



## Corporate Sustainability Reporting Directive

# About Chapter Zero

Chapter Zero is a membership organisation. We inspire and equip non-executive directors to step forward and lead on climate action in the boardroom.



**2700+**  
Members



**71**  
Companies in  
FTSE 100



**6**  
Supporting  
FTSE Chairs



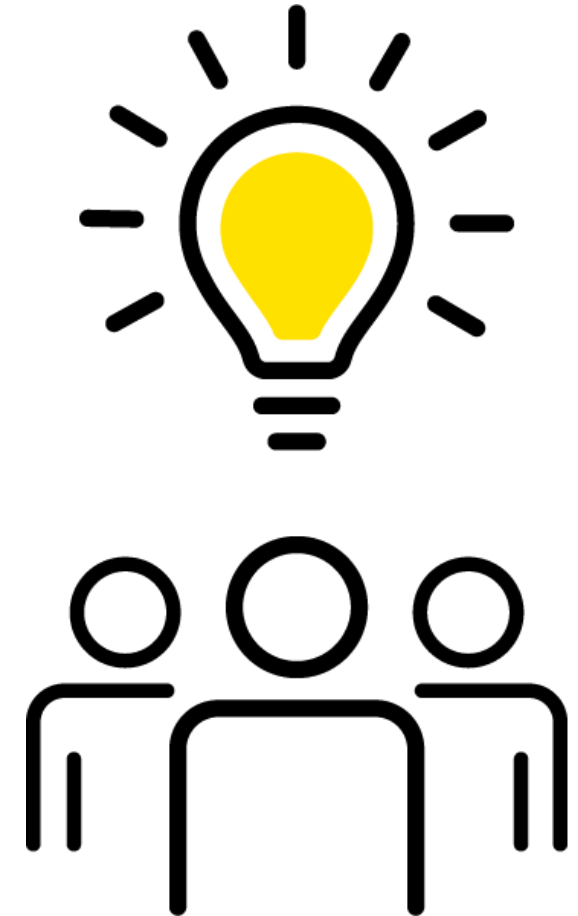
## Global network

Over 29 developed or emerging chapters around the world focusing on principles of climate governance in boards, in collaboration with the World Economic Forum.

## Join Chapter Zero

If you are not already a member, sign up at:

[Chapterzero.org.uk/membership](https://Chapterzero.org.uk/membership)



# Speakers



## **Veronica Poole**

Vice Chair of Deloitte UK and Global IFRS and Corporate Reporting Leader



## **Lysanne Gray**

EVP Sustainable Business Performance and Reporting, Unilever



## **Linda Riedel**

IFRS and Corporate Reporting Technical Partner, Deloitte



## **Neil Stevenson**

Director, Corporate Reporting, Deloitte

# Corporate Sustainability Reporting Directive (CSRD)

# Context: European Sustainable Finance Strategy

European Sustainable Finance Action Plan is a key part of the European Green Deal and EU strategy to reach carbon neutrality by 2050.



# CSRD – What it covers

## Double materiality

Information necessary to understand:

- the entity's impacts on sustainability matters and
- how sustainability matters affect the entity's development, performance and position

## Required standards

Sustainability disclosures must be prepared in accordance with European Sustainability Reporting Standards

## Mandatory assurance

Limited assurance required, covering compliance, processes for identifying information and digitised/tagged information

