



Version 1.0

Summary of the
Corporate Sustainability
Reporting Directive
[CSRD]

Introduction

The **EU Corporate Sustainability Reporting Directive (CSRD)** is the new European guideline for sustainability reporting which came into effect on 1 January 2024. In line with this European Directive, 50,000 European companies will have to submit a sustainability report as part of the management report. The submitted data will be subject to 'limited third-party assurance'. Meaning that an external auditor will need to evaluate the data. The CSRD describes what information the sustainability report must contain.

This document provides a summary of the CSRD, its scope and requirements and the data Royal LC Packaging has made available for its stakeholders to use in their sustainability reports.

IMPORTANT NOTE: This summary is made available by Royal LC Packaging for educational purposes and to give general information and the current status.

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What is the CSRD?

The **EU Corporate Sustainability Reporting Directive (CSRD)** is the new European guideline for sustainability reporting which came into effect on 1 January 2024. It is the successor of the already existing Non-Financial Reporting Directive (NFRD) and increases the scope of companies who have to report on their sustainability performance from 11,000 to more than 50,000 in Europe.

In line with this European Directive, the sustainability report must be part of the management report and the submitted data will be subject to 'limited third-party assurance'. Meaning that an external auditor will need to evaluate the data. The CSRD describes what information the sustainability report must contain.

With the introduction of the CSRD, The European Commission aims for companies to:

- reduce systemic risks related to climate change and other sustainability topics such as human rights;
- change capital flows, and ensure that more investments are made in sustainable activities, and less in unsustainable activities;
- take responsibility for issues relating to their impacts on society and the environment.

Scope of the CSRD

Large companies comply with the CSRD if they meet at least two out of the following three requirements:

- €50+ million in net turnover;
- €25+ million on the balance sheet;
- 250 or more employees.

Small and medium-sized enterprises (SMEs) also comply if they are listed on European markets and meet at least two out of the following three requirements:

- €8+ million in net turnover;
- €4+ million assets;
- 50 or more employees.

In addition, **non-EU companies** that have a turnover of over €150 million in the EU will also have to comply.

When will it take effect?

The obligation to draft and publish a sustainability report enters into force in different stages, between financial year 2024 and 2028.

Financial year starting on or from:

- **1 January 2024:** Companies which currently have to publish a non-financial disclosure in their management report based on the EU Non-Financial Reporting Directive (EU NFRD).
- **1 January 2025:** Large in-scope companies.
- **1 January 2026:** Medium and small listed companies.
- **1 January 2028:** Non-EU companies whereby the reporting requirement applies to the branch or subsidiary in the EU.

Reporting Standards

The CSRD is further elaborated upon in the **European Sustainability Reporting Standards (ESRS)**. The [ESRS](#), drafted by EFRAG, detail the rules and reporting requirements for companies and form a key part of the CSRD.

In short, companies should address in their report:

- The company's impact on society and the environment;
- The financial sustainability risks and opportunities of the company for the short (1 year), medium (5 years) and long term (>5 years);
- The role of sustainability in the governance of the company;
- How sustainability is part of the business strategy, risk management (policies and processes) and what the company aims to achieve in terms of sustainability.

The ESRS are divided into the following environmental, social and governance (ESG) topics:

Environmental	Social	Governance
E1 Climate change	S1 Own workforce	G1 Business Conduct
E2 Pollution	S2 Workers in the value chain	
E3 Water and marine resources	S3 Affected communities	
E4 Biodiversity and ecosystems	S4 Consumers and end-users	
E5 Resource use and Circular economy		

Impact on out-of-scope companies

Companies that do not have to comply with the CSRD can still expect consequences. This is because companies required to report under the CSRD also have to report on various indicators in their value chain, such as CO₂e emissions. This means that out-of-scope companies will be requested by in-scope stakeholders to share information about various sustainability indicators.

Required value chain data

The CSRD requires companies to understand their own operations and value chain, including their suppliers. Essentially, a company needs to engage with business partners outside its own operations to understand their sector, geographical location, and business activities that might influence impacts, risks, and opportunities (IROs) that must be disclosed for the CSRD.

Royal LC Packaging also has to comply with the CSRD and has been extensively reporting on ESG topics since 2019 through our annual [Sustainability Report](#). To support our stakeholders in preparing for their CSRD reports we can provide valuable data as outlined in the table below.

