

EU Corporate Sustainability Reporting Directive Overview

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What is the EU Corporate Sustainability Reporting Directive (CSRD)?

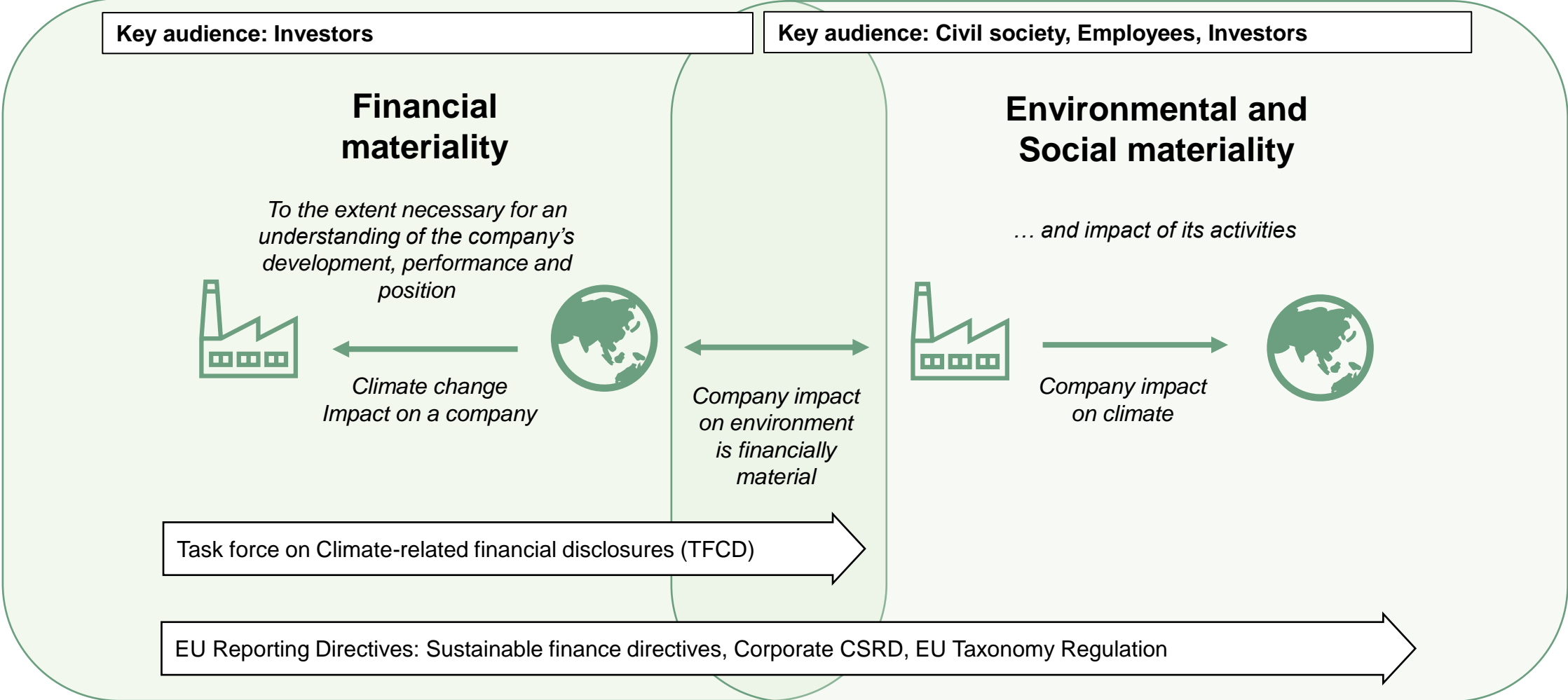
- The Corporate Sustainability Reporting Directive (CSRD) is new EU legislation requiring companies to regularly report non-financial data on their environmental and social activities.
- The directive extends the scope of the existing 2018 non-financial reporting directive beyond publicly traded companies to SMEs and extends the scope of reports to include Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation.
- The detailed framework is being developed by EFRAG (<https://www.efrag.org/About/Facts>) also responsible for overseeing compliance with financial reporting; EU's ambition is to connect financial, sustainability and other ESG reporting.

What are the requirements of the CSRD?