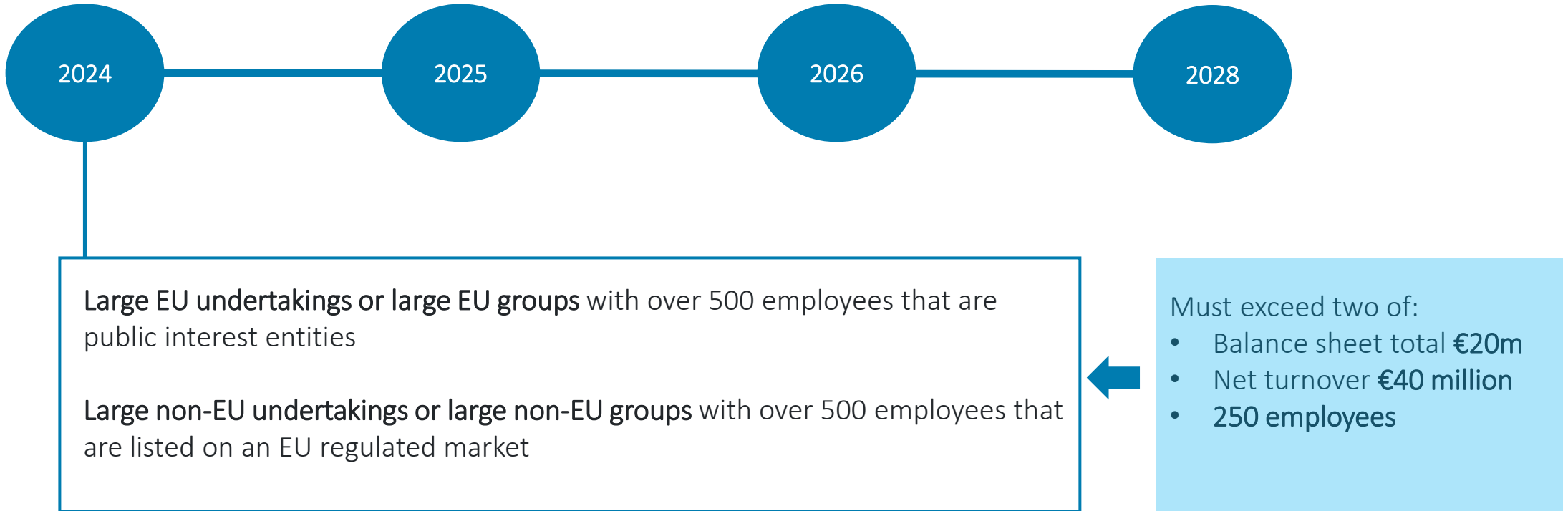
## Location of disclosures

Information must be presented in dedicated section of management report

## Scope

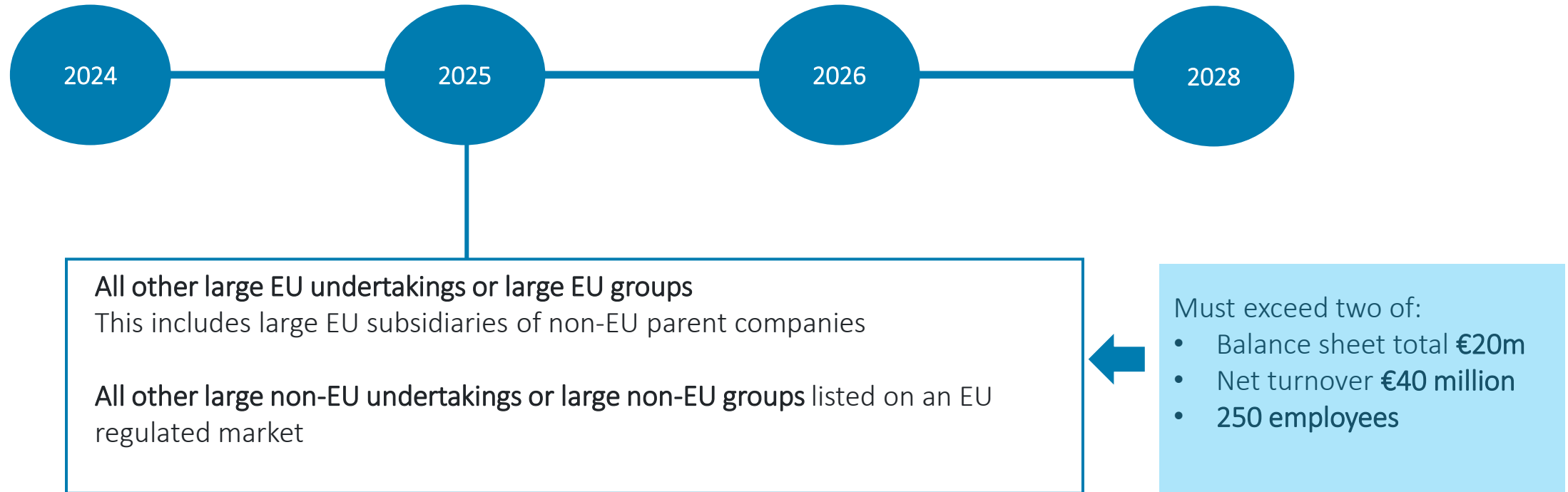
Entities required to make sustainability disclosures from years commencing 1 January 2024 according to scoping criteria in CSRD

