

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE ('CSRD') FOR NON-EU COMPANIES

**INTERNATIONAL SUSTAINABILITY REPORTING BULLETIN 2024/05
UPDATED AS AT 31 JANUARY 2025**





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CSRD AT A GLANCE

Executive summary

REGULATIONS

What happened?

- ▶ The new Corporate Sustainability Reporting Directive (CSRD) has been adopted by EU Council and entered into force in January 2023. The CSRD will now be transposed into each EU Member State's national law.

What does it mean?

- ▶ The CSRD significantly expands the scope of EU and Non-EU companies that will be required to report under the new Directive, including under the EU Taxonomy and the European Sustainability Reporting Standards ('ESRS').
- ▶ Disclosure requirements are being developed for the European Commission (EC) by the European Financial Reporting Advisory Group ('EFRAG'). The first batch of draft ESRSs were delivered to the EC in November 2022 and are expected to be adopted by June 2023.

DISCLOSURES

ESRS adopted into EU law



12 general standards



82 disclosures



Over 1100 data points

ESRS 2 disclosures mandatory
Others subject to materiality
assessment or optional

ESRS to be developed



42 sector standards
To be phased in
first 8 by June 2026



Exposure drafts in 2024
Listed and unlisted SMEs



Disclosure standards for
some non-EU entities

EU Taxonomy

Article 8 of the Taxonomy Regulation (Taxonomy Regulation) aims to increase transparency in the market and help prevent greenwashing by providing information to investors about the environmental performance of assets and economic activities of financial and non-financial undertakings, by disclosing how and to what extent their activities are associated with environmentally sustainable economic activities. Report eligible/aligned % of:

- ▶ Turnover
- ▶ Capex
- ▶ Opex.

ASSURANCE

MANDATORY ASSURANCE

Applies from year of adoption
All entities in scope of CSRD
Assurance from audit firm or
Independent Assurance Service
Provider (Member State option)

ADOPTION OF EU ASSURANCE STANDARDS

Limited: no later than 2026

Reasonable: no later than 2028

CSRD - WHAT'S REQUIRED

Cross cutting standards

Topical standards

WHERE:

Annual management report

ESRS 1 General requirements

ESRS 2 General disclosures

GOVERNANCE

ESRS G1 Business conduct

SOCIAL

ESRS S1 Own workers
ESRS S2 Workers in the value chain
ESRS S3 Affected communities
ESRS S4 Consumers

Environmental

ESRS E1 Climate change
ESRS E2 Pollution
ESRS E3 Water and marine resources
ESRS E4 Biodiversity
ESRS E5 Resource use & circular economy



Article 8 of the EU Taxonomy regulation

Disclosures about the extent to which an entity's operations are associated with environmentally sustainable economic activities (with reference to the related amounts of turnover, operating expenditure and capital expenditure).

WHAT:

ESRS
+
EU Taxonomy

Key disclosures include



Business Model and strategy, Policies & processes in relation to sustainability information, Role of management and supervisory bodies.



Principal risks to the undertaking related to sustainability matters and how the undertaking manages those risks.



Plans to ensure that business models and strategies **are compatible with the goal of limiting global warming to 1.5 °C in line with the Paris Agreement** and the EU's own European Climate Law, which aims to achieve climate neutrality by 2050.



Time-bound targets for sustainability matters, including where appropriate **absolute greenhouse gas emission reduction targets** for at least 2030 and 2050, together with a description of the **progress made** in achieving those targets and a statement of whether the targets related to environmental targets are based on conclusive scientific evidence.



Due diligence process implemented with regard to sustainability matters, the principal actual or potential adverse effects connected with an entity's own operations and value chain, and any actions taken (and the result of those actions) to prevent, mitigate, remediate or bring an end to actual or potential adverse effects.

