

Insights from Brussels

*Navigating the EU Green Deal
policy jungle with regards to
sustainable seafood*

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**Setting The
Standard for
Seafood**



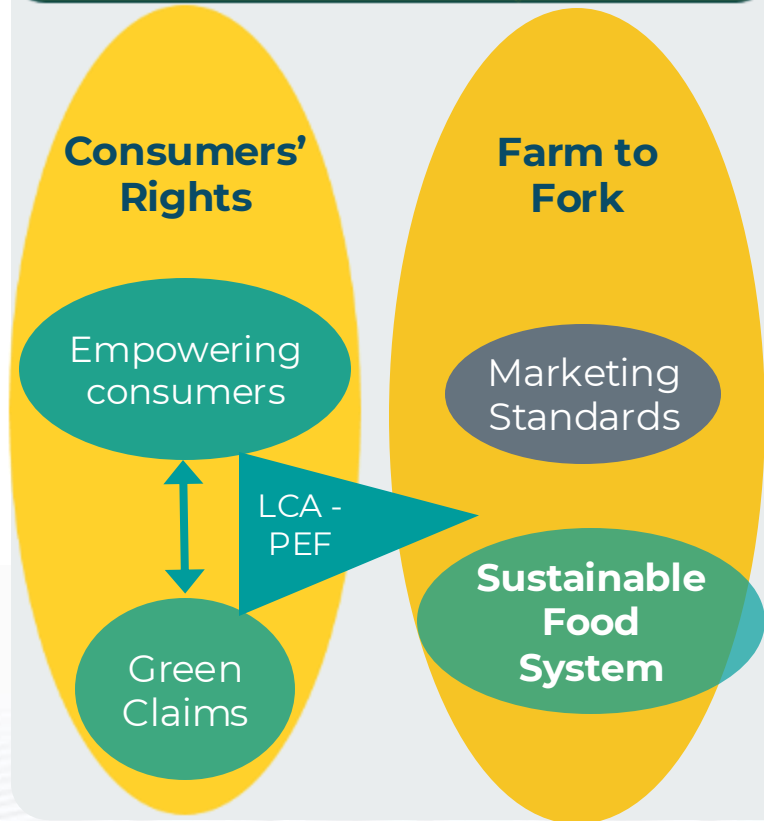
WELCOME!!

Today we will discuss:

1. Exploring the **EU Green Deal 'Jungle'**
2. Corporate **Sustainability Reporting** (CSRD) & Corporate **Sustainability Due Diligence** (CSDDD) legislation – How **ASC** can support **YOU**
3. Insights on EU **Deforestation** and **Forced Labor Ban** laws
4. How voluntary **Green Claims** work, according to EU law
5. Sum-up

THE EU GREEN DEAL 'JUNGLE'

Claims



Due Diligence Legislations

- Due Diligence Directive
- Corporate Sustainability Reporting (ESRS)
- Deforestation Regulation
- Forced Labour Ban Regulation

Taxonomy on Fisheries and Aquaculture

All share a common theme linked to corporate responsibility, sustainability, and ethical business practices



HOW ASC CAN SUPPORT YOU

*ASC facilitates, helps and supports -- via its **independent 3rd party certification programme** – **certified companies/farms/feed-mills/Units of Certifications (UoCs)** and those purchasing ASC-labelled products **to fulfil and verify their corporate sustainability** (environmental & human rights) **due diligence obligations, may they be mandatory, or voluntary/aspirational and/or based on best practices recognised internationally.***

HOW ASC CAN SUPPORT YOU ~ An example (CSRD ESRS E4 Art. 17.e)

In some cases, **Only ASC** supports you in addressing key impacts/disclosures.

E.g., CSRD / ESRS E4
Biodiversity & Ecosystem
Article 17.e:



AR 17. When disclosing its **policies**, if referring to third-party standards of conduct, the undertaking may disclose whether the standard used:

- ✓ (a) is objective and achievable based on a scientific approach to identifying issues, and realistic in assessing how these issues can be addressed on the ground under a variety of practical circumstances;
- ✓ (b) is developed or maintained through a process of ongoing consultation with **stakeholders** with balanced input from all relevant stakeholder groups, including producers, traders, processors, financiers, local people and communities, **indigenous peoples**, and civil society organisations representing **consumer**, environmental and social interests, with no group holding undue authority or veto power over the content;
- ✓ (c) encourages a step-wise approach and continuous improvement, both in the standard and its application of better management practices, and requires the establishment of meaningful **targets** and specific milestones to indicate progress against principles and criteria over time;
- ✓ (d) is verifiable through independent certifying or verifying bodies, which have defined and rigorous assessment procedures that avoid conflicts of interest, and are compliant with ISO guidance on accreditation and verification procedures or Article 5(2) of Regulation (EC) No 765/2008; and
- ✓ ✓ (e) conforms to the ISEAL Code of Good Practice.

