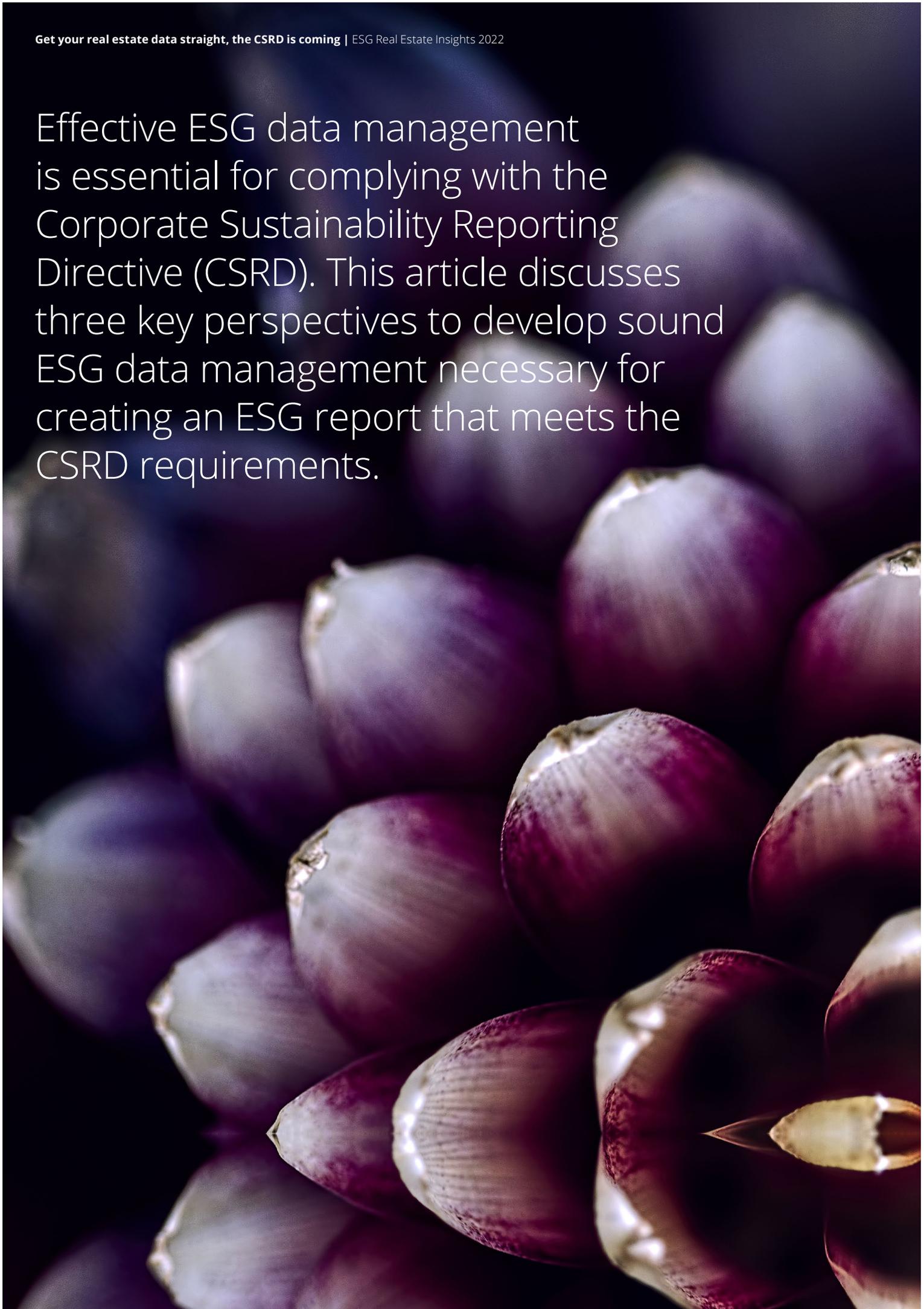




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Get your real estate data straight,  
the CSRD is coming



Effective ESG data management is essential for complying with the Corporate Sustainability Reporting Directive (CSRD). This article discusses three key perspectives to develop sound ESG data management necessary for creating an ESG report that meets the CSRD requirements.



