

# **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 ('ESRSs').
- 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

## **ASSURANCE**

Applies from year of adoption

All entities in scope of CSRD Assurance from audit firm or Independent Assurance Service

Provider (Member State option)

MANDATORY ASSURANCE

#### ESRS to be developed



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



Exposure drafts early 2024 Listed and unlisted SMEs



Disclosure standards for some non-EU entities

### **ADOPTION OF EU ASSURANCE STANDARDS**

Limited: no later than 2026

Reasonable: no later than 2028

#### **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.



# **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, Polices & 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.





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.



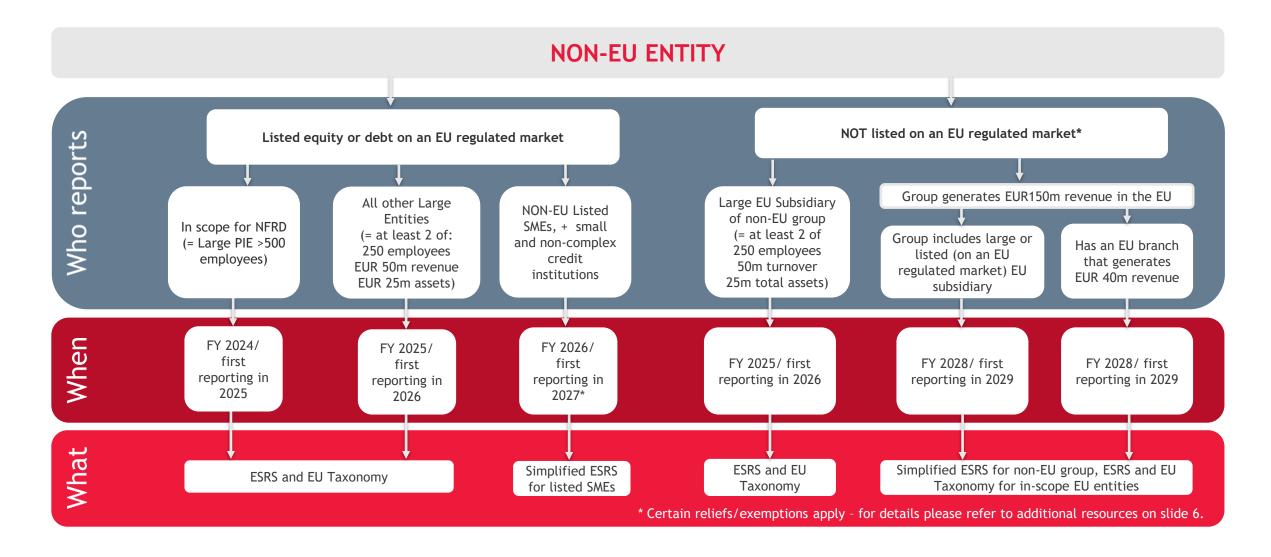
Turnover, CAPEX, and OPEX according to the EU Taxonomy.

# 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

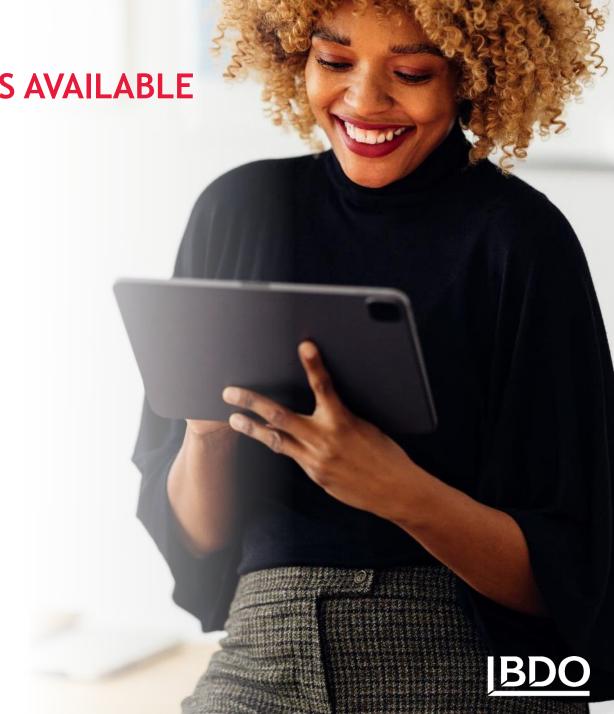




# SUSTAINABILITY - FURTHER RESOURCES AVAILABLE

#### **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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