CSRD required information	ESRS	Available data and tools
General information on the sustainability approach and ESG performance of stakeholders.	General	<ul style="list-style-type: none"> - Royal LC Packaging’s sustainability approach is summarised in its 2030 Ambition Strategy. Our approach has a strong focus on decent working conditions and living wages, reducing product and packaging waste (circular economy), and on climate change adaptation and mitigation. - In 2024, we have been awarded the EcoVadis Platinum CSR rating for the fourth consecutive year. A detailed report is available including performance on ‘Labour and human rights’, ‘Environment’, ‘Business ethics’ and ‘Sustainable procurement’ topics. <ul style="list-style-type: none"> > read more on our EcoVadis Platinum rating > download the EcoVadis scorecard and other ESG related acknowledgments and certificates - Extensive policies are in place on various levels of operation on topics such as ‘human rights’, ‘supply chain sustainability’, and ‘energy consumption and greenhouse gas emissions’. These policies include a clear scope, objectives, measures and assigned responsibilities throughout the organisation. <ul style="list-style-type: none"> > view all policies - In our 2024 sustainability report, which will be published in Q2 2025, our Double Materiality Assessment results (DMA) will be published, which provides a detailed overview of material topics, risks and opportunities in our value chain.

		<p>Please note: We are more than happy to participate in surveys and DMA interviews to elaborate on risks and opportunities.</p>
CO ₂ e footprint data of purchased products and services (scope 3)	E1 Climate change	<ul style="list-style-type: none"> - Royal LC Packaging’s near-term science based greenhouse gas emission reduction targets have been validated by the Science Based Targets initiative (SBTi). The targets are in line with the Paris Agreement’s 1.5 °C pathway and cover Royal LC Packaging’s full operations and value chain. Progress on these targets, and actions taken are <u>reported</u> annually. > view detailed <u>Greenhouse Gas inventory reports</u>. - CO₂e Product Lifecycle assessments (LCAs) have been conducted on all main <u>product categories</u>, to better understand the environmental impact of our products, identify high emitting areas and opportunities and strategies to reduce the environmental impact. We are happy to provide our stakeholders with the CO₂e footprint data related to their purchased products and services. <p>Please note: The more information we receive on the downstream lifecycle journey of our products, such as the transportation types and distances, the final destination and the (actual) end-of-life treatment, the more accurate we can provide CO₂e footprint data.</p>
Water consumption data	E3 Water and Marine Resources	<ul style="list-style-type: none"> - Annually, Royal LC Packaging reports on the water consumption in m³ in our own operations, divided into drinking water (tap), rainwater and ground water. > <u>2023 Environmental report</u> (p. 11)
Material data and end-of-life scenarios of purchased goods	E5 Resource use and circular economy	<ul style="list-style-type: none"> - Royal LC Packaging has set itself the <u>goal</u> to have at least 80% of turnover to come from circular products and services by 2030. We can provide our customers with the following information related to their packaging: <ul style="list-style-type: none"> > Material composition > Reusability > Recyclability > Compostability <p>Additionally, we support our customers in:</p> <ul style="list-style-type: none"> - making more sustainable packaging choices; - providing insight in environmental impacts; - shaping packaging targets - ensuring compliance with the EU Packaging and Packaging Waste Regulation (PPWR); - minimising costs related to Extended Producer Responsibility schemes (EPR)

		<p>> read our business case for sustainable packaging > read our EU PPWR summary</p>
<p>Data related to workers in the value chain.</p>	<p>S2 Workers in the value chain</p>	<ul style="list-style-type: none"> - In Royal LC Packaging’s Social Report, we provide detailed information on our own workforce, including data related to working conditions, human rights, health & safety and training and development. Additionally we provide data on the workers in our value chain. - For all Royal LC Packaging’s locations and the locations of our production partners, social and environmental risk assessments are conducted annually on among others social political topics, geolocation, child labour and global rights. Additionally, as a member of Sedex, we make use of the Radar Risk Tool to compare levels of risks across countries, sectors and sites. > view risk assessment 2023 (page 32) <p>[Certificates and audit reports are available upon request]</p> <p>Read more on how we ensure due diligence and take social and environmental responsibility in our value chain in our Corporate Sustainability Due Diligence Directive Summary (CSDDD).</p>

CSR vs CSDDD

The EU’s commitment to sustainability has led to a wave of new regulations, including the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD).

In short, the CSDDD requires companies to take environmental and social **responsibility**, while the CSRD ensures European companies are **transparent** about it. The intention for in-scope companies is to apply them together.

[Learn more](#) on how Royal LC Packaging ensures compliance with the CSDDD and how it is benefitting our stakeholder.

In April 2024, Royal LC Packaging's sustainability efforts have been acknowledged and awarded the EcoVadis Platinum CSR Rating for the fourth consecutive year. With this rating, Royal LC Packaging remains part of only 1% of more than 130,000 companies by EcoVadis worldwide with such a high CSR rating. On Labour and Human rights, we score a 9/10 and an 8/10 on Environment, Business Ethics and Sustainable Procurement, leaving the industry average score far behind.

> [Read more on our platinum CSR rating](#) or [download our scorecard](#).