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Checklist

6 Steps To Prepare Your Organization for the CSRD

What is the CSRD?

In January 2023, the Corporate Sustainability Reporting Directive (CSRD) went into effect, replacing the European Union's (EU's) current Environmental, Social and Governance (ESG) directive, the Non-Financial Reporting Directive (NFRD). The CSRD requires companies in scope to comply with the European Sustainability Reporting Standards (ESRS) and report on the impact of corporate activities on the environment and society.

Non-EU businesses generating at least €150 million inside the EU will also be impacted under the expanded scope. The first companies are required to apply the new rules in the 2024 financial year.

Why the CSRD Matters

The CSRD will provide investors and other stakeholders with the information they need to assess companies' effects on both people and the environment, in addition to empowering investors to analyze the financial risks and opportunities associated with factors such as climate change and other sustainability concerns.

In an era where these stakeholders demand greater transparency and accountability, adhering to the CSRD guidelines is both a legal requirement and an opportunity for you to demonstrate commitment to sustainable business practices.

To ensure your organization is well-prepared and able to provide reliable and trustworthy data covering the scope of the data points needed (with over 1,100 data points), here are six key steps.

01

Determine the CSRD compliance and eligibility timeline

First, determine the CSRD compliance deadlines tailored to your company's unique characteristics such as size, industry and jurisdictional parameters.

02

Familiarize yourself with the ESRS

There are 12 ESRS standards covering a range of ESG factors and two additional overarching standards applicable to sustainability. Fifty percent of the requirements are environmental, 40 percent are social and 10 percent reflect governance.

03

Conduct a double materiality assessment

ESRS requires companies to undertake a double materiality assessment to help highlight potential risks and opportunities for both your organization and stakeholders.

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04

Determine what additional ESRS and requirements are applicable

Undertake a gap analysis to identify areas of improvement and determine which requirements are relevant to your organization and the industry you serve.

05

Develop a plan and leverage resources accordingly to close gaps

First, determine the CSRD compliance deadlines tailored to your company's unique characteristics such as size, industry and jurisdictional parameters.

06

Streamline data collection to meet expected quality for disclosure reporting

Digitalization facilitates data collection, standardization and analysis of volumes of data from disparate sources and value chains. Having one solution that brings data together is critical to success.

The CSRD went into effect on January 1 2023. But the process by which to achieve compliance has been a difficult one. And this isn't just for European-based companies.

Any organization with an office, plant, people or business in the EU must adhere to the CSRD. While this was implemented in early January 2023, the EU commission expanded its scope and companies not previously required to report under the NFRD – which preceded CSRD, will now be expected to comply starting January 1 2024.
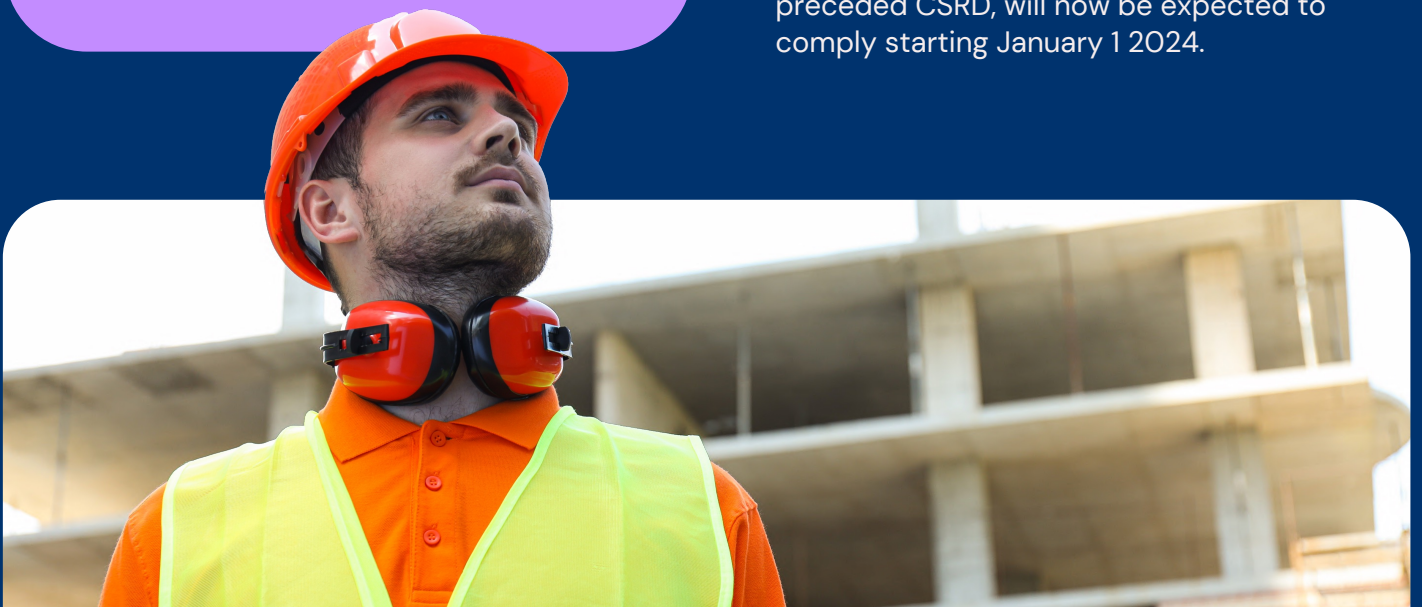
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Let's chat

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As safety professionals and long-term leaders in the Verdantix EHS Green Quadrant, our deep and practical insight addresses your evolving needs, helping you achieve your health, safety and sustainability goals.

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