



ADOGRC

Governance, Risk & Compliance

The future of corporate responsibility

Integrating ESG into ADOGRC

Felix Bernhard Grabher

13/09/2024



About Me

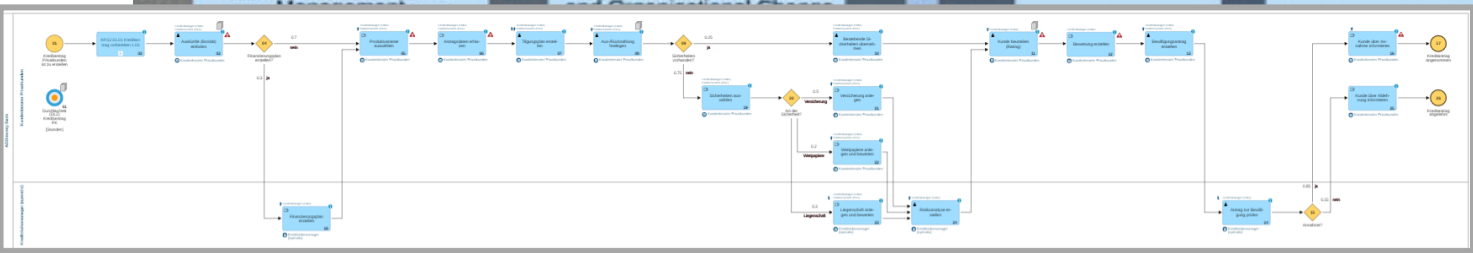
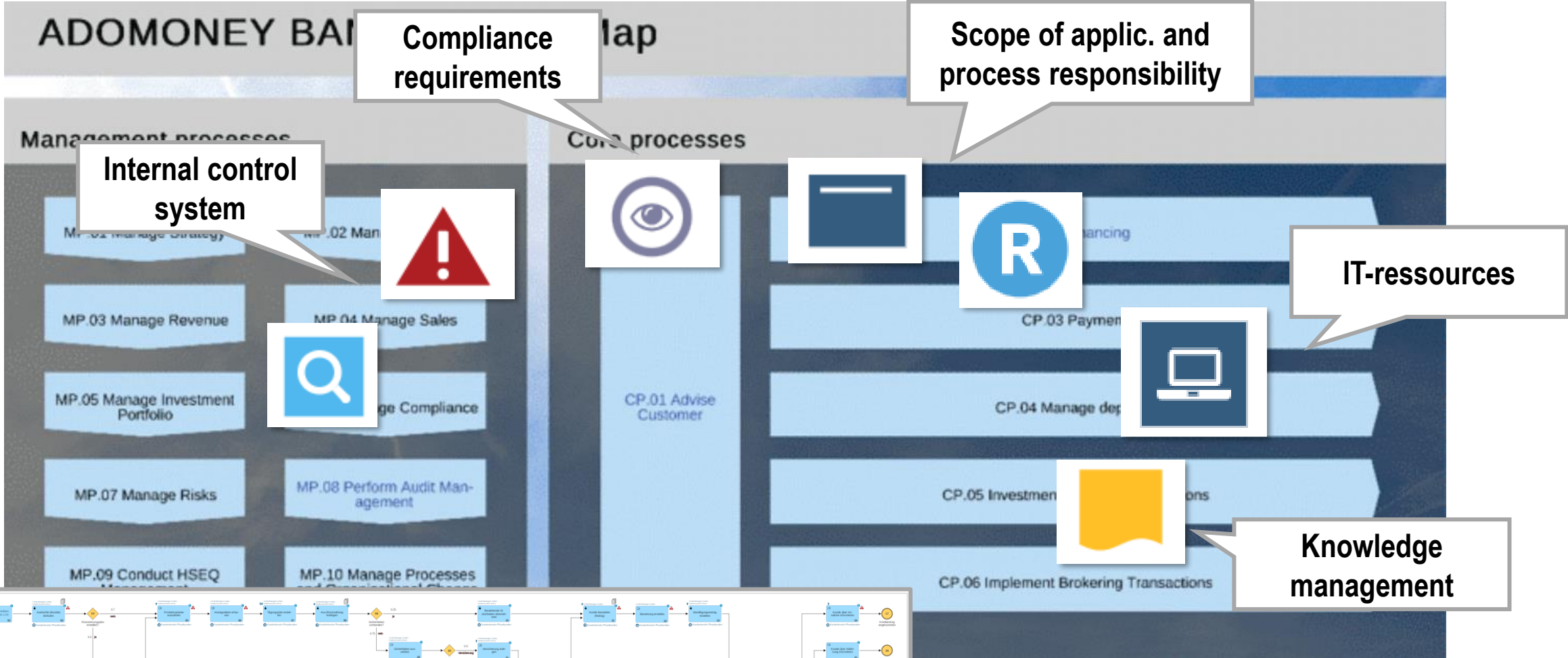
- Felix Bernhard Grabher
- Senior Consultant focussing on **Governance, Risk & Compliance**
- Expertise in ESG reporting, conducting double materiality assessment and developing sustainable business practices



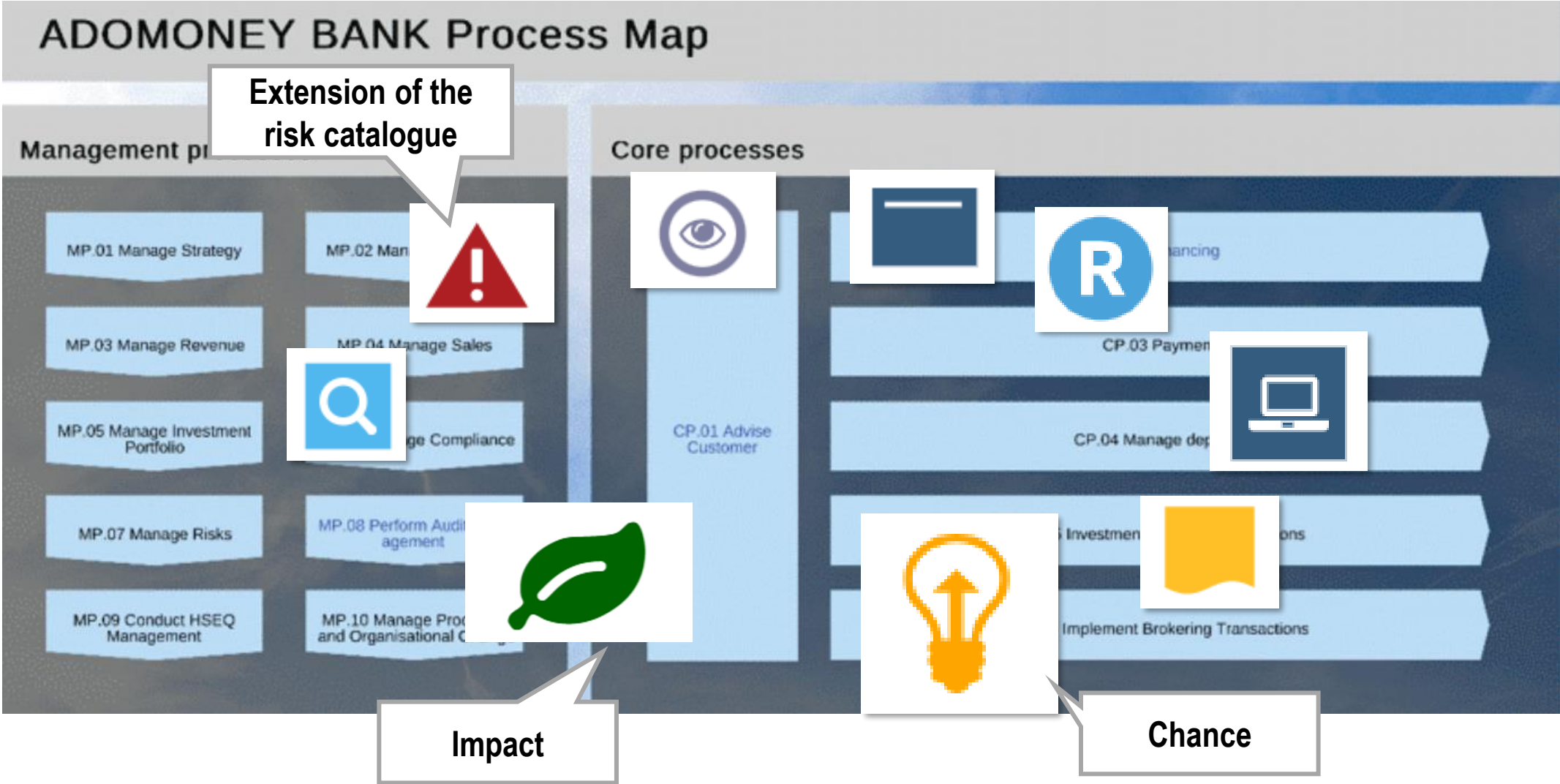
Agenda

- Integrated Management System
- Current regulatory requirements of the EU
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standard (ESRS)
- The Implementation