Corporate Sustainability Due Diligence Directive (CSDDD or CS3D)

○ Scope:

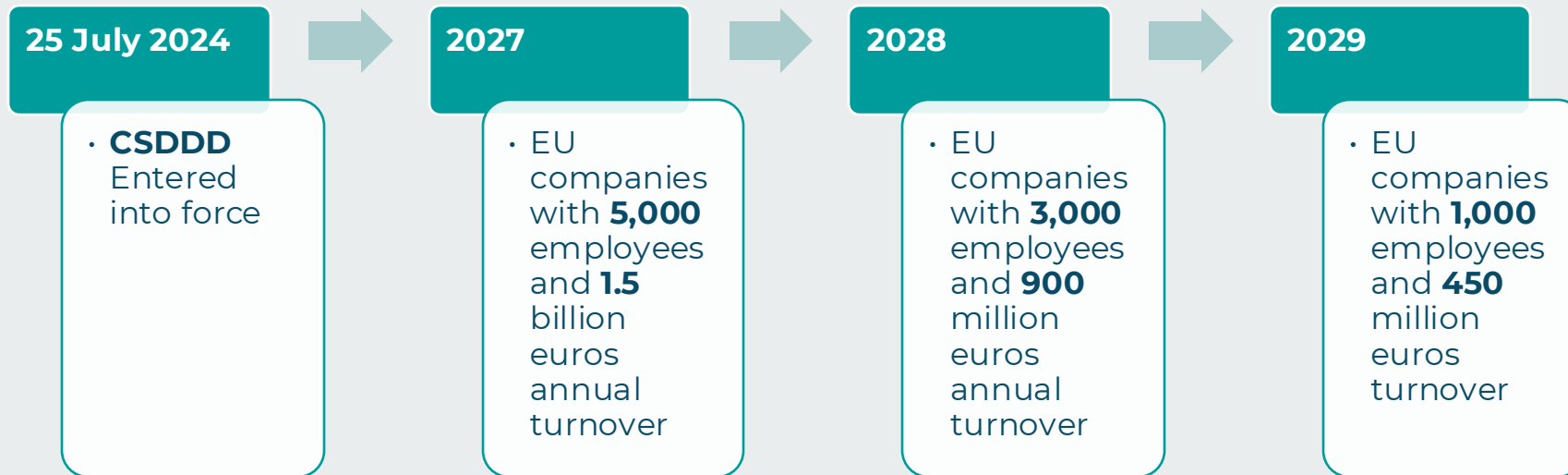
- **Companies** with over **1,000 employees** and **450 million euros** annual turnover
- **Upstream** and **Downstream** of the '**chain of activities**'
- Policymakers removed the product disposal & recycling (except in upstream part of the process)

○ Obligations:

- Companies must **mitigate, reduce, or eliminate due diligence risks**, i.e. address due diligence
- Companies must integrate due diligence into all corporate policies and have in place a due diligence policy that is updated annually.
- Subsidiary and parent company provide each other with all the necessary information and cooperate to fulfil the obligations resulting from this Directive

Corporate Sustainability Due Diligence Directive ~ Part 2

○ Timeline:



❖ **For non-European companies**, only the annual turnover thresholds in the EU apply.

Corporate Sustainability Due Diligence Directive ~ Part 3

Article 3.1 point (j) introduces the “Industry Multi-stakeholder Initiative”:

“a combination of voluntary due diligence procedures, tools and mechanisms, developed and overseen by [...] interested organisations, including civil society organisations, [...] that companies may participate in order to support the implementation of due diligence obligations”.

