

# CSRD

## Corporate Sustainability Reporting Directive

The CSRD has the ambition to become the **new standard for sustainability reporting**, aligning EU businesses with the EU net-zero goals.

### The CSRD in 5 minutes



- What is CSRD ?
- The 12 Reporting standards
- The double materiality
- Why does it matter ?
- Timelines and challenges



# What is the CSRD ?

This directive aims to **enhance and standardize the reporting of sustainability-related information** by companies within the European Union.



## Enhanced

Companies will need to provide information on their **environmental and social aspects** (employees, human rights etc.) through the prism of **the double materiality**.

The report should include proposals for mitigating any significant negative impacts and **align with the obligation to reach carbon neutrality by 2050**.

The CSRD introduces the obligation for company to seek limited insurance (audit).

## Standardized

To ensure transparency and comparability, the reporting is standardised according to 12 European Sustainability Reporting Standards (ESRS).

It is also worth noting that the new framework is mostly aligned with already existing EU/US reporting (NRFDA..)



# *The 12 Reporting Standards* (ESRS)

ESRS1 General Requirements

ESRS2 General Disclosures

E1 Climate change

S1 Own Workforce

G1 Business conduct

E2 Pollution

S2 Workers in Supply chain

E3 Water and Marine life

S2 Affected communities

E4 Biodiversity

S4 Consumers and users

E4 Resource use

Each ESRS is divided into several subtopics.



Only ESRS that meet the double materiality must be reported on.



## E1 Climate change :

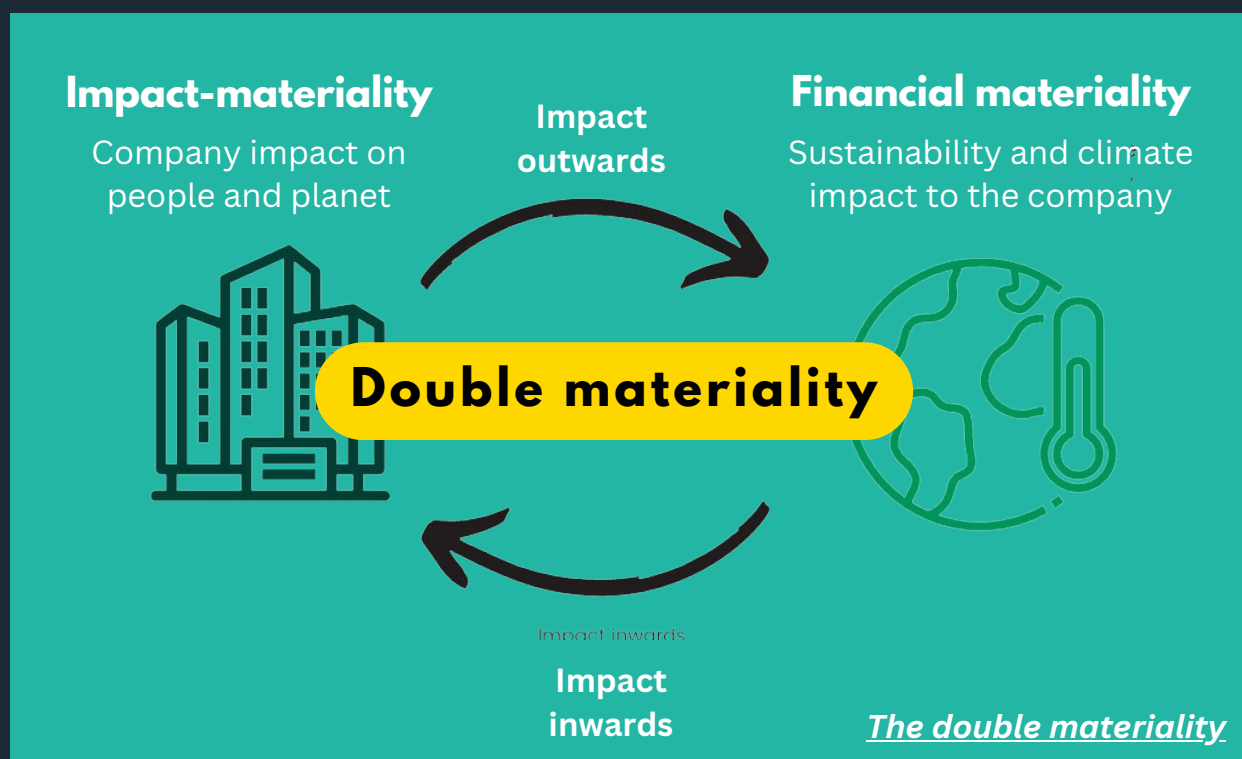
- 1) **Climate change adaptation:** Includes the effort to limit the increase in the global average temperature to 1.5 °C above pre-industrial levels
- 2) **Climate change mitigation:** Relates to the process of adjustment to actual and expected climate change
- 3) **Energy:** Covers all types of energy production and consumption



