



WHITEPAPER

# EVERYTHING YOU NEED TO KNOW ABOUT CSRD (+ our lessons learned)

# 01

## WHO?

>50.000 large companies based in the Europe Union that have 2 out of 3 criteria:

- > 250 employees and/or
- > 40-million-euro revenue and/or
- > 20 million total assets

AND Companies outside Europe that make > € 125 million revenue in European markets.



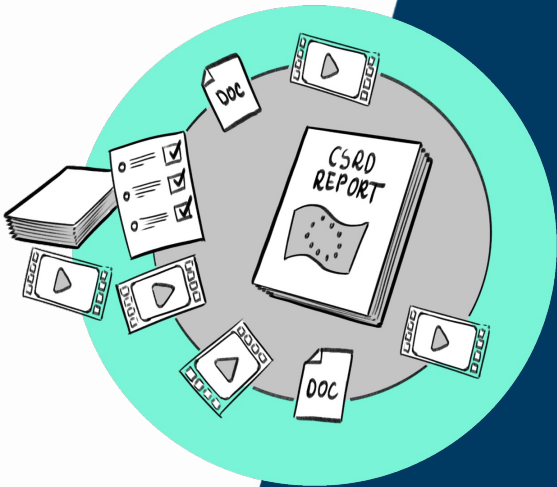
# 02

# WHAT?

## Comply with the new CSRD regulation:

Non-financial reporting obligation with:

- Double materiality approach (impact on & by the company)
- Providing insight in impacts from stakeholders
- Measuring sustainability KPI's
- Provide forward-looking information (e.g. sustainability target setting & measuring progress)
- Disclose information concerning intangibles (social, human, and intellectual capital)
- Reporting in line with ESRS, EU Taxonomy & SFDR
- Sustainability integrated in management reporting
- External auditing



# 03

## WHEN?

Listed large companies should report in 2025 about the financial year 2024  
So need to have their measuring/reporting structure ready by the end of 2023

All large companies (see requirements above) should report in 2026 about the financial year 2025

So need to have their measuring/reporting structure ready by the end of 2024

Small listed SMEs should report in 2027 about the financial year 2026

So need to have their measuring/reporting structure ready by the end of 2025



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# INTRODUCING THE CSRD

# INTRODUCING THE CRSD

As of 2024, more than 50.000 organizations within the EU must comply with the rules and regulations of the Corporate Sustainability Reporting Directive (CSRD). But what is the CSRD? It is a directive for organizations about how they should report on specific ESG – environmental, social & governance – aspects. Examples of these reporting requirements include diversity percentages, environmental impact on CO2 emissions and water, and human rights assessment information.

The CSRD will replace the existing directive on non-financial reporting – the NFRD- that was already applicable to listed companies. The objective of the CSRD reporting directive is to help achieve Green Deal targets and to create more transparency into future risks that organizations face. In addition, it provides information to investors and combines previous reporting requirements all under one report. The European Commission forces organizations to increase their attention to sustainability and the disclosure of information related to intangibles (social, human, intellectual capital).

Reporting about these topics is new for most organizations since they have little experience with reporting on social and environmental topics. To make sure all companies report sustainability in the same way the EU has developed the European Sustainability Reporting Standards (ESRS). Just like with financial reporting, these regulations provide a standardized way for all companies to report. In order to be CSRD compliant, a company now needs to report according to the ESRS. It is certain that CSRD requirements will entail significant changes for companies, in addition they mean a big shift from voluntary to compulsory reporting.



# WHAT IS THE PURPOSE OF CSRD?

The main purpose is to improve transparency for all stakeholders to re-orient investments towards more sustainable companies. If investors are better informed about the environmental and social impact of organizations, they will make a better-informed decision on the future-proof state of the company. Nowadays investors don't know what impact an organization is causing. The CSRD process requires organizations to involve their stakeholders in defining what indirect impact the organization has so that it gives a broader view than just the organization's own point of view.