Article 10.2 point (a):

*“companies **may develop their action plans in cooperation with industry or multi-stakeholder initiatives;**”*

Corporate Sustainability Reporting Directive

- **Scope:**

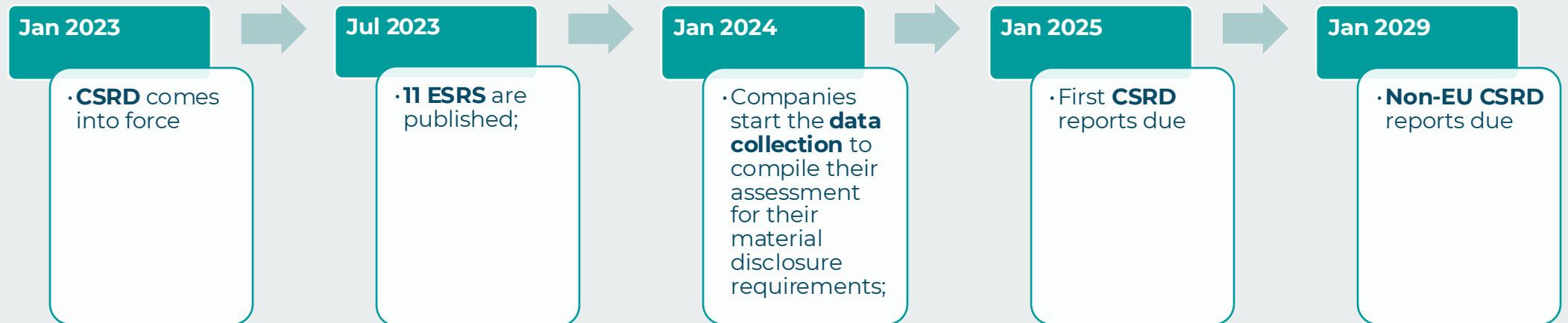
- Over 50,000 companies across the EU
- Companies domiciled elsewhere but with significant operations in the EU.

- **This Directive:**

- Report to investors, consumers, and policymakers a firm's environmental, social, and governance performance.
- Replaces existing Non-Financial Reporting Directive (NFRD)
- Phasing in from early 2024 to 2028.
- More companies will be subject to requirements
- Increased scope and breadth of reporting via the **European Sustainability Reporting Standards (ESRS)**.

Corporate Reporting Sustainability Directive ~ Part 2

○ Timeline:



❖ **For non-European companies**, only the annual turnover thresholds in the EU apply.

Corporate Sustainability Reporting Directive ~ Part 3

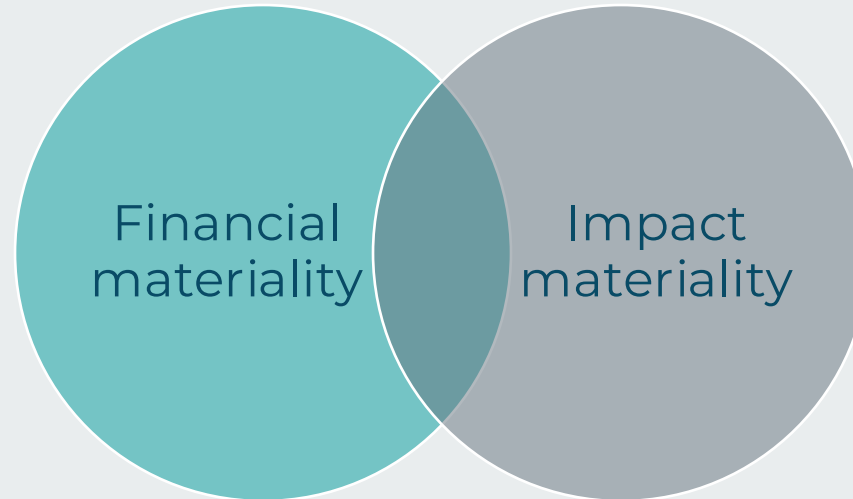
Key reporting concepts

- **Double materiality**
 - Reporting companies must conduct a double materiality assessment, determining whether a topic and its sub-topics represent financial or impact (people and planet) materiality, or both.
- **Interoperability**
 - **CSRD** has worked closely with other reporting frameworks to reduce the reporting burden on companies.
- **Mandatory assurance**
 - **CSRD** reports must receive limited assurance for their sustainability data, with reasonable assurance expected in later years.
- **Disclosure requirements**
 - **CSRD** is made up of **1,178** different disclosure requirements under 12 different standards. This number reduces as companies set out their materiality scope.