# Double Materiality

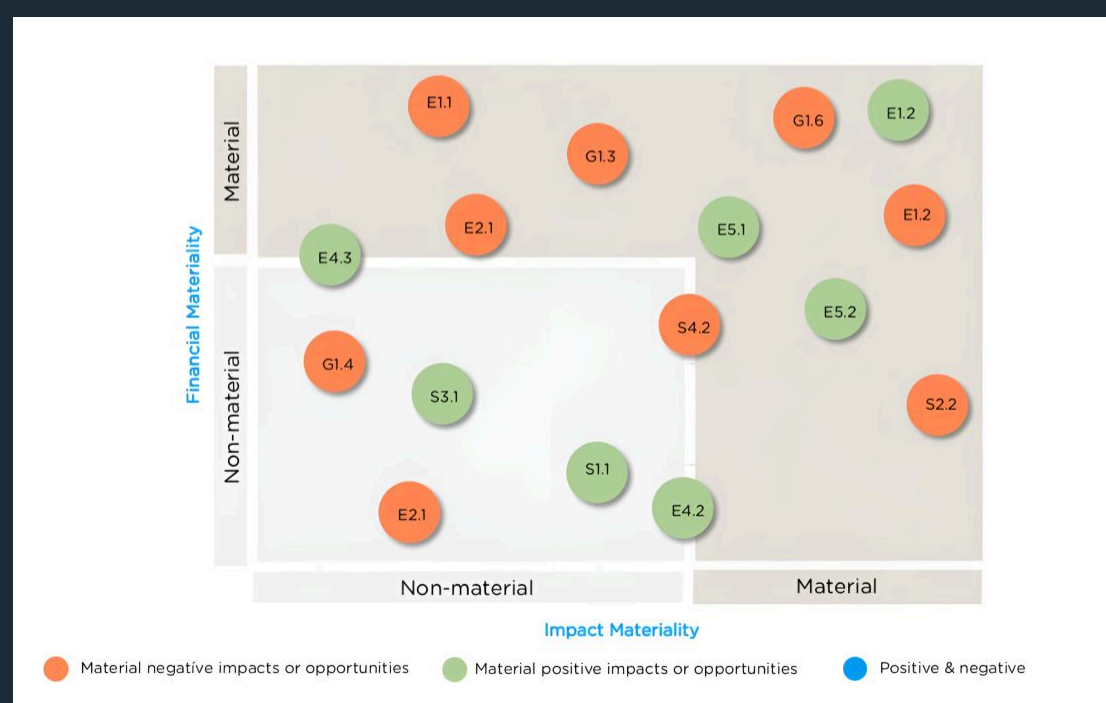
## Introduction of double materiality reporting

Businesses subject to CSRD will have to report through the lens of double materiality looking at both **financial** and **environmental impacts (inwards and outwards)**.