Additionally, the aim of CSRD is to revise and strengthen the existing reporting guidelines introduced by the NFRD (Non-Financial Reporting Directive). Which required listed companies and financial institutions to report on certain sustainability matters. However, this was all free format. Because of this free format, it was not possible for interested stakeholders to benchmark the results. The standardized CSRD/ESRS reporting makes it possible to compare different organizations on social, environmental, and governance levels.



# HIGH LEVEL FACTS CSRD



# WHO HAS TO COMPLY WITH CSRD AND WHEN?

## Which companies need to comply?

- In 2025 the first report over financial year 2024 for all large companies (Listed) with:
  - > 250 employees and/or
  - > 40-million-euro turnover and/or
  - > 20 million total assets
  - (minimum of 2 out of 3 criteria)
- In 2026 the first report over financial year 2025 for all large companies (Listed) with:
  - > 250 employees and/or
  - > 40-million-euro turnover and/or
  - > 20 million total assets
  - (minimum of 2 out of 3 criteria)
- Other listed smaller companies (SMEs) need to have the first report in 2027 over financial year 2026



# TIMELINE

Most organizations do not have sustainability reporting in place, or according to specific standards. Setting up these reporting processes takes a lot of time. These companies should start as soon as possible to make sure that they are well prepared on time.

Timeline for now:

- January 2024: entities that are already required to report on non-financial data should report beginning 2025 on their data from 2024
  - So need to have reporting structure ready by the end of 2023
  - Start setting up this report structure in 2022
- January 2025: large companies that are currently not required to report on non-financial data should start reporting according to CSRD in 2026 on data from 2025
  - Reporting structure ready by end of 2024
  - Start setting up this report structure in 2023
  - January 2026: Listed SMEs will start reporting on CSRD in 2027 on data from 2026
  - Reporting structure ready by end 2025
  - Start setting up report structure in 2024



# WHO NEEDS TO BE INVOLVED WITH CSRD WITHIN A COMPANY?

Completing the newly required non-financial reporting will require collaboration and support from multiple stakeholders within your company. For example, we foresee the need for the following actors to play differing roles:

- C-level
- CSR
- CSRD team
- Finance
- Operations
- Procurement
- Cooperation/account management
- Facilities
- Strategy
- HR
- IT

In most organizations, the financial department will be responsible for the reporting. However, in order to comply with CSRD, finance will require a lot of sustainability data from multiple departments.



# WHAT DID NON-FINANCIAL REPORTING LOOK LIKE?

Before the implementation of CSRD, organizations that reported on ESG matters were doing this based on the indicators they wanted to present. A few organizations started conducting a materiality analysis. A materiality analysis is a tool for defining the impact of the organization on the planet and society. Which under CSRD is mandatory for all large companies.

For example, large companies with public interests (>500 employees) are currently reporting on:

- Environmental protection
- Social responsibility and treatment of employees
- Respect for human rights
- Anti-corruption and bribery
- Diversity on company boards (age, gender, education)

However, all companies are using different indicators and different ways of measuring. Companies report this currently in an online or pdf version and include this in their annual report.

Before the CSRD, there were no specific requirements or standards obliged. If organizations were using a standard, this was often based on the standards published by the Global Reporting Initiative (GRI) directives. The pre-CSRD reports are hard to benchmark towards each other, which makes it difficult to check how a company is performing in relation to the competition.



# WHAT DO COMPANIES HAVE TO INCLUDE IN CSRD REPORTS? 1/2

For the newly implemented CSRD reporting, companies will report according to the European Sustainability Reporting Standards (ESRS). The ESRS will replace other reporting standards like GRI. The ESRS are standards that provide companies with guidance on how to measure ESG (Environmental, social, governmental) topics within their organization. Additionally, ESRS explains how to report the risks and opportunities a company faces.

ESRS exists of three main topics that should be reported on. Each topic has different disclosure requirements which are explained in the ESRS.



## List of topics within the ESRS:

- **Environment**
  - Climate change
  - Pollution
  - Water & marine resource
  - Biodiversity & ecosystems
  - Resource use & circular economy
- **Social**
  - Own workforce
  - Workers in the value chain
  - Affected communities
  - Consumers & End-users
- **Governance**
  - Business conduct



# WHAT DO COMPANIES HAVE TO INCLUDE IN CSRD REPORTS? 2/2

These general topics are made up of many indicators that should be reported on a regular basis, for example monthly, or quarterly. Through frequent reporting, it becomes possible to use the data as steering information in addition to being just a yearly report.

