

Corporate Sustainability Reporting Directive



New EU regulation that issues mandatory sustainability reporting for large companies

Goals



Businesses create transparency and gain insight about sustainability (performance) through analysis and benchmarking



Broaden scope of sustainability management to include sustainability risks and opportunities



To develop a strategy to improve on sustainability

Applicability

Companies that meet two of the following requirements:



250 employees



€40M turnover



€20M total assets

EU listed companies



(except listed micro-enterprises)



What is expected?

- ✓ Report annually on material sustainability topics, relating to, as a minimum, environmental, social and employee matters, diversity in company board, respect for human rights, anti-corruption and bribery matters.

For material topics, disclose strategy, governance, policies, processes, systems, KPIs, results and targets
 - ✓ Double materiality concept: Potential financial impact on the company as a result of sustainability risks and opportunities + impact of company on people and planet
 - ✓ Disclose information about sustainability risks and principle adverse impacts, including in your value chain, and your due diligence process with suppliers to mitigate these
 - ✓ Process to select material topics for stakeholders
 - ✓ Reporting in line with Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation
 - ✓ Forward looking information, including targets and progress thereon
- ✓ Inclusion in the Management Report
 - ✓ Mandatory independent third-party assurance; limited level of assurance
 - ✓ Digitally tag information so it is machine-readable and feeds into European single access point

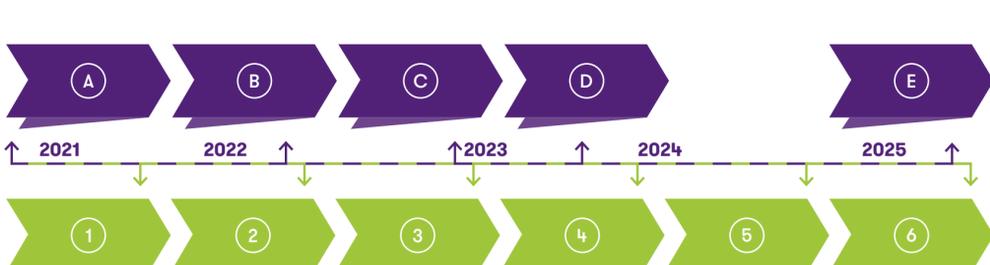


Deadlines and steps to be taken

- A** 21 April 2021
CSRD proposal published
- B** June 2022
Draft of first set of standards and indicators
- C** 1 December 2022
Adoption of CSRD in member state's legislation
- D** June 2023
Draft of second set of standards and indicators (for FY 2024)
- E** Early 2025
Deadline for audited report including information as required under CSRD

Anticipated deadlines and publications from European Commission

Based on publicly available information at the time of writing.



Steps to take to ensure CSRD-readiness

- 1** **Gap analysis**
Get familiar with CSRD, determine reporting ambition level and conduct a gap analysis against CSRD requirements
- 2** **Materiality assessment & roadmap**
Conduct double materiality assessment and develop a roadmap towards 2023 compliancy
- 3** **Develop reporting components & framework**
Develop and set up relevant policies and systems
Develop indicator framework, including KPIs, benchmarks, target and data strategy
- 4** **Draft transition report for FY 2023**
Collect and analyse 2023 data to collate transition report 2023 and discuss this with your auditor
- 5** **Review & Improve**
Review transition report and make required improvements in process and reporting
- 6** **CSRD Report**
Draft 2024 CSRD compliant and audited report

Types of entities	Deadlines for implementation of CSRD (subject to final approval by the European Commission)
Listed entities	1 January 2024 (reporting for the first time in 2025)
Companies considered large by the requirements noted above	1 January 2025 (reporting for the first time in 2026)
Listed small and medium sized entities and small and non-complex credit institutions and for captive insurance undertakings	1 January 2026 (reporting for the first time in 2027)

How we can help

We hope you find the information in this leaflet helpful in giving you some insight into CSRD. If you would like to discuss any of the points raised, please speak to your usual Grant Thornton contact or visit www.granthornton.global/locations to find your local member firm.