Process-orientated IMS: Basic Model

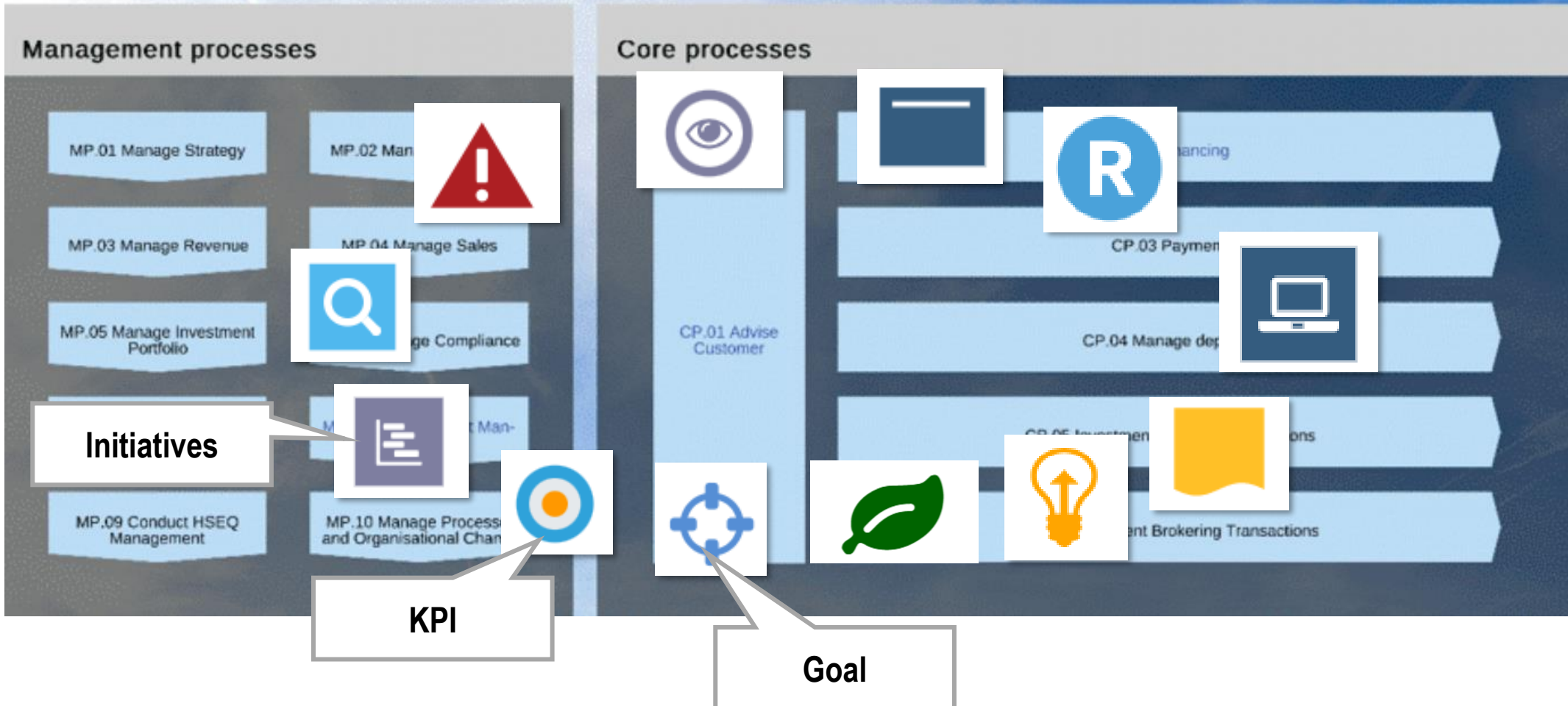


Process-orientated IMS: Extension ESG (I)



Process-orientated IMS: Extension ESG (II)

ADOMONEY BANK Process Map



Agenda

- Integrated Management System
- Current regulatory requirements of the EU
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standard (ESRS)
- The Implementation

Origin of the Regulatory Requirements

Initial situation according to the United Nations:

- **Social:** „Billions of our citizens continue to live in poverty and are denied a life of dignity.“
- **Environment:** „The facts are undeniable – we´re running out of time to adapt to the climate crisis:

delay is death.“

Origin of the Regulatory Requirements

Initial situation according to the United Nations:

European Green Deal

Tasks European Union

- Capital flows in the direction of sustainable economic activities

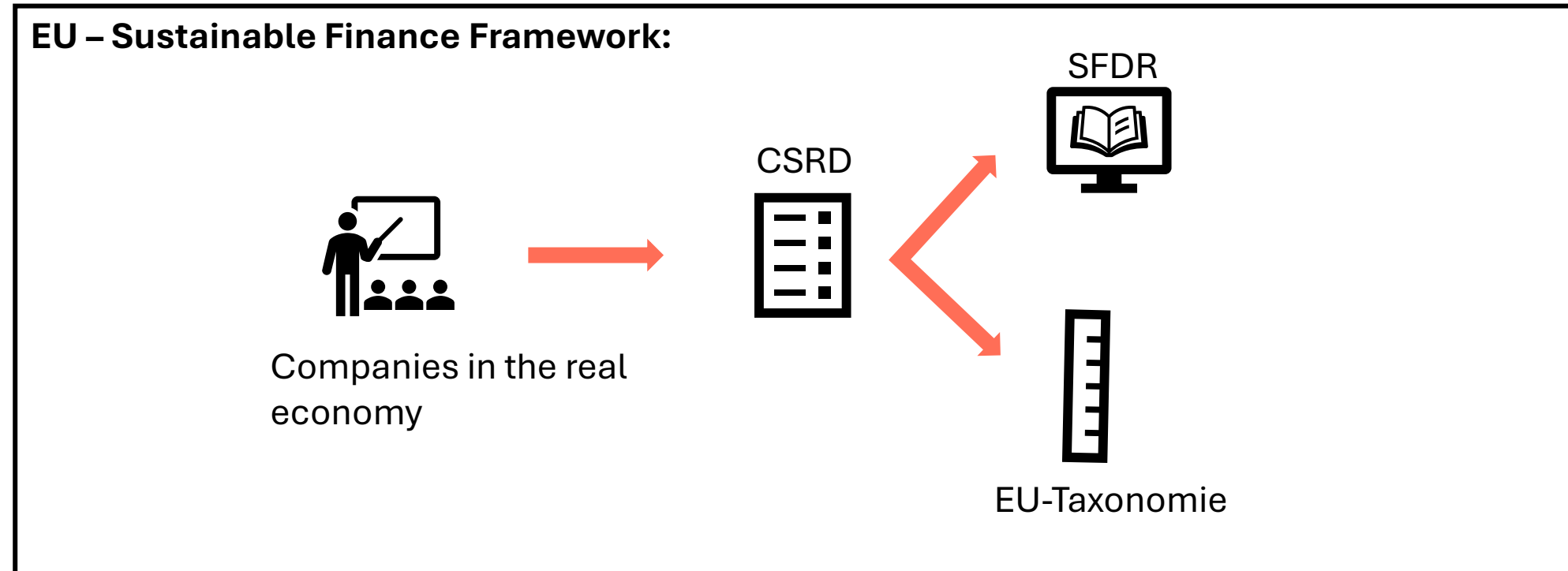
Problem

- Lack of transparency due to several permissible reporting standards

Solution

- **Corporate Sustainability Reporting Directive (CSRD)**
- **European Sustainability Reporting Standards (ESRS)**

Current EU Regulatory Requirements



Overall objective = to redirect capital flows towards **financing** the sustainable transformation of the economy and society

Agenda

- Integrated Management System
- Current regulatory requirements of the EU
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standard (ESRS)
- The Implementation

CSRD – Corporate Sustainability Reporting Directive



Is it „only“ reporting obligation?