# Entities in scope of CSRD (years commencing)





## Entities in scope of CSRD (years commencing)



## Entities in scope of CSRD (years commencing)



### Small

Must not exceed two of:

- €4 million balance sheet total
- €8 million net turnover
- 50 employees

### Medium

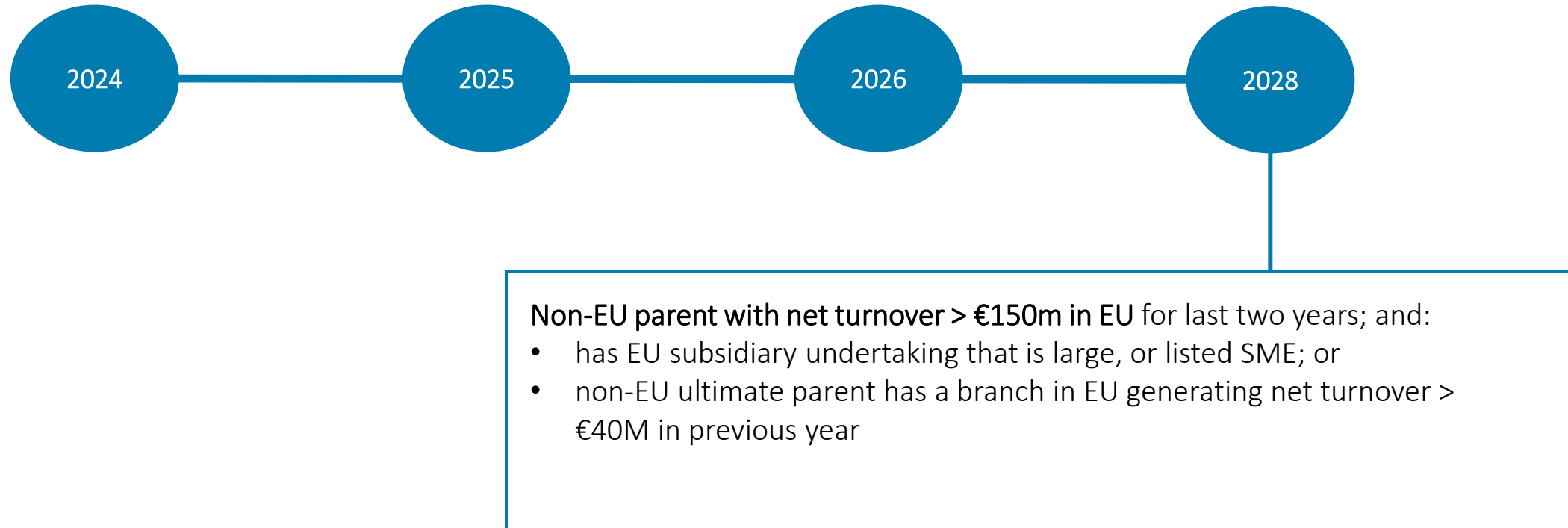
Must not exceed two of:

