

SUSTAINABILITY E-BOOK

Preparing for the Corporate Sustainability Reporting Directive (CSRD)

What is the CSRD, how does it impact your business and how can you prepare?

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Introduction

UPCOMING SUSTAINABILITY LEGISLATION

European Union (EU) law currently requires that large companies disclose the way that they both operate and manage social and environmental issues.

Historically, the EU have been progressive when it comes to environmental legislation, having amended the Account Directive 2013 with the Non-Financial Reporting Directive (NFRD) in 2014.

Under the NFRD, rules on non-financial reporting have been in place for large public-interest companies, and have covered up to 11,700 companies EU-wide.

As of November 2022, the EU have accepted the Corporate Sustainability Reporting Directive (CSRD), which was first proposed in April 2021.

The CSRD will result in more organisations having to disclose on their their social and environmental impacts. Like the NFRD, the CSRD will require "double materiality", and so businesses will need to consider the impacts of sustainability & ESG variables on both their business performance, and their external stakeholders.

Read on to learn more about what the CSRD is, who needs to report, what you will need to report on, and most importantly, how to get ahead and prepare.



"[The CSRD will] end greenwashing, strengthen the EU's social market economy and lay the groundwork for sustainability reporting standards at global level"

- EU Parliament, November 2022

What is the CSRD?

THE LEGISLATION

The Corporate Sustainability Reporting Directive (CSRD) is an upcoming amendment to the current Non-Financial Reporting Directive (NFRD) that is in place in the EU. Alongside the Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation, the CSRD will form a triad of central components in the sustainability reporting requirements across the EU, and will underpin the EU sustainable finance strategy.

WHY NOW?

Contextually, the CSRD was brought forward to also maintain consistency in reporting across EU organisations. The legislation will resolve challenges for investors, social partners, NGOs and stakeholders who need access to organisational ESG information by ensuring there is a standardisation in reporting, allowing for easy cross-comparison between organisations.

The CSRD will also require that organisations digitally tag their disclosures. Tagged reports will then be pulled automatically to one central EU-wide digital access platform to share companies' financial and sustainability information. This will make EU organisations not only the most sustainable in practice, but also drive complete transparency and accountability.

That level of transparency will place more pressure on companies to execute reporting to the greatest standard, or they will face consequences from their stakeholders.

HOW DOES IT IMPACT MY BUSINESS?

Currently, 11,700 organisations across the EU are required to disclose their performance under the NFRD.

Moving forward, the CSRD will see that number rise to over 50,000 organisations EU-wide. The CSRD will require those businesses to:

- Fully report and disclose on environmental and social impacts, considering double materiality in doing so
- Seek and conduct regular audits on performance from an accredited independent auditor or certifier.

The legislation will effectively end greenwashing in the EU, and aims to make the EU the global leader in sustainability reporting.

WE'RE A UK BUSINESS. IT DOESN'T MATTER.

Incorrect. Both EU and Non-EU businesses that have a significant trading presence in the EU (or want to), or have investment in EU assets, will have to disclose and report against the requirements of the CSRD. Moreover, if you're working with large EU corporations, you'll likely face pressure from those companies to disclose ESG performance for procurement decisions as you will be a part of their scope 3 emissions. If you're uncertain if you need to report, read on.

Who has to comply?

YOU MUST COMPLY IF

Over 50,000 organisations will now be required to disclose and audit their environmental and social impacts. You must comply with the CSRD if you:

- Currently have to comply with the NFRD
- Have a net turnover of €40m
- Have at least €20m in assets
- Have 250+ employees
- Are a listed business, including listed SMEs

IF YOU ARE A UK/US BUSINESS

As stated, UK and US businesses are not exempt. If you are a UK or US business, you must comply with the CSRD if:

- You have EU-based subsidiaries
 - Even if it is only one subsidiary and all others are outside the EU, you must still comply and disclose
- Have securities on EU-regulated markets
- Have over €150m turnover in EU

The CSRD is wide-reaching, and in the years to come will extend further across and beyond the EU, requiring more organisations to comply. Getting ahead of the curve with reporting and ensuring standards are high now is key.

50,000+

organisations will be required to comply with the CSRD

Both EU and Non-EU Businesses will have to comply in certain situations

Initially just larger and listed organisations will have to comply, but this will change in years ahead

When will I have to report?

KEY DATES TO BE AWARE OF

The introduction of the CSRD will take place across four stages in the years' to come.