- Preparation of a report in accordance with CSRD
- Mandatory audit
- CSRD is accounting law -> legal act with all consequences

CSRD – Corporate Sustainability Reporting Directive



Is it „only“ reporting obligation?

On the other hand, it is also about ensuring **future competitiveness**

- Reducing sustainability-related risks
- Aligning the business model with sustainability
- Positioning towards customers and suppliers
- Reputation of the company
- Ensuring the company's attractiveness as a responsible employer
- ...

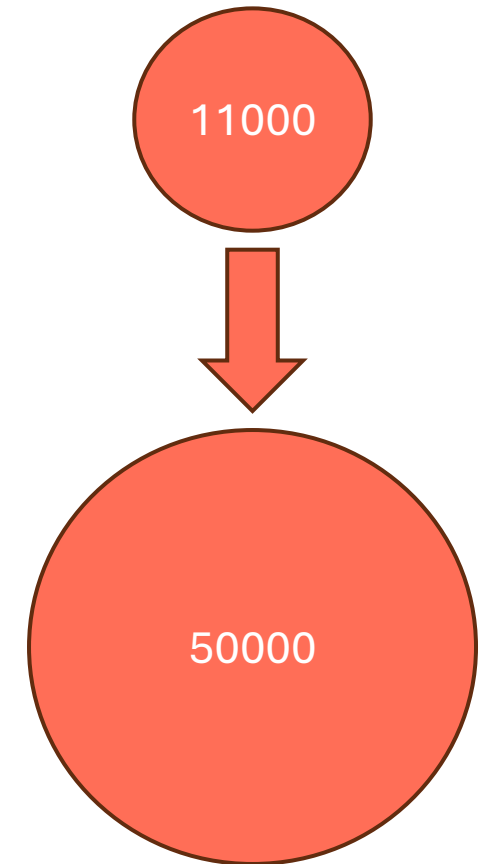
CSRD – Corporate Sustainability Reporting Directive

Non Financial Reporting Directive (NFRD)

- ▶ Companies of public interest (capital market-oriented companies or financial service providers)
- ▶ Generic disclosure on Environmental, Social and Governance issues
- ▶ Multiple standards for reporting permitted
 - ▶ > 500 employees
 - ▶ Balance sheet total > EUR 20 Mio.
 - ▶ Net sales > EUR 40 Mio.

Corporate Sustainability Reporting Directive (CSRD)

- ▶ Fiscal year 2024: Companies previously covered by the NFRD
- ▶ Fiscal year 2025: Companies with
 - ▶ Net sales > EUR 40 Mio.
 - ▶ Balance sheet total > EUR 20 Mio.
 - ▶ Employees > 250
- ▶ Fiscal year 2026: Listed SMEs
- ▶ Fiscal year 2028: Non EU-companies with a turnover > 150 m. €



CSRD – Corporate Sustainability Reporting Directive

Corporate Sustainability Reporting Directive

50000



Trickle-Down-effect:

Affects small companies – along the entire value and supply chain, even if they are not covered directly by CSRD

CSRD: Changes compared to NFRD

Expansion of reporting
companies

Standardisation of disclosure

Double Materiality
Assessment

Mandatory external audit

Digitalisation

Sustainability in management
report

Agenda


- Integrated Management System
- Current regulatory requirements of the EU
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standard (ESRS)
- The implementation

ESRS

Sustainability reporting ESRSs

- 2 cross-cutting standards and 10 topic-specific standards
- Sector-specific and entity-specific standards follow

ESRS 1 General Requirements	ESRS 2 General Disclosures				Cross-Cutting
ESRS E1 Climate change	ESRS E2 Pollution	ESRS E3 Water & marine resources	ESRS E4 Biodiversity & ecosystems	ESRS E5 Resource use & circular economy	
ESRS S1 Own workforce	ESRS S2 Workers in the value chain	ESRS S3 Affected communities	ESRS S4 Consumers & end-users		Topic-specific
ESRS G1 Business conduct					

 Mandatory without Double Materiality Assessment

ESRS

Exemplary breakdown of topics - sub-topics - sub-sub-topics

ESRS	Subtopic	Sub-Subtopic
E1 Climate change	Climate change adaption	
	Climate change mitigation	
E2 Pollution	Energy	
	Pollution of air	
	Pollution of water	
	Pollution of soil	
	Pollution of living organisms and food resources	
	Substances of concern	
	Substances of very high concern	
	Microplastics	
E3 Water & marine resources	Water	Water consumption
		Water withdrawals
		Water discharges
	Marine resources	Water discharges in the oceans
		Extraction and use of marine resources

Total 10 topics - 37 sub-topics - 73 sub-sub-topics

Disclosure Requirements (DR)

- Define overarching disclosure requirements (DR) for all topics
 - Governance (GOV)
 - Strategy (SBM)
 - Impact, Risk & Opportunity management (IRO)
 - Metrics & Targets (M & T)

Sector-specific and entity-specific ESRSs follow in the future

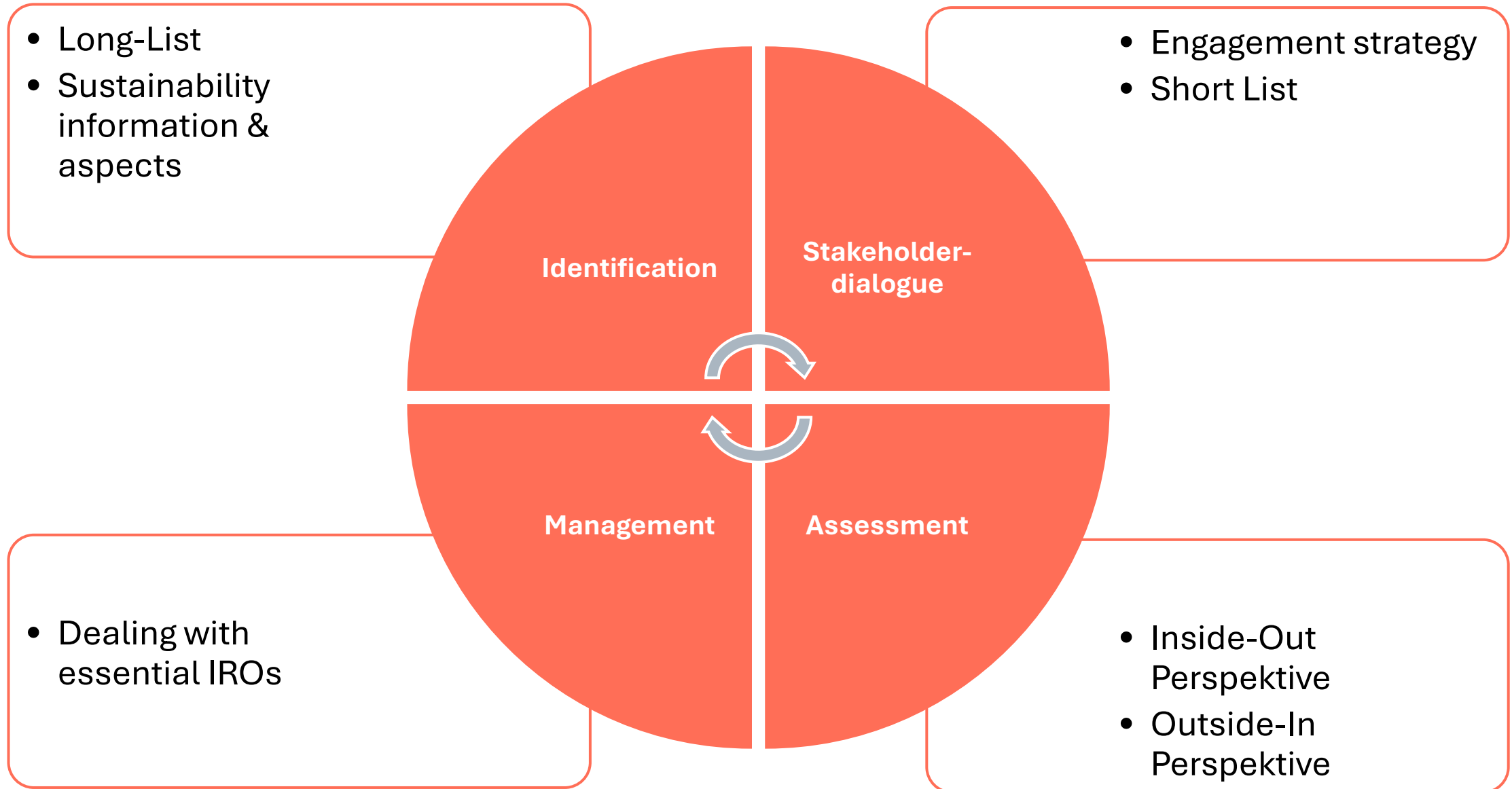
- In development



Agenda

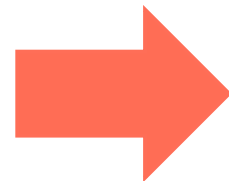
- Integrated Management System
- Current regulatory requirements of the EU
- Corporate Sustainability Reporting Directive (CSRD)
- European Sustainability Reporting Standard (ESRS)
- The Implementation