 Requirements	 Description
1 Double materiality concept	Impact of Climate risk to earnings of company and impact of a companies activities on wider society (see next slide)
2 Reporting in line with Sustainable Finance Disclosure Regulation	Classify investments and products into: i) those that don't promote ESG ii) products that promote ESG among various objectives iii) products with ESG as main objective of the product
3 Reporting in line with EU Taxonomy regulation	Defines in "detail" what economic activities are ESG
4 Forward looking info	Targets and progress towards achieving better ESG "impact"
5 Social responsibility & treatment of employees	Info gender equality, equal pay, training & skills, working conditions etc.
6 Ant-corruption and Bribery	Good governance, business ethics
7 Part of management report and auditors report	Part of the financial reporting process of the company
8 Report needs to be machine readable (XHTML)	Made available in format for authorities

Sources: <https://www.efrag.org>

What is the CSRD concept of double materiality?



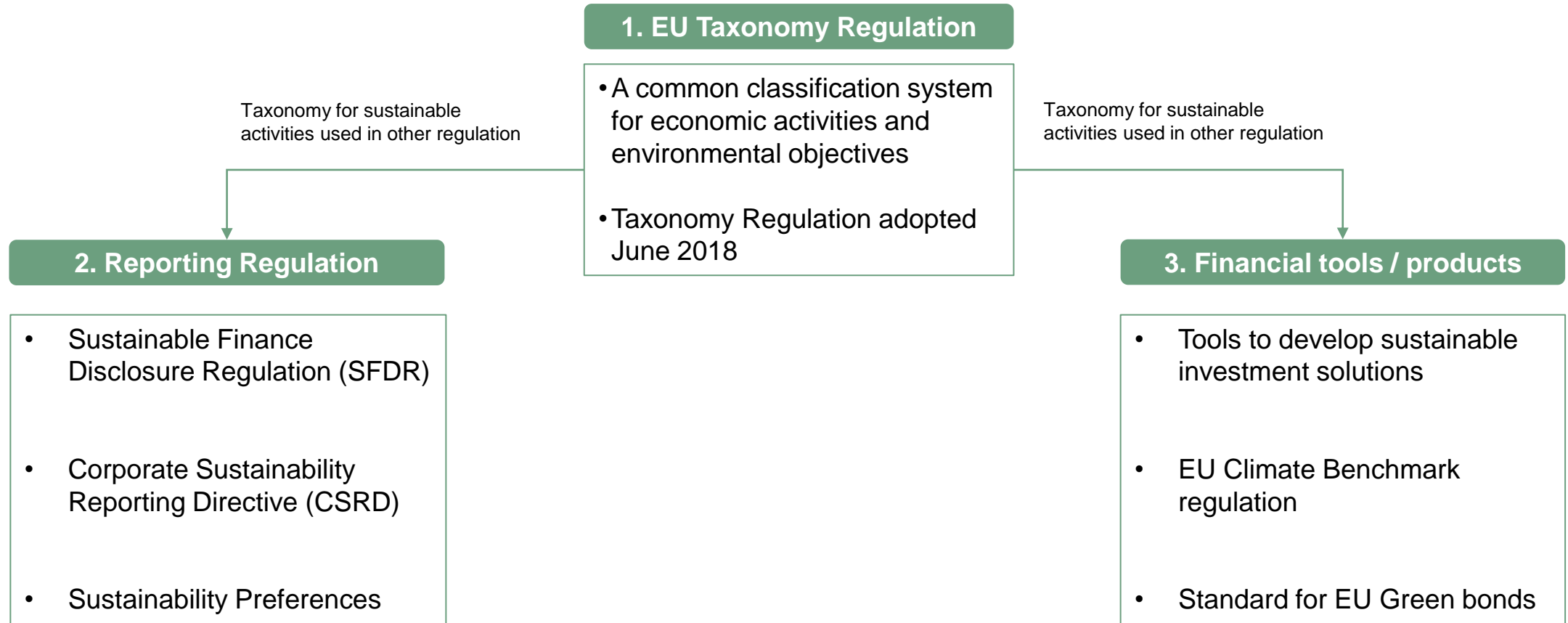
Sources: https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf

How does the CSRD fit with other EU Reporting frameworks?