- €20 million balance sheet total
- €40 million net turnover
- 250 employees



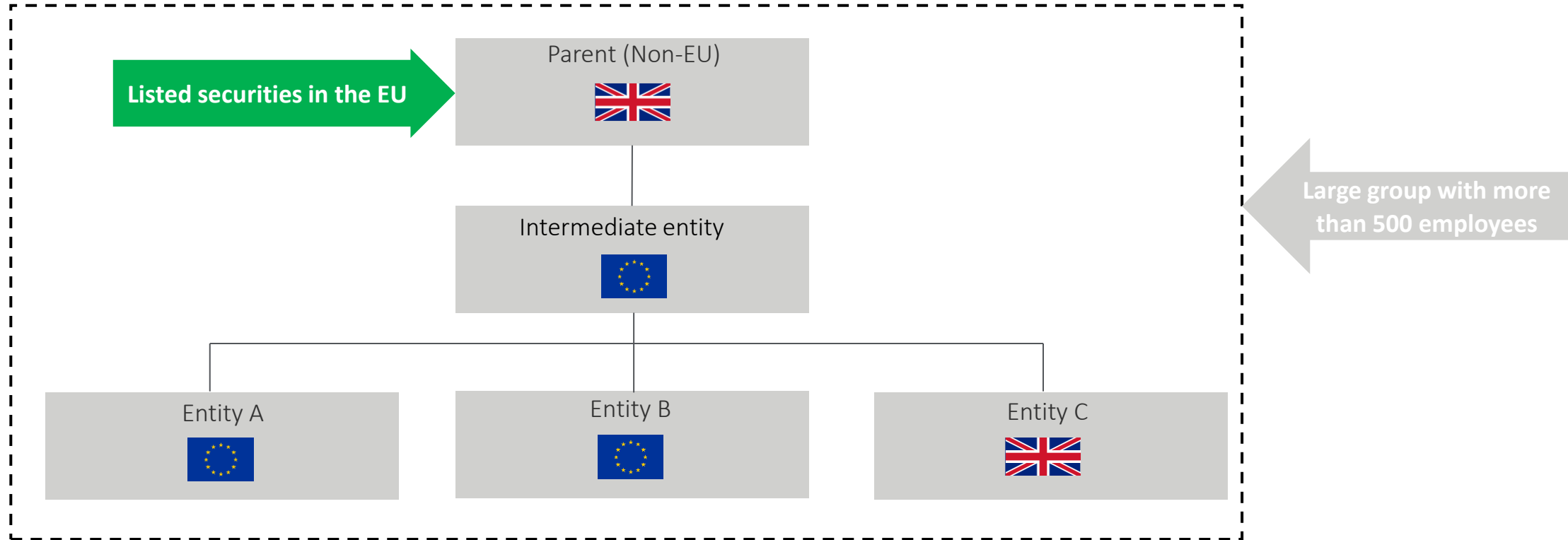
EU and non-EU small and medium-sized undertakings (SMEs) that are listed on an EU regulated market (and which are not micro-entities)

## Entities in scope of CSRD (years commencing)



## Entities in scope of CSRD – example 1

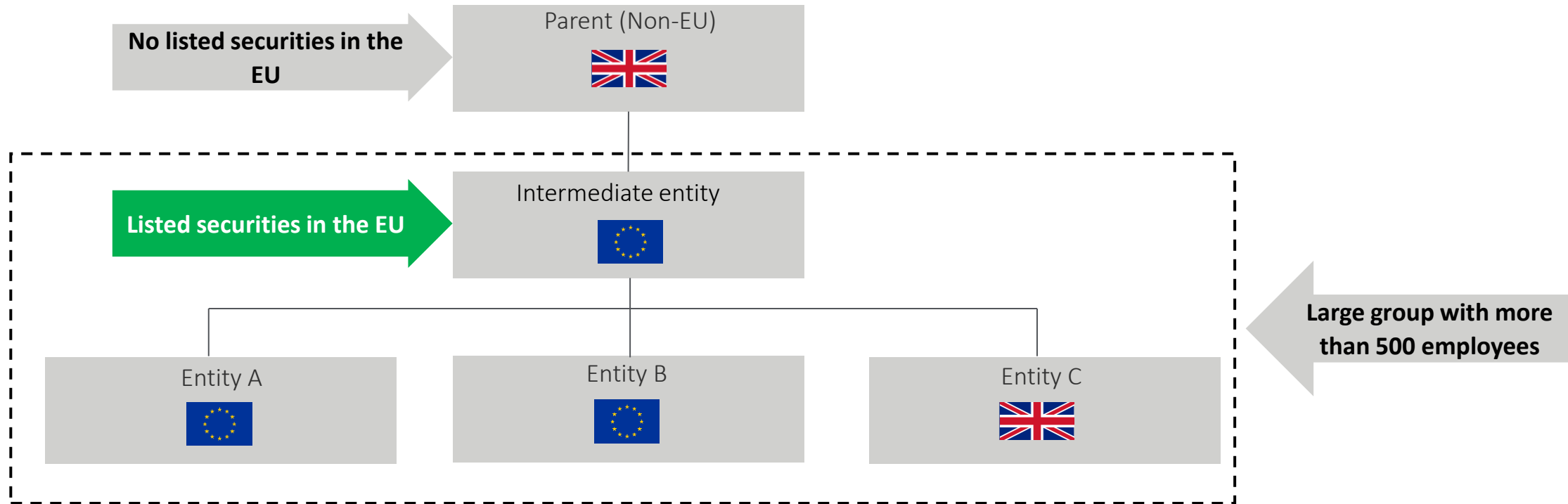
Non-EU ultimate parent with securities traded on an EU regulated market and heads a large group with more than 500 employees.