The Implementation - Cycle



The Implementation - Identification

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate change	<ul style="list-style-type: none"> Climate change adaptation Climate change mitigation Energy 	
ESRS E2	Pollution	<ul style="list-style-type: none"> Pollution of air Pollution of water Pollution of soil Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics 	
ESRS E3	Water and marine resources	<ul style="list-style-type: none"> Water Marine resources 	<ul style="list-style-type: none"> Water consumption Water withdrawals Water discharges Water discharges in the oceans Extraction and use of marine resources
ESRS E4	Biodiversity and ecosystems	<ul style="list-style-type: none"> Direct impact drivers of biodiversity loss 	<ul style="list-style-type: none"> Climate Change Land-use change, fresh water-use change and sea-use change Direct exploitation Invasive alien species Pollution Others
		<ul style="list-style-type: none"> Impacts on the state of species 	Examples: <ul style="list-style-type: none"> Species population size Species global extinction risk
		<ul style="list-style-type: none"> Impacts on the extent and condition of ecosystems 	Examples: <ul style="list-style-type: none"> Land degradation Desertification Soil sealing
		<ul style="list-style-type: none"> Impacts and dependencies on ecosystem services 	



Creation of a list of potential IROs from the sustainability aspects

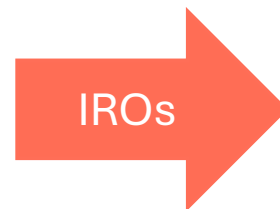
The Implementation- IROs

Impacts	Risks	Opportunities
Inside-Out Perspective	Outside-In perspective	
Ecological and social materiality	financial materiality	
Impact of the company to be reported on the environment and people	Risks and chances that have a material impact on the value of the company	
Scale Scope Irremediable character	Probability of occurrence Scope	

The Implementation – Material Topics

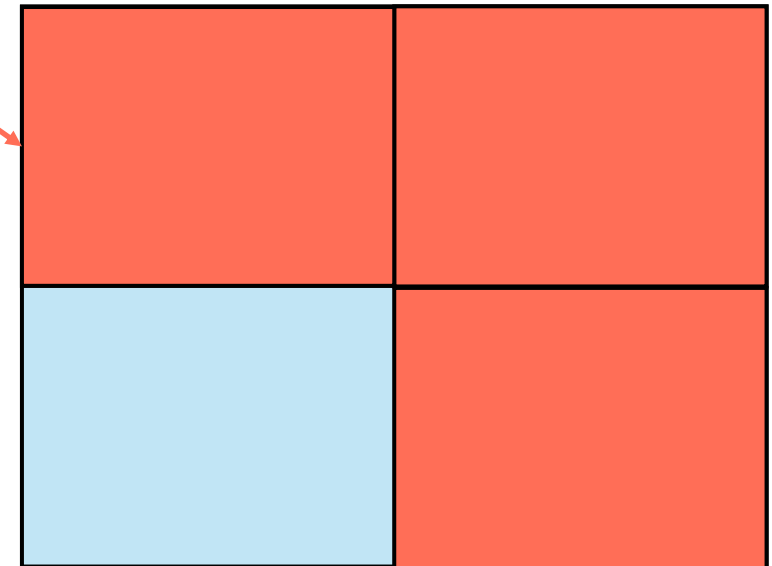
Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate change	<ul style="list-style-type: none"> Climate change adaptation Climate change mitigation Energy 	
ESRS E2	Pollution	<ul style="list-style-type: none"> Pollution of air Pollution of water Pollution of soil Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics 	
ESRS E3	Water and marine resources	<ul style="list-style-type: none"> Water Marine resources 	<ul style="list-style-type: none"> Water consumption Water withdrawals Water discharges Water discharges in the oceans Extraction and use of marine resources
ESRS E4	Biodiversity and ecosystems	<ul style="list-style-type: none"> Direct impact drivers of biodiversity loss 	<ul style="list-style-type: none"> Climate Change Land-use change, fresh water-use change and sea-use change Direct exploitation Invasive alien species Pollution Others
		<ul style="list-style-type: none"> Impacts on the state of species 	Examples: <ul style="list-style-type: none"> Species population size Species global extinction risk
		<ul style="list-style-type: none"> Impacts on the extent and condition of ecosystems 	Examples: <ul style="list-style-type: none"> Land degradation Desertification Soil sealing
		<ul style="list-style-type: none"> Impacts and dependencies on ecosystem services 	

Material topics to be reported



**Scale, Scope, Irremediable character*

Inside-Out



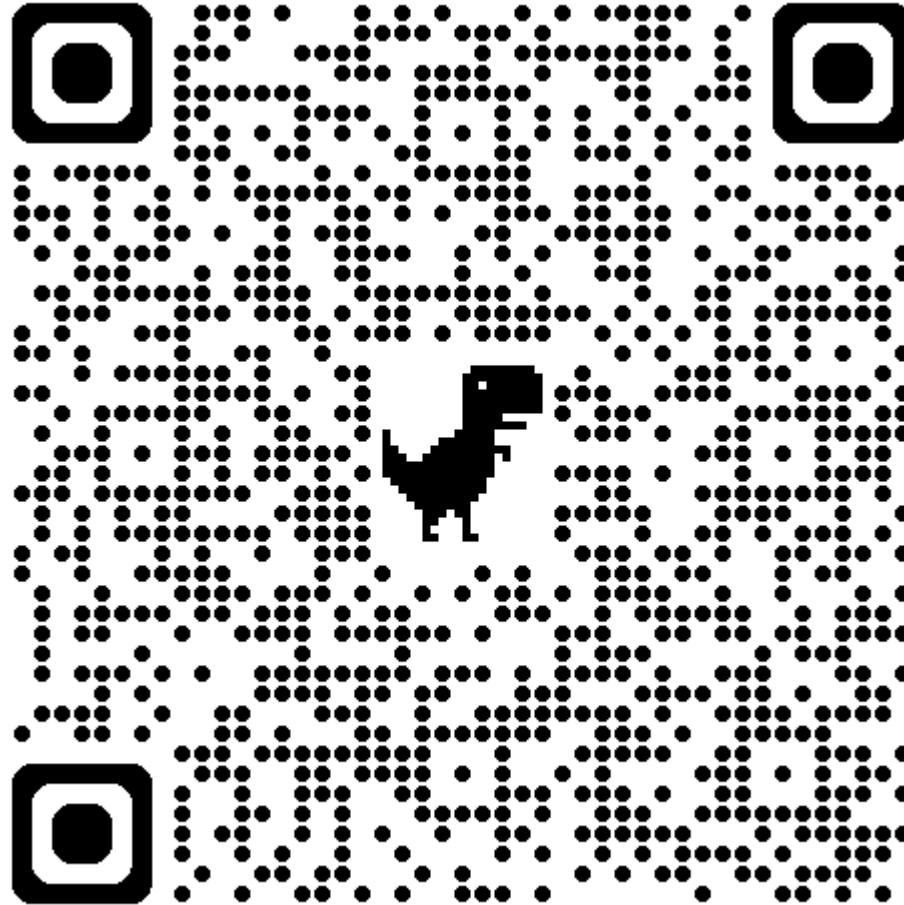
Outside-In

**Probability of occurrence, scope*

Parallelism with risk management

- ▶ Materiality analysis is the central filter for removing complexity from regulation
- ▶ Integration of the identified/assessed IROs?
 - ▶ Assessment is heavily dependent on risk management
 - ▶ Synergy with other risks and chances
 - ▶ Challenge of impact risk on society, social & environment
 - ▶ Integration into risk management without creating a parallel world