The current negative impact of the real estate industry on the environment and the positive impact it could potentially have is significant. It is time to take responsibility and act. Besides environmental impact, ESG also covers plenty of social and governance themes, which could and should be improved in real estate industry.

To ensure climate neutrality in 2050 and to accelerate transparency in sustainability reporting, the EU puts legislation in place. This article will focus on the Corporate Sustainability

Reporting Directive (CSRD). The CSRD improves transparency in a company's sustainability performance and will come into effect as of 2024 for fiscal year 2023 and is the successor of the Non-Financial Reporting Directive (NFRD). The CSRD is applicable for EU listed organizations and EU organizations meeting at least two of the following three requirements: i. more than 250 employees, ii. a revenue of at least € 40 m and iii. a total balance of € 20 m. This will affect 50.000 real estate companies in the EU among which many real estate related organizations.

Where to start as a real estate organization? ESG data. Data is crucial to improve the sustainability of organizations and to meet ESG reporting requirements such as those coming forward from the CSRD. However, making an overview of the required ESG data can be a complex and time-consuming exercise requiring specialist knowledge. The following paragraph will shed light on ESG data extraction and data management.

Being well-prepared for the CSRD and improving the sustainability performance starts with understanding the bigger picture, objectives, and consequences of organizations for their reporting framework. In order to do so, there are three key perspectives of great importance.

#### **Overview of requirements: What data does my organization need to report on ESG performance?**

The CSRD requires that organizations report on non-financial themes (ESG themes) where they can make the most impact. To do so, companies perform a materiality assessment identifying the ESG themes and business risks from a double materiality perspective. Materiality is the concept that defines why and how specific issues are significant for a company. By introducing the concept of "double materiality", organizations need to consider both the impact of climate-related risk and opportunities on the company's value ("financial materiality" or "inward impact") and the external impacts of the company's activities on the environment ("environmental and social materiality" or "outward impact").

After determining which themes are material for organizations, three steps are essential to create an overview of requirements:

- 1. Companies have to analyze the current standing of the material themes and set their ambitions and targets.**
- 2. Companies have to define the KPIs required to reach these targets.**
- 3. Companies have to generate an overview of the data they need to report on these KPIs.**

The data required to measure and report on the KPIs might be available within the organization. However, a significant part of this non-financial data is only accessible outside the organization (e.g., in a construction organization, when they want to know the greenhouse gas emissions from their suppliers during the transport of materials). Therefore, determining where to get the necessary data is the next step.



**Position in the real estate ecosystem:  
From which sources should my organization collect its data?**

Ownership of non-financial data organizations require could be widespread within the real estate industry. Therefore, the position of the organization in the real estate ecosystem is crucial to determining the data sources necessary for CSRD reporting. To get insight into dependencies, organizations have to create an overview of which other players in the real estate ecosystem impact their processes and if they are willing to disclose the data needed (e.g., a Real Estate Investment Trust wants to report on the energy usage of its portfolio, therefore, they need the usage data of their tenants). After completing this assessment, the next step is to determine how to collect the data from other players in the real estate ecosystem.

**Accessibility through strategic partnerships: Which players should organizations work with to access all necessary data?**

After creating an overview of the data sources and which players companies rely on to gather the data, it is time to define the necessary process of data collection, transformation, analysis, reporting, and identify required changes to the current process. This requires starting the dialogue with partners and other players in the real estate ecosystem to start strategic partnerships to share ESG data. However, to be successful, companies have to create clear incentives for all involved players within to ensure that all players gain from sharing and to make the partnership reliable. The success is also depending on the mutual agreements on the correctness and accuracy of the data shared.

**Conclusion**

The CSRD drives organizations to accelerate improvements on the ESG themes and to increase transparency in sustainability reporting. Sound ESG reporting requires good ESG data management. Creating an overview of required data, the position in the real estate ecosystem and accessibility through strategic partnerships are crucial perspectives.

Deloitte has experience in setting up ESG strategies, performing materiality assessments, assisting in the creation of strategic partnerships with respect to data sharing and can support organizations in these processes.

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