STAGE 1

2025

Reporting due in 2025 on Financial Year 2024 for organisations already complying with NFRD

STAGE 2

2026

Reporting due in 2026 on Financial Year 2025 for large companies not already complying with NFRD

STAGE 3

2027

Reporting due in 2027 on Financial Year 2026 for listed SMEs (unless micro), small and non-complex credit institutions and captive insurance undertakings

STAGE 4

2029

Reporting due in 2029 on Financial Year 2028 for third-country undertakings i.e. any non-EU business that falls under definitions of requirements

What will I have to report?

COMPLETE ESG REPORTING

Under CSRD, organisations will have to report on the full environmental, social & governance (ESG) scope. In reporting, companies must consider the double materiality perspective, and so must:

- Report on how their organisation activities impact people and the environment (inside-out)
- How external sustainability factors and stakeholder expectations will affect the organisation (outside-in)

ENVIRONMENTAL REQUIREMENTS

You'll be expected to report on climate and environmental factors, and must cover:

- Climate change mitigation
- Climate change adaptation
- Water and marine resources
- Resource use and circular economy
- Pollution
- Biodiversity and ecosystems.

Within environmental, you will want to ensure you have an effective carbon reduction plan, environmental policies, waste management and resource efficiency plans, and perhaps consider implementing environmental management systems.

SOCIAL REQUIREMENTS

You'll have to also report on social commitments, including:

- Equal opportunities and inclusion for all within the workplace regardless of gender, sexual orientation, age, physical ability or ethnicity
- Working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance and a healthy working environment, both for your own workers and those in your value chain
- Human rights, freedoms and democratic principles within the workplace and value chain
- Any impact on communities, consumers and end-users.

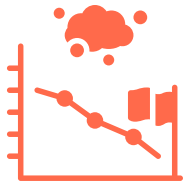
GOVERNANCE REQUIREMENTS

You'll have to also report on governance, including:

- Role of the organisations' administrative, management and supervisory bodies, including sustainability matters, and their composition
- Business ethics and culture, including anti-corruption and anti-bribery
- Political engagements
- Management and quality of relationships with business partners, including payment practices
- Internal control and risk management systems.

What data will I need?

As examples, these are just some of the areas where data will be required to comply with the CSRD.



GHG Emissions

Full breakdown of energy usage and emissions across scope 1, scope 2 and scope 3 in all business locations.



Waste Management

Data on tonnage or m² of waste. Waste destinations and recycle rates, as well as info on waste transport.



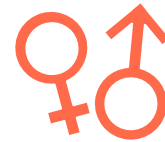
Water Usage

Total water usage across each business location in m³, and the emissions produced as a result.



Biodiversity

Biodiversity initiatives being invested in across the business, both on current sites and in the future.



Gender diversity & equality

Breakdown of gender across organisation at each level and intended commitments to improve diversity/equality.



Training & development

Breakdown of training investments, initiatives and engagement of staff in training across the company.



Health & safety

Data on health initiatives, beneficiaries and causes. SHEQ dashboards and SHEQ audits conducted and reported on.



Human rights

Human rights policy, recruitment opportunities for people from marginalised backgrounds, ethics and staff champions.

How do I prepare?

DATA IS KEY

"Data is key to good ESG", and with the CSRD, data will be key to compliance. To ensure you're well-prepared ahead of stage 1 of the CSRD's implementation, consider the following as an action list:

- Is there a sustainability reporting methodology in place?
- Conduct a mapping exercise to determine what data exists in the organisation
- Conduct a gap analysis to identify where data is missing, and interrogate why it is missing
- Start planning processes for how new or missing data is going to be acquired, and ensure processes are rolled out to start generating necessary data
- Have a centralised location to hold and retain data across all business sites

REPORTING METHODOLOGY

Having a methodology for how you are going to determine what data you need, acquire that data, measure it consistently and then disclose it year-on-year is a crucial first step. At SustainIQ, [we provide the methodology for all of our users](#) through one software platform, and make the process as easy as pressing a button for real-time performance data analysis.

DATA MAPPING & GAP ANALYSIS

With a methodology in place, it's important to then consider what data exists already in the organisation. Look at the types of data on the previous page, and ask yourself "Do I have data on each of these areas?".

If you are looking at any of those categories and your data is perhaps minimal or missing, identify it as a gap to be plugged with new processes to acquire that data both historically (where required) and in the future.