Simulation of Double Materiality Assessment

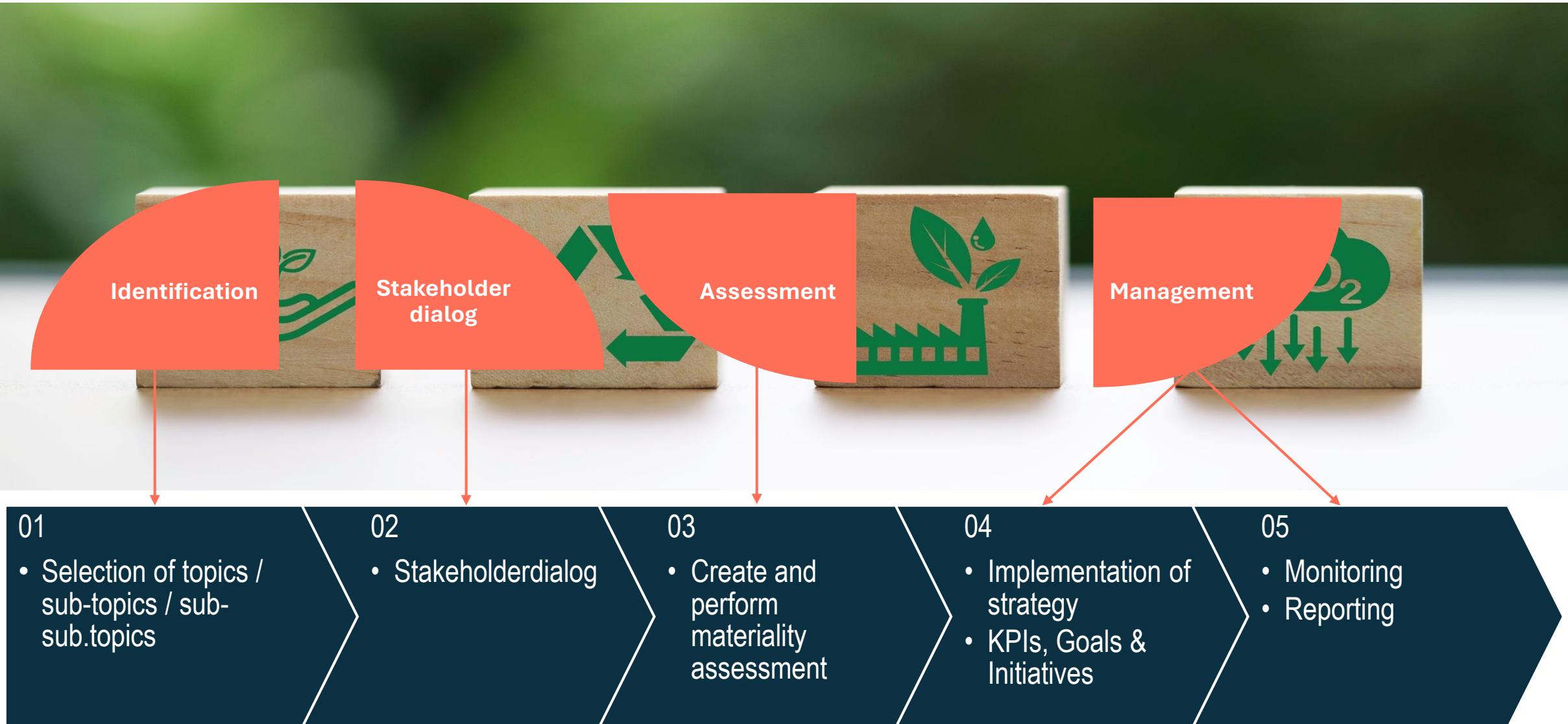


The implementation of an ESG strategy in ADOGRC

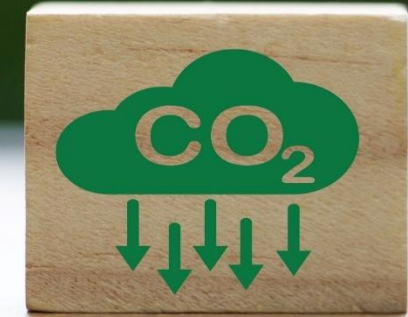


ADOGRC
Governance, Risk & Compliance

The Implementation of an ESG strategy



The Implementation of an ESG strategy



01
Selection of topics /
sub-topics / sub-
sub.topics

02
Stakeholder dialog

03
Create and perform
materiality
assessment

04
Implementation of
strategy
KPIs, Goals &
Initiatives

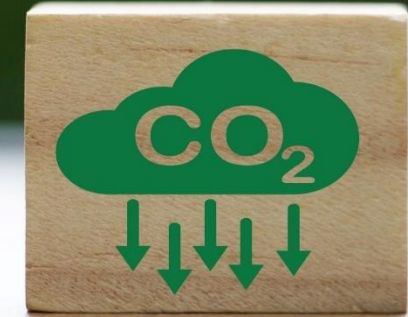
05
Monitoring &
Reporting

01 Preselect Topics



The hierarchical mapping of topics, sub-topics and sub-sub-topics allows a clear presentation of the ESG areas and enables a pre-selection of topics requiring action.