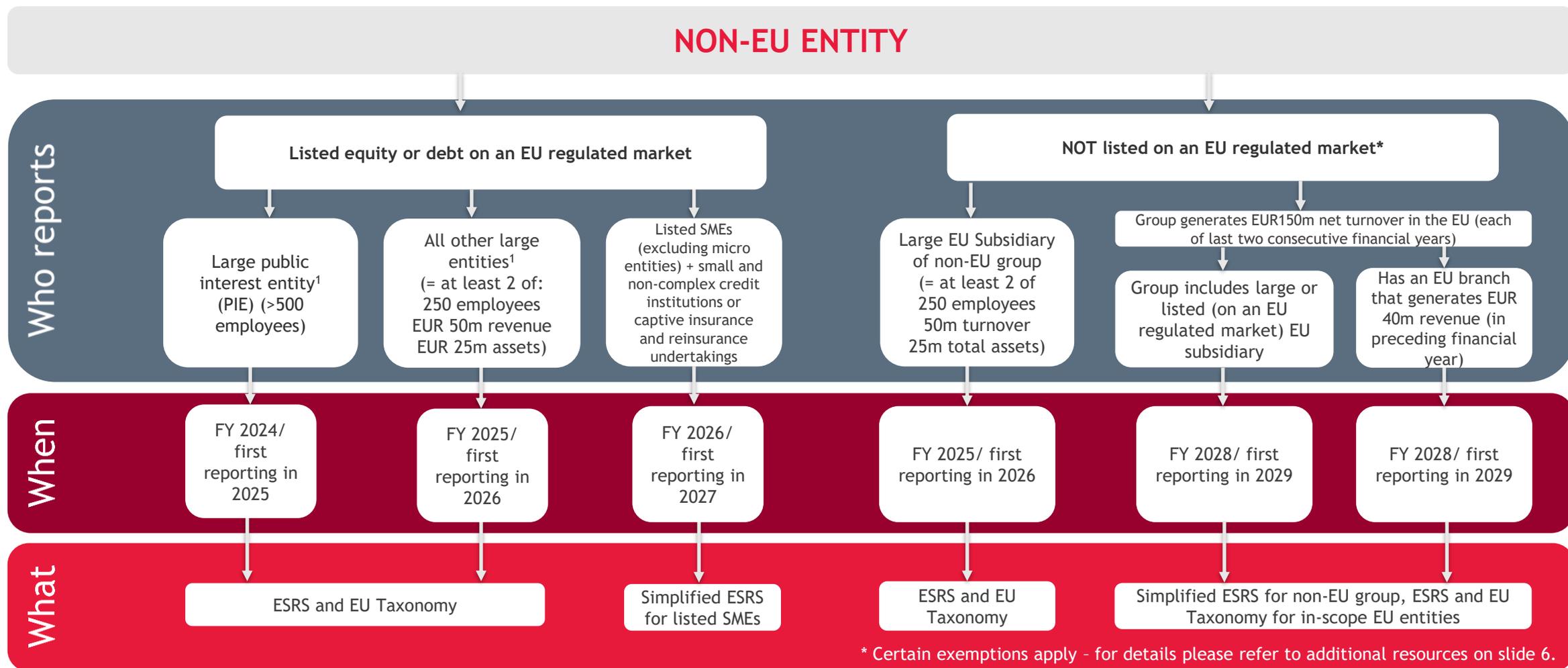


Turnover, CAPEX, and OPEX according to the EU Taxonomy.

DOUBLE MATERIALITY

- ❖ Effects of sustainability-related matters on the entity
- ❖ Impacts of the entity on society and the environment

CSRD - WHICH NON-EU ENTITIES ARE IN SCOPE AND WHEN



¹ Entity means a parent of a large group or a large stand-alone undertaking.

SUSTAINABILITY - FURTHER RESOURCES AVAILABLE

Publications include:

- ▶ [Sustainability at a Glance - European Sustainability Reporting Standards \(ESRS\)](#)
- ▶ [31 December 2023 year end and Q1 2024 year-end sustainability reporting updates](#)
- ▶ [EU Reporting: Corporate Sustainability Reporting Directive - summary of scope and requirements](#)
- ▶ [Q1 2024 Sustainability Reporting Jurisdictional Update.](#)



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