PROCESSES TO ACQUIRE DATA

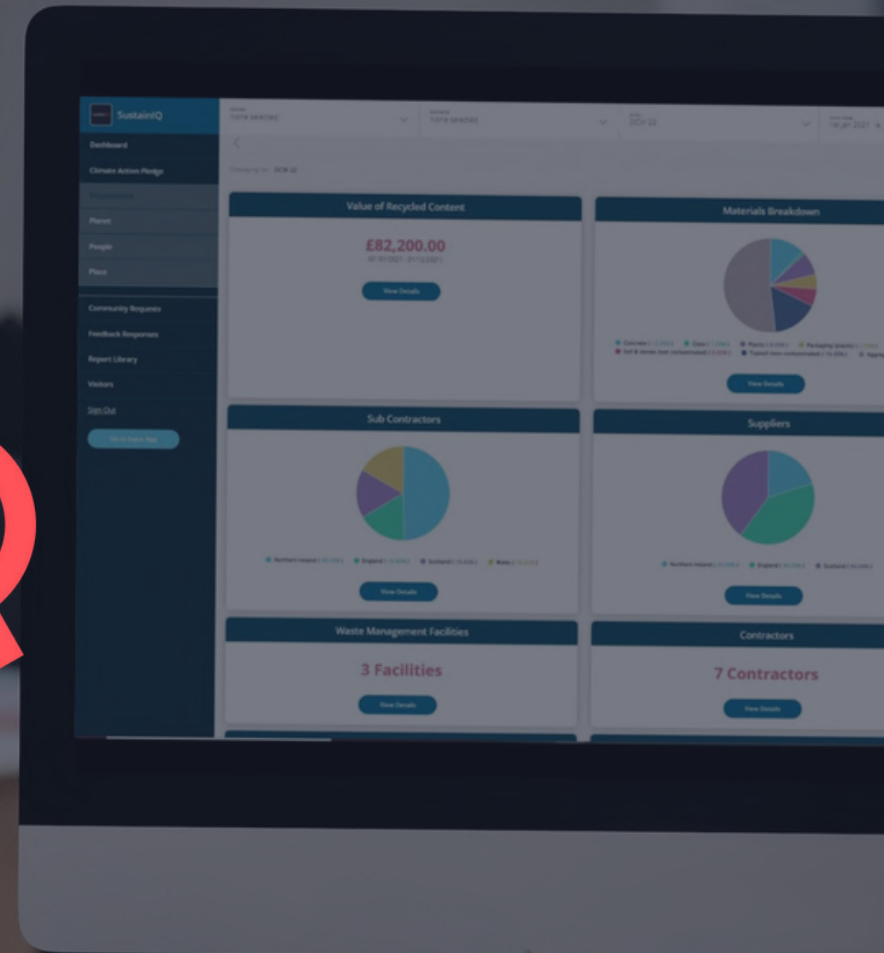
With gaps identified, you will want to determine what processes you are going to implement to gather data that's missing. Perhaps teams will need workflows adapted to access that data, and you need to consider how does that affect team structures and working days.

CENTRALISING BUSINESS-WIDE DATA

Means to then hold the data centrally, analyse it and time required to do so are all cost considerations you need to account for. Having processes in place across multiple teams in multiple locations will be crucial to ensure you can truly understand how the business as a whole is performing. It may sound complex, but luckily at SustainIQ, we offer a software to help with exactly that challenge.

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Our Solution



Meet SustainIQ

THE ALL-IN-ONE SUSTAINABILITY & ESG REPORTING SOFTWARE

SustainIQ provides users with one integrated reporting dashboard for all aspects of ESG.

Report on areas such as **Waste Management**, **Scope 1, 2 & 3 GHG Emissions**, **Social Value**, **Biodiversity**, **Workplace Wellbeing**, **Diversity** and much more.

Discover how you can save time & money, drive competitiveness, build trust in supply chains and create a sustainable brand image with SustainIQ

YOUR CSRD REPORTING METHODOLOGY

SustainIQ provides users with a set sustainability & ESG reporting methodology that aligns with the current requirements for the CSRD.

Using SustainIQ, you can centralise data flows from all business locations in multiple jurisdictions, and transform that data into actionable information.

When it comes then to compliance with the CSRD, SustainIQ is a game-changer in saving time & money company-wide, and driving efficiencies by streamlining reporting.