The Implementation of an ESG strategy



01
Selection of topics /
sub-topics / sub-
sub.topics

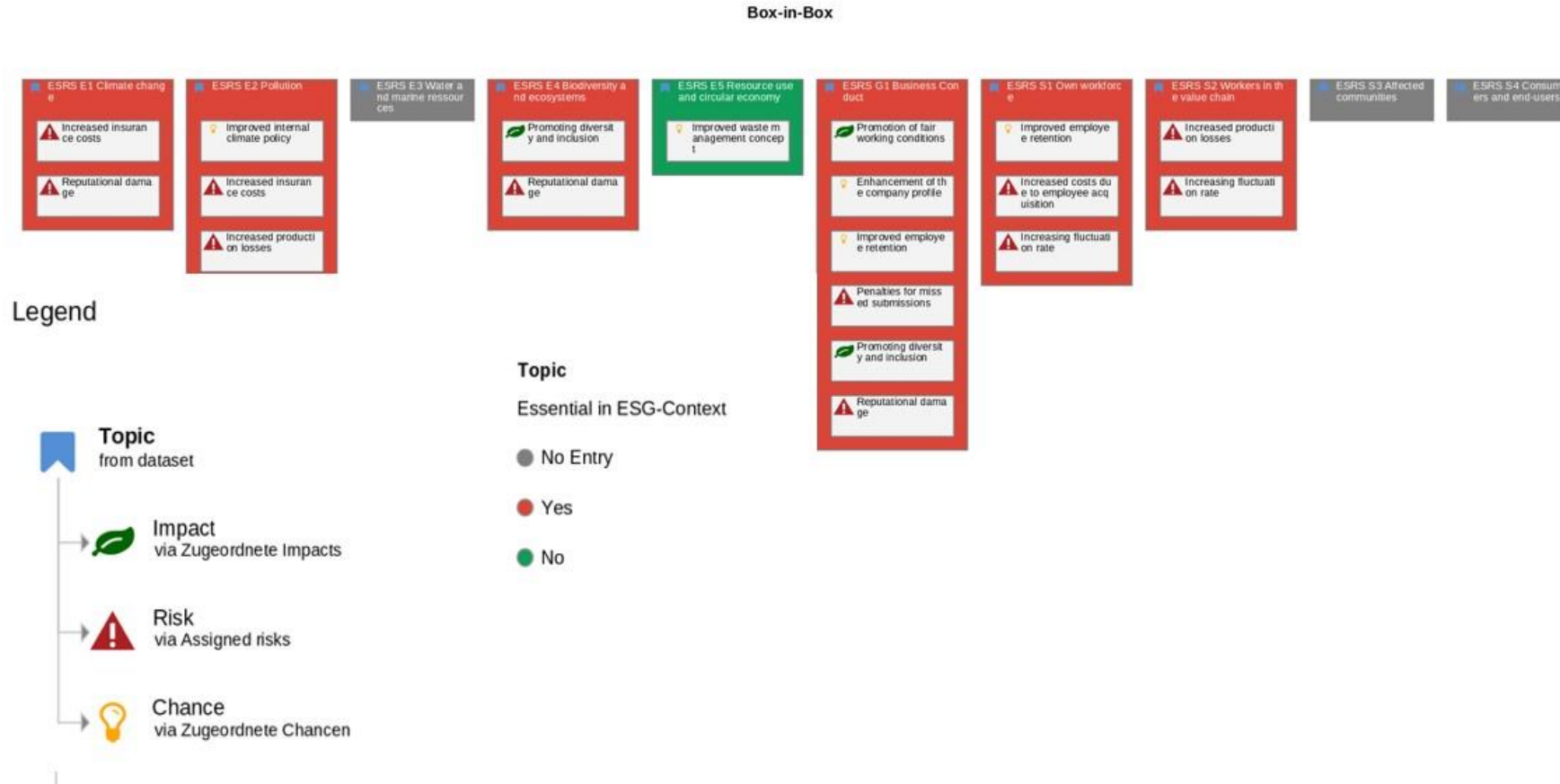
02
Stakeholder dialog

03
Create and perform
materiality
assessment

04
Implementation of
strategy
KPIs, Goals &
Initiatives

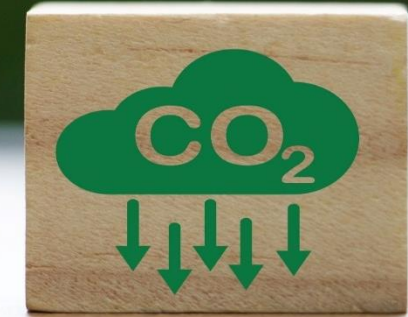
05
Monitoring &
Reporting

02 Identifying impacts, risks and opportunities



Pre-selected topics are discussed in the course of the stakeholder dialogue with regard to their impact, risks and opportunities in order to identify the topics that is relevant for the company and its stakeholders.

The Implementation of an ESG strategy



01
Selection of topics /
sub-topics / sub-
sub.topics

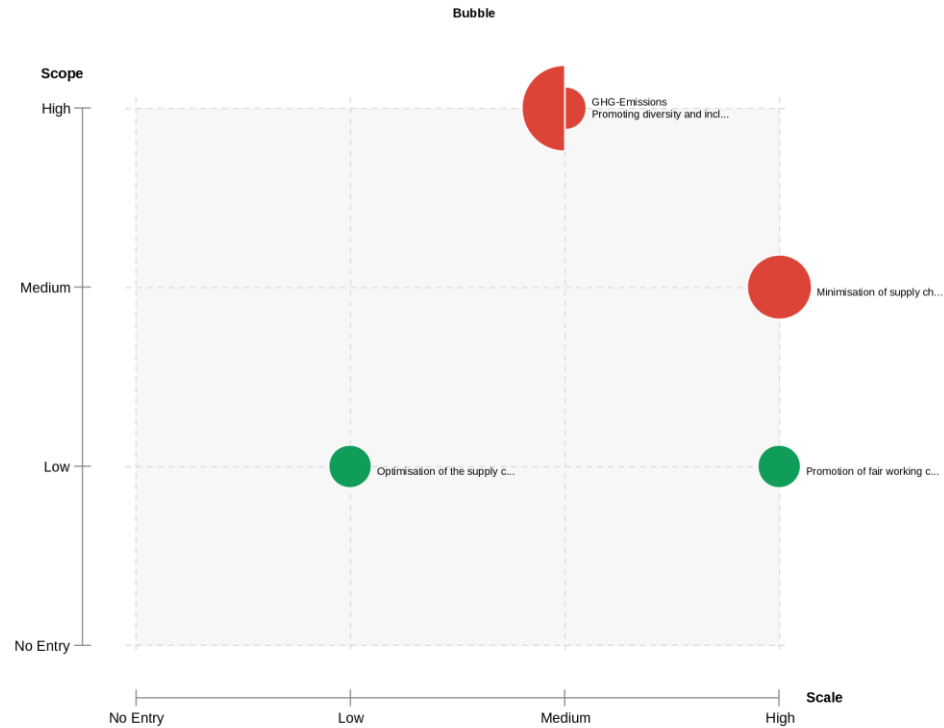
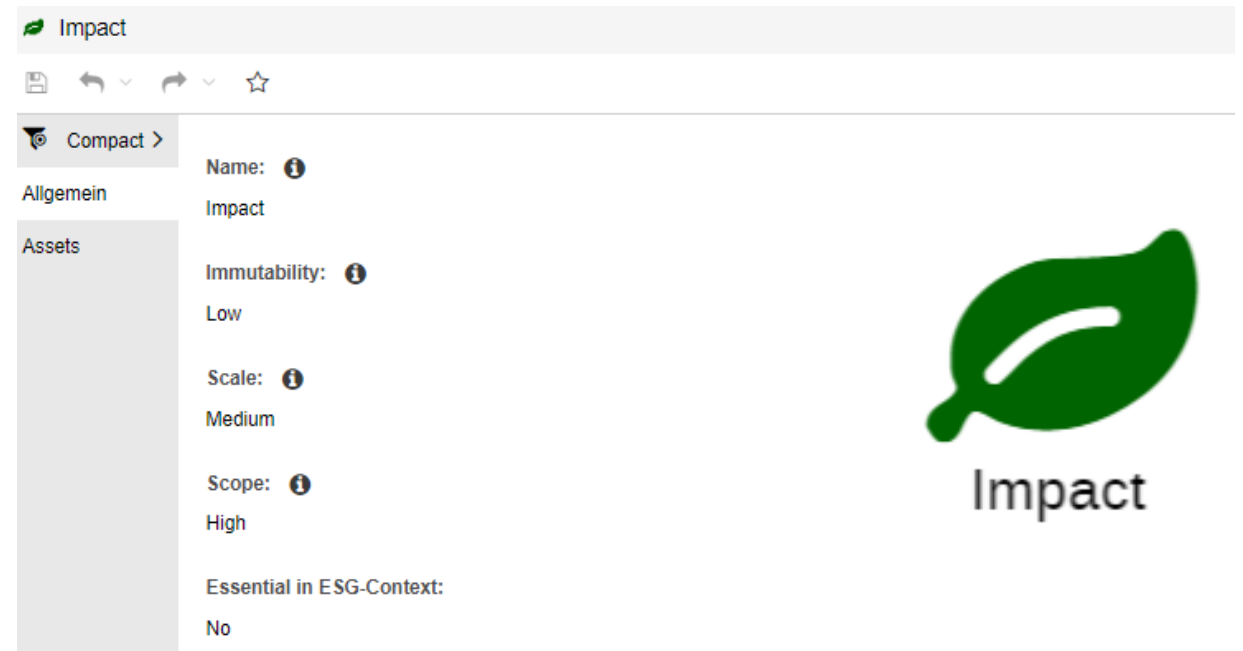
02
Stakeholder dialog

03
Create and perform
materiality
assessment

04
Implementation of
strategy
KPIs, Goals &
Initiatives

05
Monitoring &
Reporting

03 Materiality Assessment: Impact

Impact

Compact >


Allgemein

Assets

- Name: **Impact**
- Immutability: **Low**
- Scale: **Medium**
- Scope: **High**
- Essential in ESG-Context: **No**



