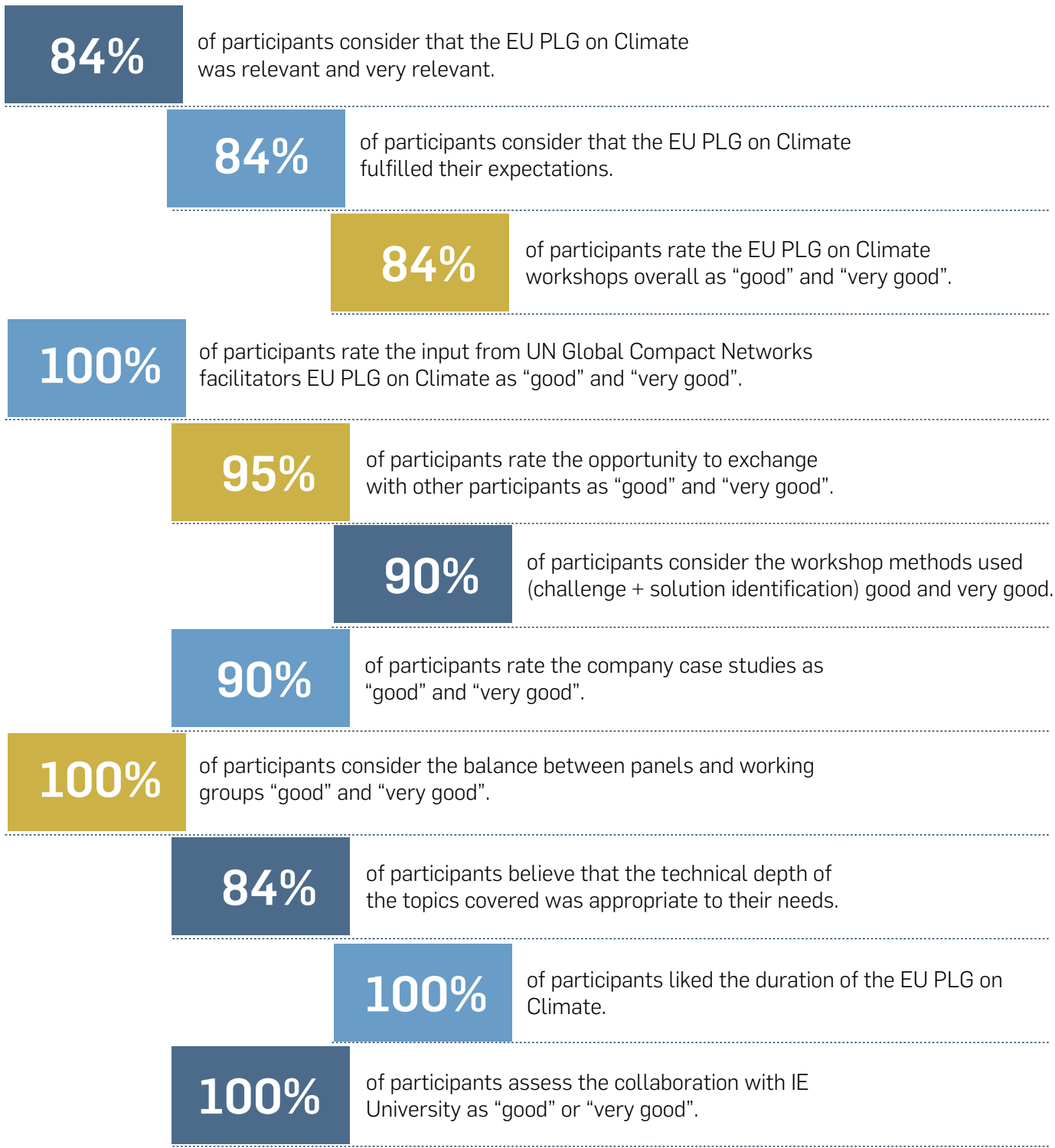
Data Quality & Reliability

SOLUTION FOUND “It helped us that ...”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Top-down support and sustainability KPIs • Supplier guidelines and training • Sufficient internal capacity to collect data, based on experience • Standardised internal data collection processes • Internal collaboration with sustainability ambassadors across the company • Working groups with key suppliers for training and capability building 	<ul style="list-style-type: none"> • Digital tool integrated with databases • Sustainability performance dashboards • Triple bottom line & increased pressure on management from investors

Perceived relevance EU Taxonomy

SOLUTION FOUND “It helped us that ...”	WISHFUL THINKING “It would be best, if....”
<ul style="list-style-type: none"> • Leveraging covering power of financial departments • Dialogue with the financial departments increased • Greenwashing training within the company, specifically for the finance department 	<ul style="list-style-type: none"> • Improve support from EU, more updates, closing knowledge gap

3.4 PARTICIPANTS FEEDBACK





The 5th EU Peer Learning Group on Climate has drawn the following conclusions on climate reporting:

- The EU Peer Learning Group on Climate is a unique environment that offers the possibility to exchange with peers from other leading European companies in climate action.
- The new European Regulations represent a significant shift for how businesses manage and deliver on their reporting requirements, which will require additional resource, skills and new processes, but it also represents a significant opportunity to more firmly embed sustainability into and across the business.
- Establishing dialogues between companies facing similar challenges allows participants to compare different ways of addressing current climate reporting challenges. With businesses, consultants and auditors all learning at the same time, peer learning has never been more important.
- European companies that are more advanced in international initiatives such as SBTi, CDP, or the UN Global Compact CoP are more prepared for the climate regulations requirements.
- Collecting reliable and precious data remains one of today's greatest challenges, especially data from the supply chain. Although there are tools that make this process easier and more efficient, it is still difficult to ensure the traceability of data.
- The discussions on double materiality underscored the complexity of considering both internal and external impacts in sustainability reporting. It is necessary to build credibility through clear methodologies, stakeholder engagement, and internal alignment to effectively address double materiality challenges.
- Participants highlighted the importance of industry collaboration, common understanding on calculation methods, and the integration of sustainability into financial practices
- Some of the most disruptive measures proposed by the participants include:
 - internal collaboration with sustainability ambassadors across the company;
 - organising an internal sustainability conference; and/or
 - introducing management remuneration incentives associated with sustainability performance.

5

FOLLOW-UP OF THE 5TH EU PEER LEARNING GROUP ON CLIMATE

As a follow-up of the 5th EU Peer Learning Group on Climate, we will have a virtual session focused on a specific climate topic. We will also keep you informed about the next in person 6th EU Peer Learning Group on Climate that will take place next year.



Host



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