Waste Management Plan

Waste Summary Report - A

Type	Total T	Total T/m2	Total T/100k	Total M3	Total Volume
xxxx	1253	1.2	0.2	123	
xxxx	1253	1.2	0.2	123	
xxxx	1253	1.2	0.2	123	

Waste Sum

Type

xxxx

xxxx

Biodiversity initiatives at Site A

Biodiversity

Ecology Reports	2	Lorem ipsum dolor sit amet, consectetur adipiscing elit
Recommendations Implemented	1	Lorem ipsum dolor sit amet, consectetur adipiscing elit
Biodiversity Champions	3	Lorem ipsum dolor sit amet, consectetur adipiscing elit

Peop

Apprenticeships

314.8
Weeks

£34,0



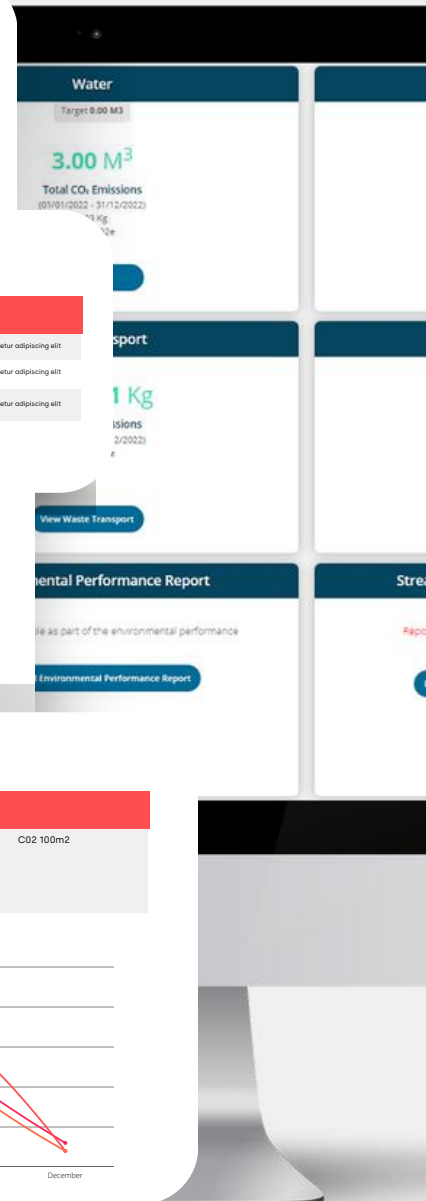
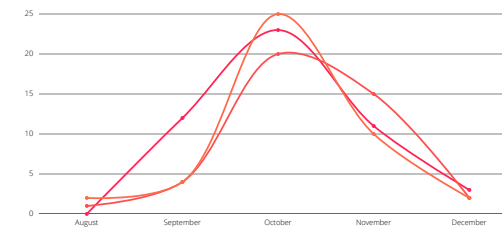
Beneficiaries

Lorem ipsum dolor sit amet, consectetur adipiscing elit

Energy use over time

Energy Use

Type	Usage	Unit	CO2	CO2 100k	CO2 100m2
xxxx	1253	1.2	0.2	123	
xxxx	1253	1.2	0.2	123	
xxxx	1253	1.2	0.2	123	





Responsible Procurement



Environmental Management



People, Health & Diversity



Community Engagement & Partnering

Our Four Reporting Pillars

REPORTING ON PEOPLE, PLANET AND PROFIT.

SustainIQ provides users with over 150+ different reporting categories across our four pillars, with hundreds of filters to empower you in driving down into the detail.

With SustainIQ, report on areas such as:

Responsible Procurement

- Circular Economy, Volume of Recycled Goods, Socio-Economic Impact, Supplier Accreditations and Standards, Supply Chain Portal, Work Package Management

Environmental Management

- Waste Management, GHG Emissions, Transportation Emissions in Scopes 1 and 3, Biodiversity, Water, Full Environmental Performance Reporting, Benchmarking and Goal Setting

People Health & Diversity

- Health and Safety, Training Initiatives, Apprenticeships, Wellbeing Initiatives and Diversity & Inclusion Initiatives

Community Engagement & Partnering

- Community Initiatives, Volunteering, Charitable Donations, Education Engagement, Responsible Leadership and Charity Partnerships

Case Studies

SEE SUSTAINIQ IN ACTION.

We have a full range of case studies available on our [website](#).

SustainIQ operates on a flat fee subscription package. With no hidden costs, our clients get full access to all four reporting pillars across all sites and locations.

Using the data, our clients comply with current legislation and guidance, such as Green Public Procurement (GPP), Streamlined Energy Carbon Reporting (SECR), Task-force on Climate-Related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (UNSDGs)

SustainIQ is an instrumental tool in the ESG and sustainability strategies of clients on over 1,200 sites in over 14 countries globally, helping companies to:

- Save time & money
- Increase competitiveness in bids and tenders
- Reduce business risk
- Establish trusted and transparent brands

Don't take it from us though - check out the testimonials below or the case studies on our website above.