Corporate Sustainability Reporting Directive ~ Part 4

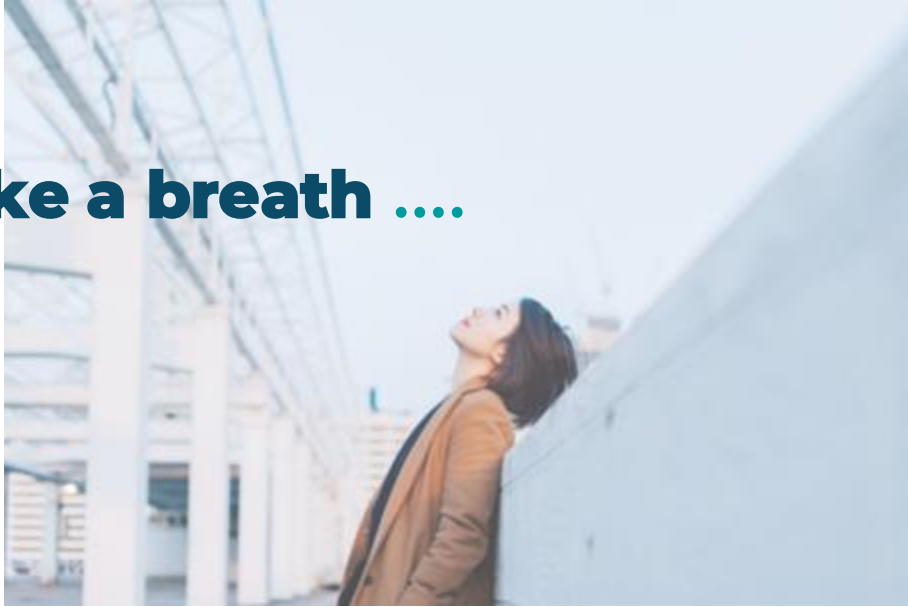
Double materiality

A sustainability matter is **material from a FINANCIAL** perspective if it triggers or could reasonably be expected to trigger material **financial effects** on the undertaking.



A sustainability matter is **material from an IMPACT perspective** if it pertains to the undertaking's material actual or potential, positive or negative **impacts** on people or the environment over the short-, medium- or long-term.

Take a breath



**And mentally prepare for more digging
in Due Diligence:**

1. **EU Deforestation Regulation (EUDR)**
2. **Forced Labor Ban Regulation (FLBR)**



EU Deforestation-Free Regulation

○ Timeline:

- ❖ Entered into force on **29 June 2023 BUT...**
- ❖ It starts to apply on **30 December 2024**
- ❖ **30 June 2025** for micro-and small enterprises.

○ Scope:

- ONLY products included in **Annex I** (e.g. **palm oil** and **soy**) → Aqua feed not in scope **BUT...**
 - EU feed mills importing soy or palm oil are legally liable, **AND...**
 - Commission can always add aquafeed in Annex I by a delegated act (cattle feed is already included);

EU Deforestation-Free Regulation ~ Part 2

- **Due Diligence:** Operators and traders (not SMEs) to set up and maintain a Due Diligence System, of **THREE STEPS:**
 - ❖ **Step one**, collect information such as the product, the quantity, supplier, country of production, evidence of legal harvest. **Key requirement** → geolocation of the plots of land where the commodity was produced;
 - ❖ **Step two**, operators need to demonstrate how the information gathered was checked against the risk assessment criteria and how they determined the risk.
 - ❖ **Step three**, operators need to take adequate and proportionate mitigation measures if they find more than a negligible risk of non-compliance, to make sure that the risk becomes negligible. These measures need to be documented.