Financial and impact materiality evaluated inwards and outward for all relevant ESRS

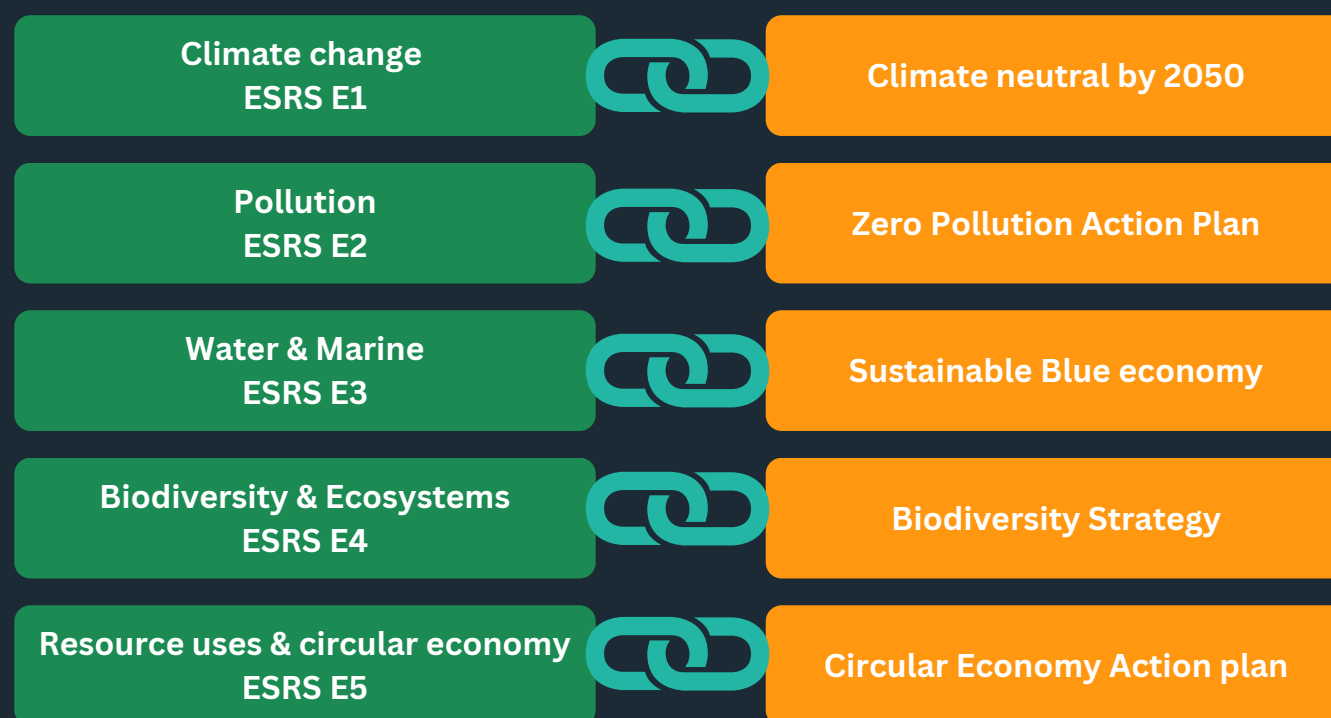
Materiality mapped with positive and negative aspects.



# ➡ Why does it matter ?

## Incorporating Sustainability into business strategy.

With the requirements for companies to align their actions with the EU carbon neutrality goal, green deal and Paris agreements, **Sustainability becomes core to business strategy.**



## Improved market and Sustainability efficiency.

With better quality data becoming easy to access and compare, **businesses, consumers and investors alike can make better decision.**



# Timelines & Challenges

## Timelines

Organisation type	First financial year covered	First filing year
Large companies already subject to NFRD	2024	2025
Large companies not yet subject to NFRD	2025	2026
Non-Eu companies	2028	2029
Small and medium business	2028	2029

A modest start :  
11,000 businesses (0,02%)

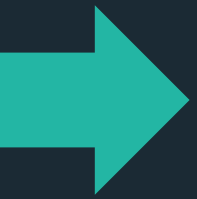
This phasing of the CSRD  
is ensuring participation of  
business of any size.

## Challenges

The phasing to start including Small and medium businesses by 2028 will require **immense education and training**, as these companies are unlikely to have a sustainability team.

The **investments** to evaluate and remediate will need to be massive and the **added complexity** might deter small businesses from even starting.





# Are you ready for the **new** sustainability reporting standard?



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