St Paul's School, Navan

Felix O'Hare Ltd

Danderhall Community Hub,
Scotland

Heron Bros

Europe's First Eco-Mosque,
Cambridge
Gilbert-Ash

Testimonials and Feedback

WHAT OUR CUSTOMERS HAVE TO SAY.



NOEL MULLAN
COMMERCIAL DIRECTOR
HERON BROS

The multi-user, multi-site SustainIQ app has helped us to increase awareness of our corporate responsibility strategy by engaging all staff across our projects. This has resulted in a significant improvement by positively impacting the communities in which we work, the natural environment and our economic performance.



MARIA BRADLEY
HR DIRECTOR
GILBERT-ASH

The big benefit for us in using SustainIQ is the ability to generate reports, and to be able to tailor them to suit our requirements. It's the only system that we've seen that captures all our data in one place and allows us to produce either a collective report or specific reports - whatever is required by our internal or external stakeholders.



CIARAN MCCONNELL
MANAGING DIRECTOR
JP CORRY

SustainIQ allows us to drill into our data to review and measure the community initiatives we have invested in. Seeing the quantifiable impact of those initiatives provides transparency and visibility to our staff on why we do the programs. Because the data all feeds into one source, we can draw down the information and use it to improve.



MARK CAMPBELL
CONTRACTS DIRECTOR
FELIX O'HARE & CO

Before SustainIQ, we were working hard on our sustainability goals, but had no way to bring all that information together for tenders, Board reports or customer presentations and we couldn't evidence our impact. Now, SustainIQ gives us all that rich data at the touch of a button and it's been transformational.



GARY PURDY
MANAGING DIRECTOR
MCCUE

Working in and with key London Councils on multi-million pound contracts in the Greater London area, we have seen how important it is to meet our clients' sustainability goals. SustainIQ allows us to measure, monitor and report on the social, economic and environmental impact of our projects and ensure clients achieve those vital goals.

Get prepared for the CSRD.

BOOK A SUSTAINABILITY REVIEW.

Complying with the CSRD may be a complex challenge for your business if you have limited processes or data in place. Never worry - we're here to help.

Book a sustainability review with our team, and we'll have a quick chat about your challenges and priorities for the future, and ensure you are on track for compliance with the CSRD.

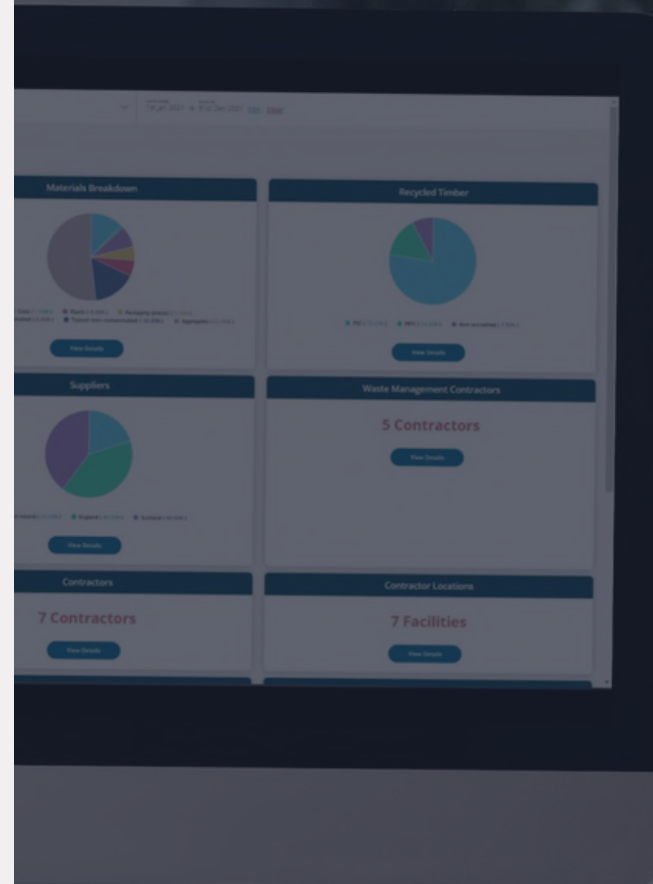


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www.sustainiq.com/contact

We'll change your world, for good.



Helpful links and references

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