Legend

Object type:  Impact




X-axis: Scale

Y-axis: Scope

Bubble size: Immutability

Impact

Essential in ESG-Context

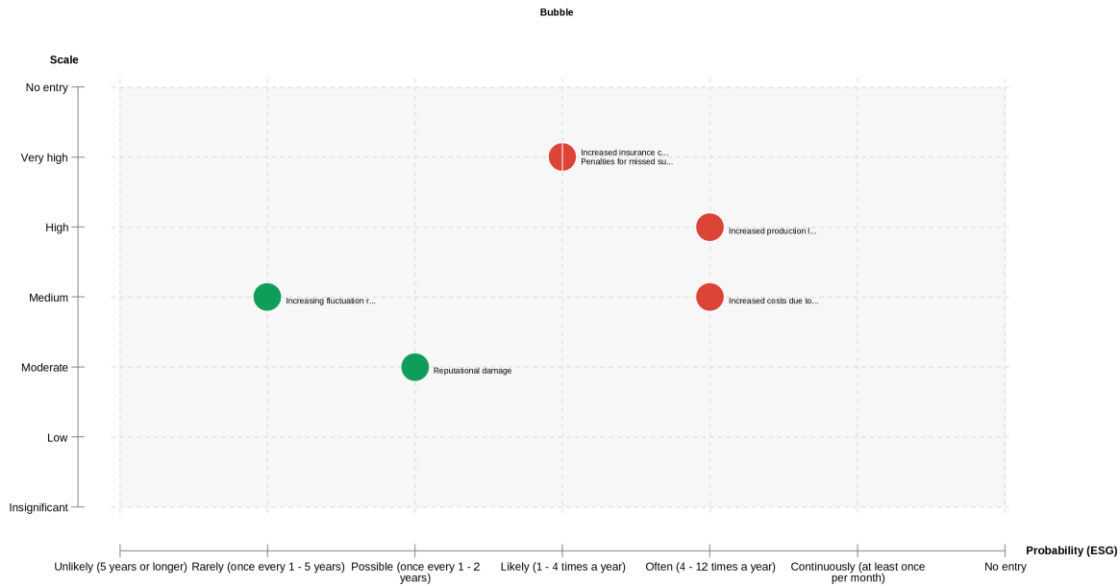
-  No Entry
-  Yes
-  No

Immutability levels (represented by bubble size):

- High
- Medium
- Low
- No Entry

Impacts are assessed based on the criteria of scale and scope, as well as immutability (in the case of negative impacts), in order to define the relevant topics.

03 Materiality Assessment: Risk



Legend

- Object type: ▲ Risk
- X-axis: Probability (ESG)
- Y-axis: Scale
- Risk
- Essential in ESG-Context
- No Entry
 - Yes
 - No

▲ Increased production losses

☆ Workflow ▾

Compact >

General information

Organisation

Schedule

Assets


Lifecycle

Name: ⓘ
Increased production losses

Probability (ESG):
Often (4 - 12 times a year)

Scale: ⓘ
High

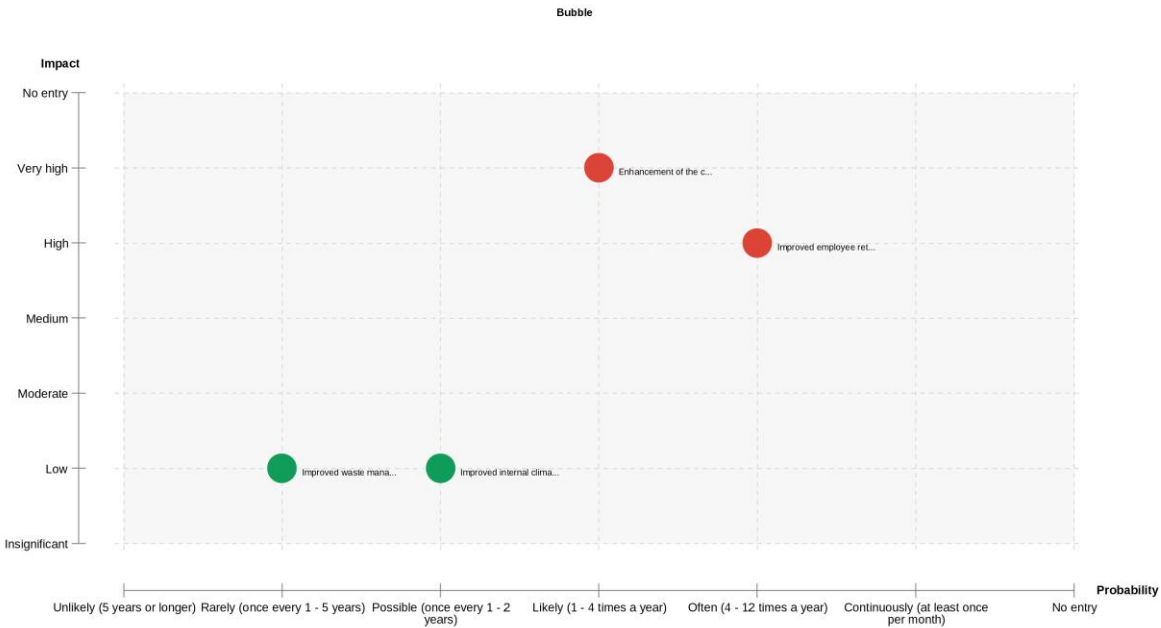
Essential in ESG-Context:
Yes



Risk

Opportunities and risks are assessed on the basis of likelihood of occurrence and potential magnitude (outside-in) in order to define the relevant topics.


03 Materiality Assessment: Chance




Legend

Object type:  Chance
 X-axis: Probability
 Y-axis: Impact

Chance
 Essential in ESG-Context
 ● No Entry
 ● Yes
 ● No

 Enhancement of the company profile



 Compact >

Allgemein


Assets

Name: 

Enhancement of the company profile

Probability:

Likely (1 - 4 times a year)

Impact: 

Very high

Essential in ESG-Context:

Yes



Opportunities and risks are assessed on the basis of likelihood of occurrence and potential magnitude (outside-in) in order to define the relevant topics.

The Implementation of an ESG strategy



01
Selection of topics /
sub-topics / sub-
sub.topics

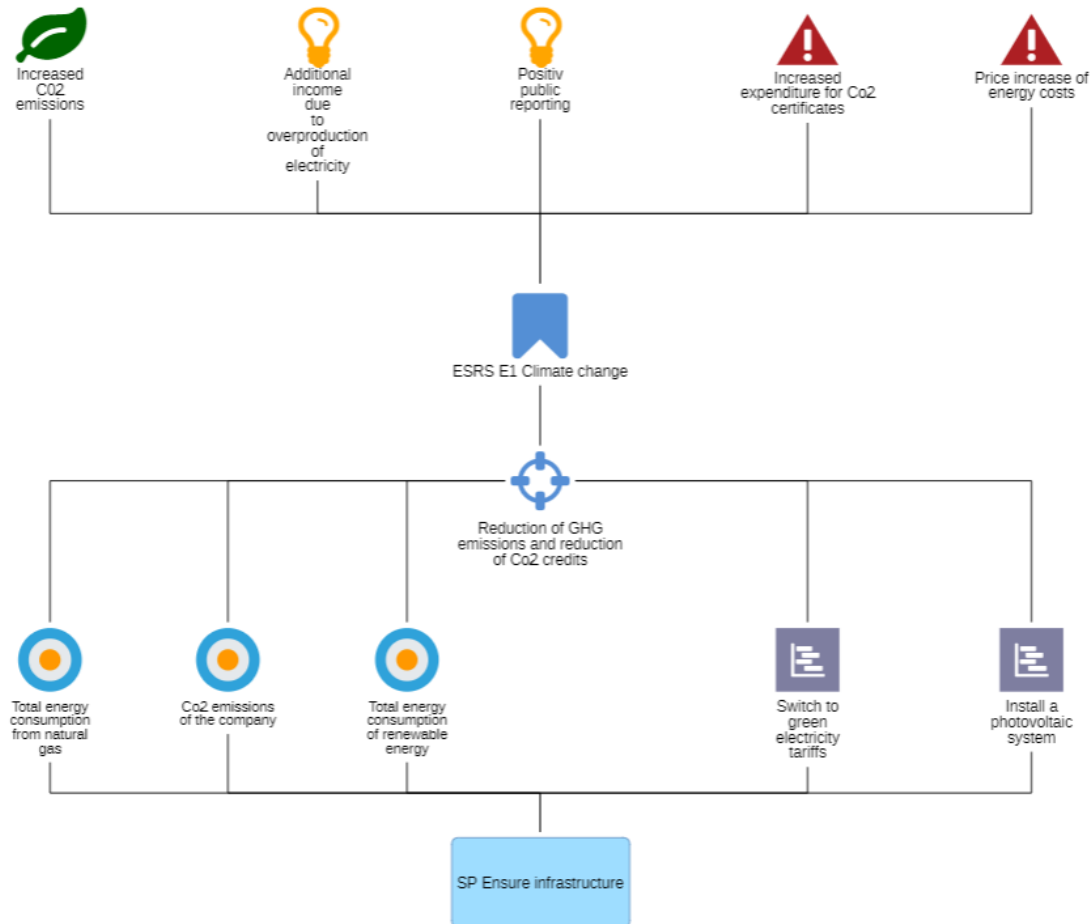
02
Stakeholder dialog

03
Create and perform
materiality
assessment

04
Implementation of
strategy
KPIs, Goals &
Initiatives

05
Monitoring &
Reporting

04 Goals, KPIs and initiatives



Goals, KPIs and initiatives are defined for the relevant topics, which can be linked to the corporate assets. The sum of the topic-related content is summarised in the sustainability strategy.

