

# WORKSHOP C

Collaborating and holding ourselves  
accountable with external stakeholders

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# Your hosts



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#116418

## AGENDA

- 1 Introductions
- 2 Setting the scene
- 3 A balancing act
- 4 Group discussions
- 5 Key takeaways

# Setting the scene

## Drivers for stakeholder engagement

### Regulatory Changes

*CSRD, CSDDD, Climate Risk and Opportunity Reporting*

### Value Chain Uncertainty

*Interdependencies, Risk Prevention, Transparency*

### Investor Priorities

*Shifting capital flows, information requests, anti-greenwashing*

### Consumer Preferences

*No Longer a Trend, Trust in Corporate Statements, Reputational Risk*

## Why it's important to engage with external stakeholders

- Expectations = **direct** and **indirect** impacts on corporate strategy / goals / initiatives
- Transparency = **understanding** and **addressing** priorities and expectations
- Collaboration to meet reporting requirements / voluntary commitments
- Opportunities to positively influence stakeholders
- Sustainability risks and opportunities materialise across the value chain



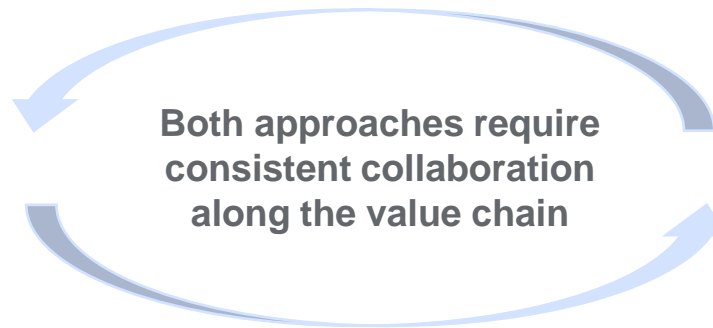
**Intentional Stakeholder Engagement = Proactive management → Effective collaboration**

# A balancing act

Sustainability efforts mainly take two paths – **Compliance-Focused** or **Leaders**.

## Compliance-Focused

- Main Stakeholders: Regulators / Governments
- Increasing regulations = increased disclosures
- Additional burden leads to compliance over sustainability leadership



## Leaders

- Upside of risk = Opportunities
- Increased cost / effort above compliance
- High barrier to differentiate
- Requires robust, integrated strategy with clear goals and intended outcomes

# Slido – Question 1

Which current / emerging regulations are currently impacting your company the most?

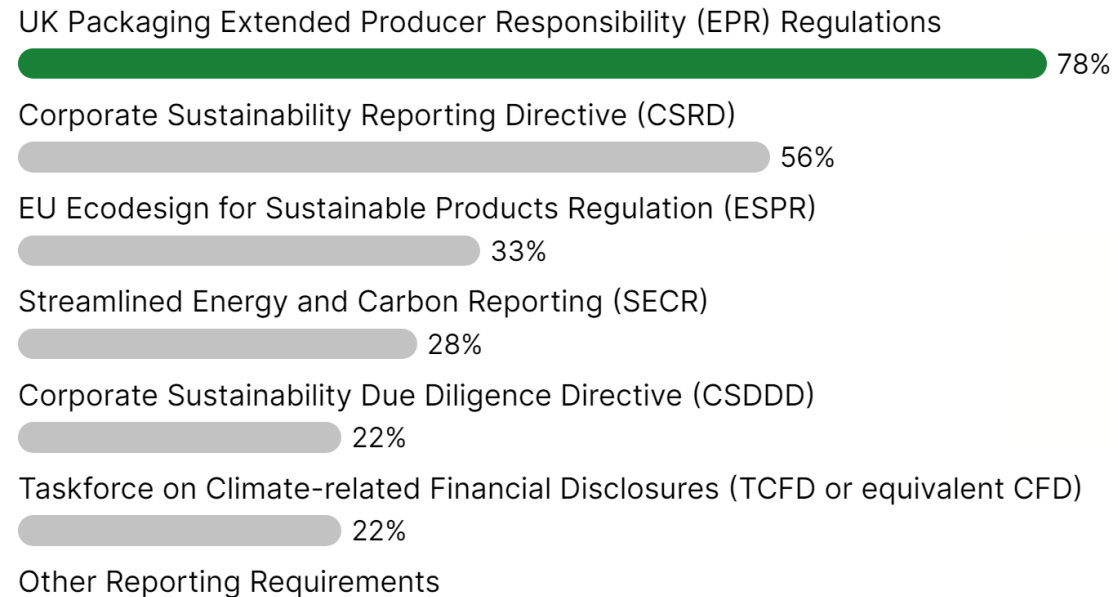


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Which current / emerging regulations are currently impacting your company the most?



# Slido – Question 2


Please rank the importance of the following stakeholders to your business





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**Please rank the importance of the following stakeholders to your business**

1. Consumers / Customers  

2. Regulators  

3. Investors / Banks  

4. Suppliers  

5. Other  


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Outputs and considerations



# Key takeaways

- Regulatory changes require engagement with stakeholders across the entire value chain
- Consumer and investor expectations are best addressed through continuous engagement
- Stakeholder collaboration can be an opportunity generator
- Value chain engagement and collaboration is necessary for both compliance and leadership in sustainability

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## Outputs and considerations

1. Regulatory changes require engagement with stakeholders across the entire value chain
2. Consumer and investor expectations are best addressed through continuous engagement
3. Stakeholder collaboration can be an opportunity generator
4. Value chain engagement and collaboration is necessary for both compliance and leadership in sustainability



# Group discussion 1

How well do you understand your stakeholders / value chain?