Examples of frequent reporting indicators include: Measuring amounts of waste; Measuring resource inflow, Total water usage; and recycling percentages. In addition, the units for the data are given by the ESRS as well. For example this can be: Kg, tons Co2 equivalents, percentages or litres water per net turnover, etc. The ESRS will give organizations guidance on how to measure these non-financial data.

Besides these specific disclosure requirements, the CSRD requires a few other activities:

- A double materiality assessment
  - Assessment of the impact of the organization on the planet & society, and also the impact of planet & society on the financial situation of the organization
  - Identified through engagement with external stakeholders
- Receiving external assurance on sustainability information
  - The non-financial report should be audited by an external party (auditor)
  - In the beginning through limited assurance, this will later be extended into reasonable assurance
- Having an integrated report
  - Financial & non-financial reporting have the same scope and should be aligned (for example in management reporting)



# THE MATERIALITY ANALYSIS

Conducting a materiality analysis is an important part of the CSRD process. It exists of different steps with the aim of identifying the most important sustainability impacts by a company. A key aspect of the materiality analysis is engagement with external stakeholders like suppliers, shipping partners, governments, clients, business partners & NGO's.

The CSRD requires a double materiality analysis. This means that a company has to check their impact on its environment; and also the impact the environment has on the company (for example resource/labor risks that influence the future cash flow of a company).

## A materiality analysis consists of the following steps:

- Creation of an overview of the value chain
  - Stakeholder identification
    - Identify groups internally and externally affected by the company
- Benchmarking with the industry
  - How are you performing according to the rest?
  - What topics do other parties in your sector think is important
  - Decide on material impact topics
- Sending out surveys on material topics to stakeholders
- Identification of the most important impacts for the organization (material topics)
- In-depth interviews to identify risks & opportunities on impact & financial materiality
- Decide on final list of risks and opportunities
- Decide on the indicators to monitor the progress on risk mitigation & opportunity creation