04 Goals, KPIs and initiatives

Thema - Ziel - Kennzahl					
Sortiert: Name ↓ Sortiert: Name ↓	Anteil Veranlagungen in "grünen Veranl...	CO2-Ausstausch des Unternehmens	Gesamtenergieverbrauch aus Erdgas	Gesamtenergieverbrauch aus erneue...	Kreditausfälle
E indiv. - ökologische Produkte anbieten	✚ "grüne" Veranlagungsprodukte anbi...				
ESRS E1 Klimawandel: Anpassung ...		✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	
ESRS E1 Klimawandel: Energie		✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	
ESRS E1 Klimawandel: Klimaschutz		✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	✚ Reduzierung der Treibhausgasemi...	
ESRS E2 Umweltverschmutzung: B...					✚ Reduzierung des finanziellen Risikos
ESRS E2 Umweltverschmutzung: B...					✚ Reduzierung des finanziellen Risikos
ESRS E2 Umweltverschmutzung: Luf...					✚ Reduzierung des finanziellen Risikos
ESRS E2 Umweltverschmutzung: Mik...					✚ Reduzierung des finanziellen Risikos
ESRS E2 Umweltverschmutzung: Ve...					✚ Reduzierung des finanziellen Risikos
ESRS E2 Umweltverschmutzung: Wa...					✚ Reduzierung des finanziellen Risikos

Several goals or KPIs can be formulated for one topic. Of course, a goal or KPI can also be used several times.

The Implementation of an ESG strategy



01
Selection of topics /
sub-topics / sub-
sub.topics

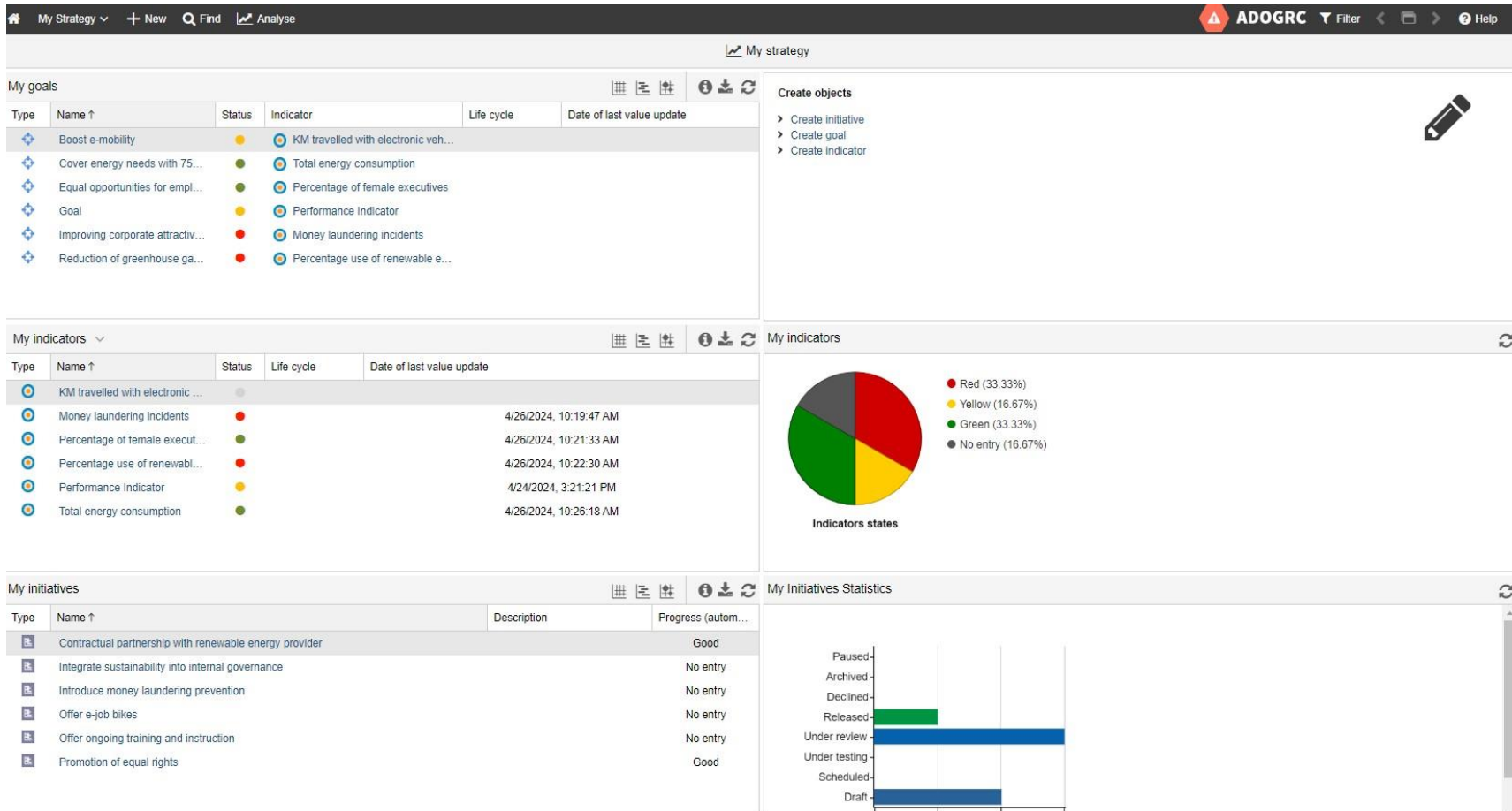
02
Stakeholder dialog

03
Create and perform
materiality
assessment

04
Implementation of
strategy
KPIs, Goals &
Initiatives

05
Monitoring &
Reporting

05 Monitoring



The screenshot displays the ADOGRC dashboard interface, which is organized into three main sections: My goals, My indicators, and My initiatives. Each section includes a table of data and a corresponding visualization.

My goals

Type	Name ↑	Status	Indicator	Life cycle	Date of last value update
+	Boost e-mobility	●	KM travelled with electronic veh...		
+	Cover energy needs with 75...	●	Total energy consumption		
+	Equal opportunities for empl...	●	Percentage of female executives		
+	Goal	●	Performance Indicator		
+	Improving corporate attractiv...	●	Money laundering incidents		
+	Reduction of greenhouse ga...	●	Percentage use of renewable e...		

My indicators

Type	Name ↑	Status	Life cycle	Date of last value update
●	KM travelled with electronic ...	●		
●	Money laundering incidents	●		4/26/2024, 10:19:47 AM
●	Percentage of female execut...	●		4/26/2024, 10:21:33 AM
●	Percentage use of renewabl...	●		4/26/2024, 10:22:30 AM
●	Performance Indicator	●		4/24/2024, 3:21:21 PM
●	Total energy consumption	●		4/26/2024, 10:26:18 AM

My initiatives

Type	Name ↑	Description	Progress (autom...
■	Contractual partnership with renewable energy provider		Good
■	Integrate sustainability into internal governance		No entry
■	Introduce money laundering prevention		No entry
■	Offer e-job bikes		No entry
■	Offer ongoing training and instruction		No entry
■	Promotion of equal rights		Good

Indicators states

A pie chart showing the distribution of indicator statuses:

- Red (33.33%)
- Yellow (16.67%)
- Green (33.33%)
- No entry (16.67%)

My Initiatives Statistics

A horizontal bar chart showing the distribution of initiative statuses:

- Paused
- Archived
- Declined
- Released
- Under review
- Under testing
- Scheduled
- Draft

The status of the goals, KPIs and / or initiatives can be viewed in a user-orientated manner with the help of dashboards to be able to track the implementation on an ongoing basis.

CONNECT WITH US

AND FEEL OUR HEARTBEAT



Free Webinars and regional Events
Trending Topics in BPM, EA & GRC
Updates, News & Highlights

www.boc-group.com/newsletter



ADOGRC

Governance, Risk & Compliance