Regulation:	Corporate Sustainability Reporting Directive (CSRD, discussed here)	Sustainable Finance Disclosure Regulation (SFDR)	Taxonomy Regulation
Scope	All EU large companies and all listed companies (except listed micro enterprises)	Financial market participants offering investment products, and financial advisers	Financial market participants; all companies subject to CSRD
Reporting required	Report on the basis of formal reporting standards and subject to external audit	Entity and product level disclosure on sustainability risks and principal adverse impacts	Turnover, capital and operating expenditures in the reporting year from products or activities associated with Taxonomy
Status	Expected to apply from 2023	Applies from 10 March 2021	Applies from January 2022

Sources: <https://www.efrag.org>

How does CSRD fit within the wider framework of EU sustainable finance regulation



Sources: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC0390&from=BG>

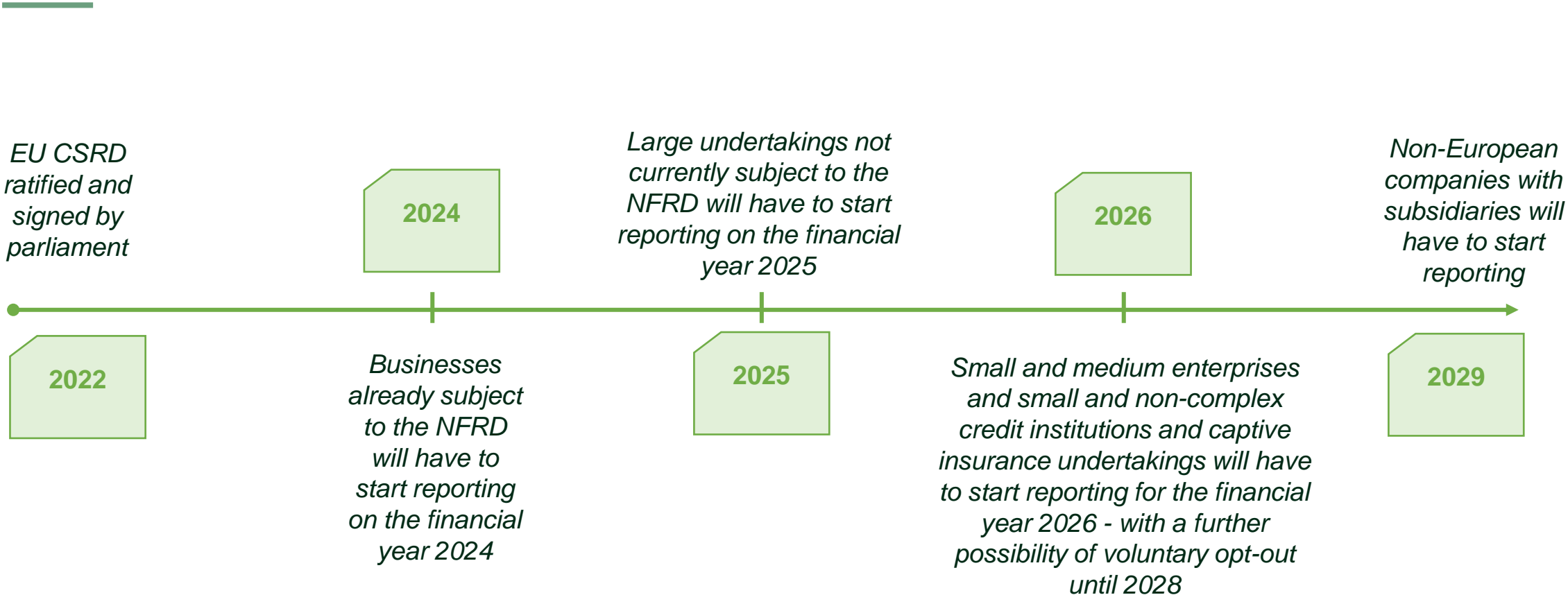
Who is impacted by the CSRD?

- **All large companies, defined as, fitting with 2 out of the following criteria within the EU**
 - > 250 employees and/or
 - > €40M Turnover and/or
 - > €20M Total Assets
- **All listed companies, banks and insurance companies**
- **Implies 49,000 companies will be required to report**
 - Covers 75% of EU's companies turnover*
 - Was previously 11,600 companies

Sources: https://www.europarl.europa.eu/doceo/document/TA-9-2022-0380_EN.html#title1

*PlanA estimate: <https://plana.earth/academy/csrd-corporate-sustainability-reporting-directive>

What is the time table for implementation of the CSRD?



Sources: www.efrag.org, <https://www.europarl.europa.eu/news/en/press-room/>

Further reading

- <https://www.efrag.org>
- https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf
- <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC0390&from=BG>