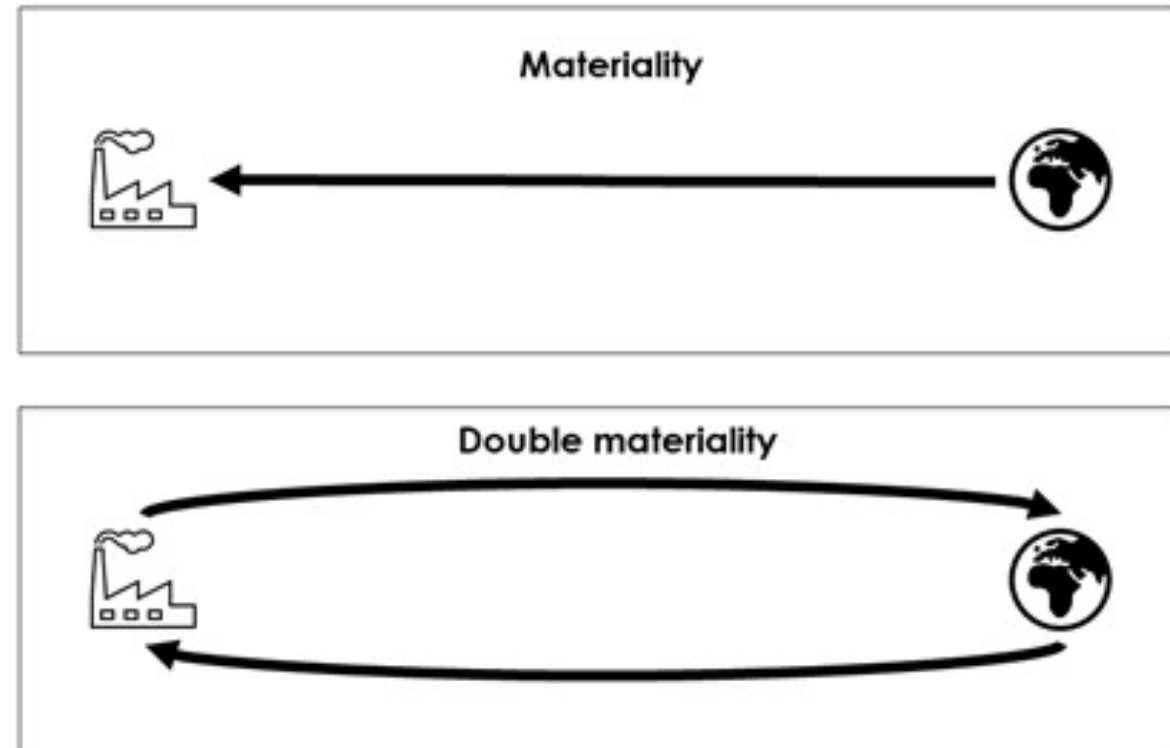
# WHAT IS “DOUBLE” MATERIALITY? 1/2

Double materiality is the core principle of CSRD. The European Sustainability Reporting Standards (ESRS), and thus the CSRD regulations.

Materiality itself is defined as a topic that has a large impact on the organization or on environmental, social, or economic aspects.

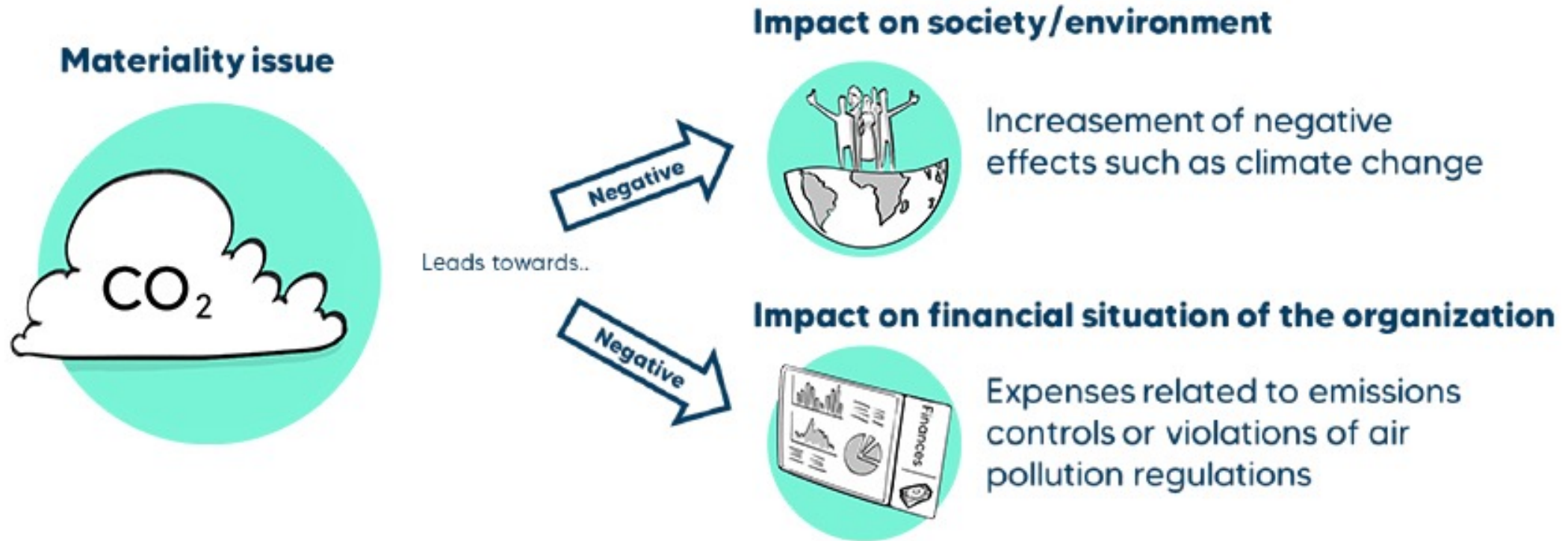
Double materiality is about environmental, social, and governmental (ESG) risks and opportunities that have an impact on the financial situation of the company and/or are caused by the organization. These material impact topics should be addressed in the ESG strategy and in ESG reporting.