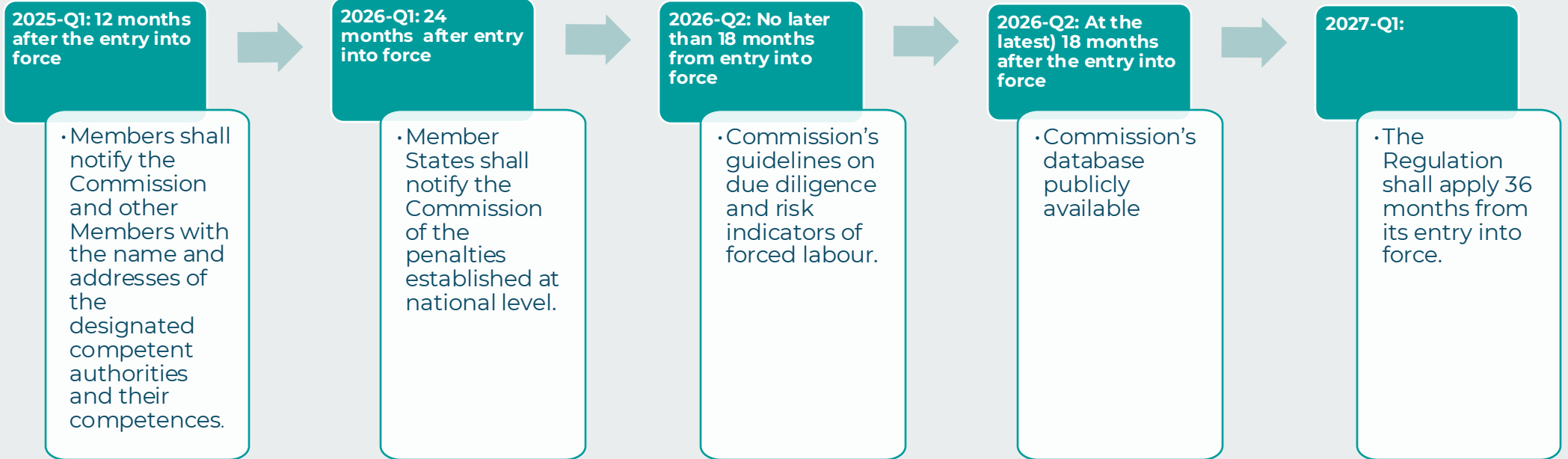
Forced Labor Product Ban Regulation

Negotiations finalized ~ **Waiting for EU Parliament to resume its work and adopt agreed version.**

- **Clear Criteria to assess risks (Risk Based Approach):**
 1. **Scale and severity** of the suspected forced labour, including whether state-imposed;
 2. **Quantity** or volume of products placed or made available on the Union market;
 3. **Share** of the parts of the product likely to be made with forced labour in the final product;
 4. **Proximity** of economic operators to the suspect forced labour risks in their supply chain & leverage to address them;
- **Scope:**
 - SMEs under scope. Commission shall develop measures to support SMEs.
- **Investigations - shared competence**
 - **Outside EU territory** → Commission
 - **In the territory of a member state** → The **national authority**

Forced Labor Product Ban Regulation ~ Part 2

○ Timeline:



Forced Labor Product Ban Regulation ~ Part 3

- **Investigation timeline (provisional agreement):**
 1. *Lead competent authorities shall set a deadline for submitting the information at least 30 working days and no longer than 60 working days.*
 2. *Lead competent authorities shall try to adopt their decisions within 9 months from the date they initiated the investigation.*
 3. *Economic operators have 30 working days to apply the decision - 10 days in case of perishable goods.*
 4. *Economic operators may request a review of the decision, by providing new information;*
 5. *Authorities shall then take a decision within 30 working days.*
 6. *Suspended products can be released in 4 working days, 2 for perishable products.*

ALMOST THERE . . .



**EU LEGISLATION
REGULATING
VOLUNTARY GREEN
CLAIMS and... SUM-UP!**

Substantiating Green Claims Directive ~ Under Negotiation (!!)

○ Definitions and Requirements:

1. ‘**Environmental label**’ means a sustainability label covering **one or more** environmental aspects of a product, a process or a trader;
2. ‘**Environmental labelling scheme**’ certifies that a product complies with the requirements for an environmental label.
3. Rely on **independent, peer-reviewed**, widely recognized, **robust** and verifiable **scientific evidence**, use accurate information and consider Union or international standards;
4. Include **primary information** for environmental impacts, aspects or performance, that is accessible or obtainable by the trader; if no primary information, use secondary information.
5. For **future environmental claims**, traders must provide measurable commitments, implementation plans, and publicly share results.
6. Publicly accessible information about the product or trader, along with its substantiation, must accompany the claim through a physical form, weblink, **QR code**, digital product passport, or equivalent.