## Questions to promote discussion

- How robust of is your understanding over your entire value chain?
- How have you identified all stakeholders? Are you confident that you've represented all necessary stakeholders adequately?
- Do you engage with all of your stakeholders (discrete vs continuous basis)? Is it stakeholder management (proactive yet potentially defensive) or stakeholder engagement (interactive and inclusive)
- What information are you already gathering from your stakeholders? OR What information are your stakeholders already asking of you?
- Are you using technology / third-party providers to support gathering information from stakeholders and/or to support stakeholder engagement / collaboration?

# Group discussion 1 – key takeaways

## How well do you understand your stakeholders / value chain?

### Key Stakeholders

- Suppliers and Regulators were the two frequently, important stakeholders
  - Regulators significantly impact both supply chains and consumer behaviour
- However, in the poll, consumers were ranked as the number one most important stakeholder.
- Financial stakeholders and investors are increasingly making sustainably- related requests

### Engaging with stakeholders

- Balancing global and local engagement
  - Companies need to maintain global control while considering local context.
  - Understanding local regulatory and market implications is crucial.
- Challenges in supplier engagement
  - Difficult to engage and influence when suppliers change frequently, or the company is a minority among the many businesses they supply to.
  - If retailers collaborate, they can create critical mass for transparency.
- Stakeholder management
  - Many businesses are reactive rather than proactive, focusing on regulations rather than engagement.
  - Too many available technology solutions make it difficult to select the right tools for stakeholder management

### Challenges in stakeholder information gathering

- Companies sometimes find it difficult to trust data from various supply chain sources.
- Preference to engage smaller suppliers with existing relationships and integrate sustainability goals into quarterly reviews.
- Mismatch between consumer intentions and actions: e.g., customer surveys highlight that customers want to move to more vegetarian options, yet the vegetarian options remain at only 2% of sales

### Supply chain mapping and stakeholder relationships

- Supply chain mapping
  - Many companies engage in stakeholder mapping to verify and understand supply chain risks.
  - Direct relationships exist with Tier 1 and 2 suppliers, but Tier 3 suppliers are often engaged for the first time.
- Supplier relationships
  - Crucial for long-term sustainability commitments.
  - Risk of supplier deception – ensuring transparency is a challenge.

# Group discussion 2

1. How do you collaborate with your stakeholders?
2. How is successful stakeholder engagement measured in your organisation?

## Questions to promote discussion:

- What works well to promote collaboration? What barriers prevent you from collaborating with your stakeholders?
- How does the size / complexity of your supply chain impact your ability to collaborate?
- How do you prioritise which stakeholders to engage with on a collaborative level?
- Have you set meaningful KPIs around stakeholder engagement? What factors into success (cost, time, effort, information)?
- Do you have any incentives to improve stakeholder engagement? (i.e., compensation, bonuses, recognition, etc.)
- How do you continue to learn and meaningfully improve through stakeholder engagement?



# Group discussion 2 – key takeaways

1. How do you collaborate with your stakeholders?
2. How is successful stakeholder engagement measured in your organisation?

## Shifting from compliance to leadership

- Current board focus on compliance
  - Boards are still primarily compliance-driven rather than taking a leadership role.
  - There is a need for more financial incentives at the board level to encourage proactive sustainability efforts.
- Regulatory influence
  - The level of regulatory impact varies depending on the size of the organisation.
  - EU Class Actions are being introduced, increasing consumer pressure on businesses.
- Collective engagement strategies
  - Companies are collaborating to drive engagement, e.g. British Retail Consortium (BRC).
- Strong supplier relationships and effective mechanisms make engagement easier and more effective.

## Measuring and encouraging stakeholder engagement

- Scorecards are used to assess supplier performance based on key ESG KPIs.
- Encouraging businesses to prioritise or exclude suppliers based on their scorecard results.
- Incorporating ESG weighting and specific targets (e.g. 1% reduction in emissions per year).
- Scorecards as an enforcement tool to drive continuous improvement.

## Challenges in aligning sustainability with business priorities

- Performance for shareholders remains the top priority, with sustainability often seen as a secondary concern.
- To drive greater commitment, there is a suggestion to integrate financial incentives into ESG performance.

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# Appendix

# CSRD timeline

2024	2025	2026	2027
<p><b>Large companies already subject to the Non-Financial Reporting Directive (NFRD)</b> will be subject to CSRD</p> <p>Approx. 11,000 companies affected</p>	<p><b>Large non-listed companies</b> that meet two or more of the below requirements will be subject to CSRD:</p> <ul style="list-style-type: none"> <li>• €50M in net turnover</li> <li>• €25M total assets</li> <li>• 250 or more employees</li> </ul> <p>Approx. 50,000 companies affected</p>	<p><b>Large non-listed companies</b> meeting the requirements must publish their first CSRD-compliant annual reports</p> <p><b>Listed SMEs</b> who meet two or more of the below requirements are subject to simplified reporting standards:</p> <ul style="list-style-type: none"> <li>▪ €900K in net turnover</li> <li>▪ €450K total assets</li> <li>▪ 10 or more employees</li> </ul>	<p><b>Listed SMEs, non-complex credit institutions and captive insurance companies</b> meeting the requirements must publish their first CSRD-compliant annual reports</p> <p>Reporting starting January 2031 with 2030 data for <b>non-EU companies with EU subsidiaries/branches and consolidated turnover of €150m in the EU</b></p>





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