By doing a double materiality analysis a company checks all their impacts. The most important of these impacts are defined as material and should be included in the double materiality perspective.



# WHAT IS "DOUBLE" MATERIALITY? 2/2

An example could be CO<sub>2</sub> emissions.



# WHAT ARE SOME LESSONS LEARNED?

Starting with the CSRD causes a lot of change within an organization. The old-fashioned (financial) reporting structures will most likely not be enough to fulfil the new requirements. The sustainability department is not used to being compliant yet, while the financial reporting unit does not include the social and environmental indicators in their reporting cycle.

Move to Impact learned a lot by helping multiple organizations get ready for the CSRD.



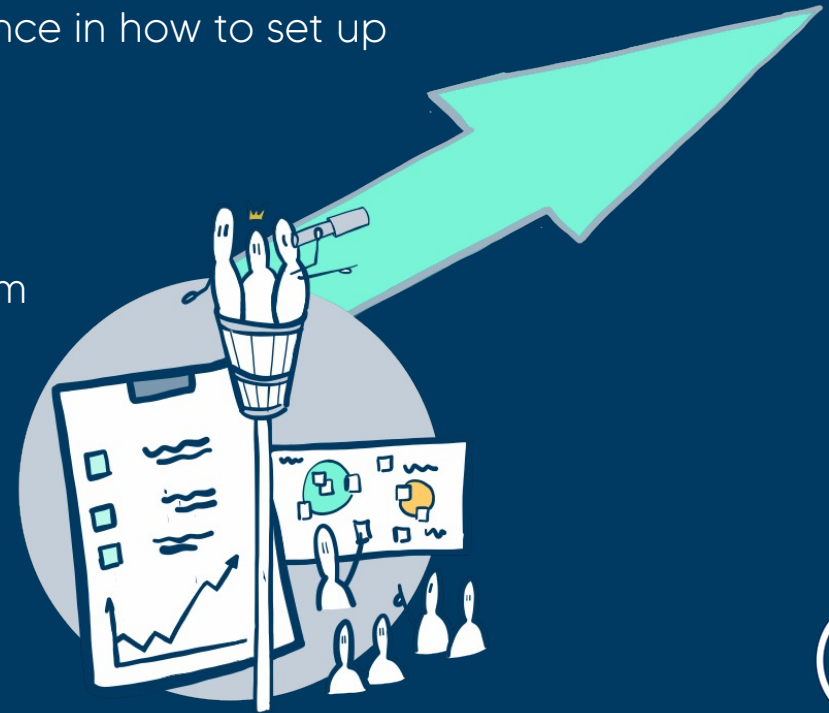
# LESSONS LEARNED BY IMPLEMENTING CSRD

Companies have problems with:

- Knowing how to structure the CSRD implementation (since CSRD is so extensive and diverse it can be difficult to keep oversight, there are many tasks, departments, organizations, and topics involved. Where to begin?)
- Knowing how to connect sustainability & IT for reporting (recommended for automated, yearly/monthly reporting)
- Information & task overload for all departments, but no experience in how to set up Information flow correctly since everything is new