Substantiating Green Claims Directive ~ Part 2

○ Timeline:



❖ By 1 year from the entry into force, the Commission shall identify the most common explicit environmental claims on the Union market {Proposal}

Green Claims and Sustainability labels ~ Definitions embedded in EU Law

- **Environmental Claim:** any voluntary message (brand, image, etc.) which states or implies that a product has zero or positive impact on the environment.
- **Generic environmental claims:** any environmental claim made in written or oral form, including through audiovisual media, that is **NOT** included on a sustainability label and where the **specification** of the claim is not provided in clear and prominent terms on the same medium.
- **Sustainability label:** a voluntary trust mark, quality mark or equivalent, public or private, that aims to set apart a product, by reference to its **environmental** or **social characteristics**, or **both**. Traders can display these certification marks only if they are established by public authorities **or based on a certification scheme**.
- **Certification Scheme** means third-party scheme certifying compliance to its standards, and respecting these requirements:
 1. Transparency;
 2. Scheme developed together with independent stakeholders;
 3. Able to monitor compliance and withdraw certification;

LAW	Corporate Reporting (CSRD)	Due Diligence (CSDDD)	Green Claims (SGC)	Deforestation (EUDR)	Forced Labour Ban (FLPB)
GOALS	1 – REPORTING	2 – MITIGATE / PUT an END	3 – CLAIM	4 - Complementary	3 – RESTRICTION
State of play	IN FORCE (28.11.2022)	IN FORCE (25.07.2024)	<i>Still under negotiations</i>	IN FORCE (29.06.2023)	PAUSED (EU elections)
Timeline	Some firms start reporting 2025 for FY 2024 All large firms start between 2026 & 2029	2027 → EU firms with 5,000 staff & €1.5bn p.a. 2028 → EU firms with 3,000 staff & €900mn p.a. 2029 → EU firms with 1,000 staff & €450m p.a.	Negotiations to restart towards October 2024 (TBD) <i>Earliest effective timelines (+3yrs) = 2028</i>	BUT... Full application From 30 December 2024 (following a transition period of 18 months)	Entry into force expected in Oct/Nov 2024, Applies from (+3yrs) 2027 Q1
Line	11 Reporting standards (ESRS) + 1178 disclosure points. Self-assessed Material Impacts	Companies are required to address risks , in light of sector and geographical location	Companies can only make substantiated green claims, verified by a third party	It concerns goods listed in Annex I	Being a trade instrument, it primarily involves import control
Take Aways	1) ASC well positioned 2) Transparency Mandatory	1) ASC well positioned 2) Very good alignment regarding HR	1) ASC well positioned 2) Closely follows negotiations	1) ASC well positioned 2) Fish/Feed not in scope yet	1) ASC well positioned
ASC helps and supports partners to fulfill verifiably their EU mandatory obligations					



Thank you



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<https://asc-aqua.org/sdg-report-2022/>

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Questions?



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EU acronyms

SG.....DD... What does it mean?

Abbreviation	Definition
SGC	Substantiating Green Claims Directive
ECGT	Empowering Consumers for the Green Transition Directive
CSDDD	Corporate Sustainability Due Diligence Directive
ESRS	European Sustainability Reporting Standards
CSRD	Corporate Sustainability Reporting Directive
DFDR	Deforestation and forest degradation Regulation
FLPB	Forced Labour Product Ban Regulation
SFSF	Sustainable Food System Framework Regulation
CFP	Common Fishery Policy
ENRL	EU Nature Restoration Law

EU Legislative Terminology – What does it mean?

Term	Definition	Notes	E.g.
Trilogues (process)	Sets of informal negotiation between the European Parliament and the Council (EU countries), in presence of the Commission	Co-Legislators: the Council and the Parliament. Executive: Commission (power of initiative)	CSDDD FLPB SGC
Regulation	A binding legislative act, must be fully applied across the EU	Ensures harmonization across the EU	FLPB DFDR
Directive	A legislative act, sets out a goal for EU countries. Individual countries devise their own laws to implement the Directive	Discrepancies among different national laws	SGC ECGT CSDDD CSRD
Delegated Act	A non-legislative act, adopted by the European Commission, based on a delegation contained in a legislative act e.g., SGC Article 18	Council and Parliament have 2 months to reject the act, otherwise it is approved.	ESRS
Implementing Act	Like the delegated act, but with an administrative or technical nature	The Commission consults committees of technical experts from EU Member States.	Verifier (SGC)
Communication	A policy document with no mandatory authority. The Commission publishes communications to set out its own view on a topical issue.	Has no legal effect. However, it sets the agenda of the Commission	