**CSRD is extensive.**

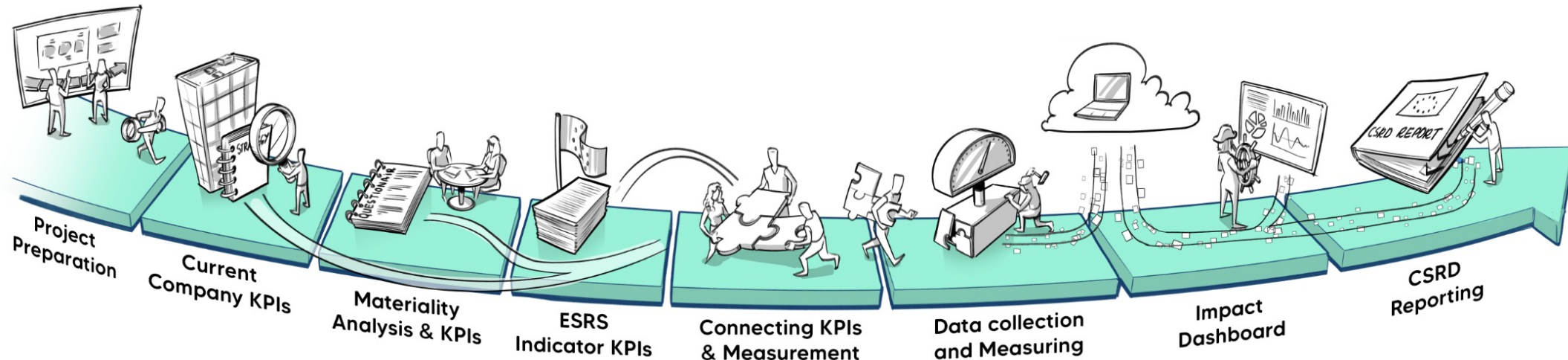
Therefore companies need step-by-step support to help guide them through the required actions.



# OUR PROCESS STEPS AT MOVE TO IMPACT

At Move to Impact we identified 8 steps to help companies get ready for the CSRD. By following these steps, you don't miss out on the important and difficult requirements of this new type of reporting process.

In these 8 phases the organization will be prepared for the yearly CSRD reporting.



# OUR PROCESS STEPS AT MOVE TO IMPACT

What is covered in these phases?

## 1. Onboarding/ project preparation

- a. A general overview is given to the project leads and documents/tasks and templates are provided to start the project organized.
- b. The project team will be defined
- c. All relevant internal stakeholders are informed of what is expected from them

## 2. Current Company KPIs

- a. The current reporting situation of the organization is being discussed and evaluated
- b. Current KPI's are found by setting up a workshop
- c. Overview of the current strategy on social, ecological & financial level
- d. Overview of current KPI's is shared with internal key stakeholders an overview of the current reporting structure forms the input for a gap analysis later

## 3. Materiality Analysis & KPIs

- a. In this phase the Materiality analysis is executed. This research will lead towards defining material topics for the company, sector and value chain
- b. After identifying the material topics with a materiality survey, qualitative interviews will be held in order to identify the risks & opportunities based on these impact topics
- c. Based on the identified risks & opportunities, impact indicators will be identified that are turned into measurable KPIs

## 4. ESRS

- a. Company will get training on the relevant European Sustainability Reporting Standards per department (these KPIs are mandatory to measure according to the CSRD)
- b. Explanation of the approximately 200 different indicators and how to collect and measure these



# OUR PROCESS STEPS AT MOVE TO IMPACT

What is covered in these phases?

## 5. Connect KPI's & Measurements

- a. The new (identified by the materiality analysis & ESRS) and existing KPI's are grouped according to People, planet & profit.
- b. Departments will do a gap analysis which data is already collected and which data is missing
- c. The aim is to set up a plan for the missing data, how to measure these, and where to collect them

## 6. Data collection & Measuring

- a. Data structure will be made for collection of all KPI data
- b. The company starts measuring the indicators that are identified based on the agreed data definitions.
- c. Generated data is collected as input for the impact dashboard

## 7. Impact dashboard

- a. Visualisation of the collected data with charts, graphs, progress scores, etc.
- b. Automated report based on data sources
- c. This data can be used to steer the company (these are the new KPI's)

## 8. Reporting

- a. Shape the company data into the required CSRD/ESRS format
- b. You now have the CSRD report
- c. The reporting is ready for audit



# Do you also want help in preparing for the CSRD?

Move to Impact is ready to help.

At Move to Impact we help organizations gain insight into their impact on an economic, social, and environmental level. We do this by practical programs, tools, and templates that guide you towards the next step in your sustainability journey. We started this mission in 2019 and will continue to reach as many people as possible and inspire them to make a positive impact.

Interested in more information about CSRD consulting?  
Book a meeting with one of our consultants via our website:

[www.movetoimpact.com](http://www.movetoimpact.com)