**Parent (Non-EU) is required to prepare consolidated sustainability reporting for financial years beginning on or after 1 January 2024**

## Entities in scope of CSRD – example 2

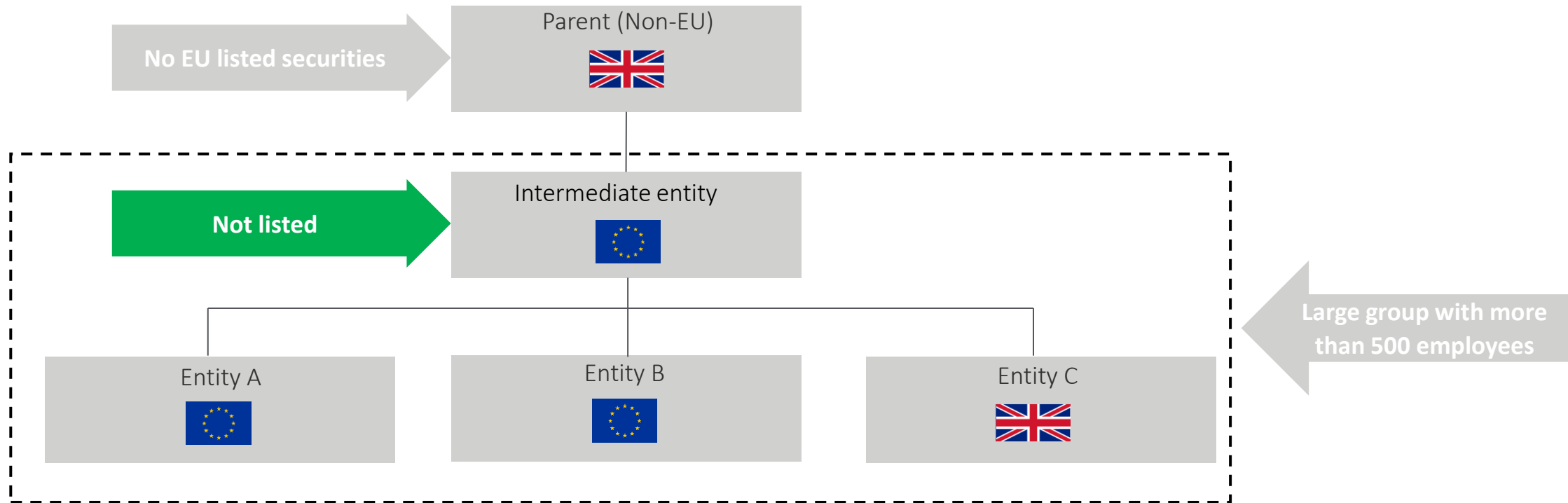
Non-EU ultimate parent with an intermediate holding entity that has securities traded on an EU-regulated market and heads a large group with more than 500 employees



**The intermediate EU entity is required to prepare consolidated sustainability reporting for the group, applying ESRs for financial years beginning on or after 1 January 2024**

## Entities in scope of CSRD – example 3

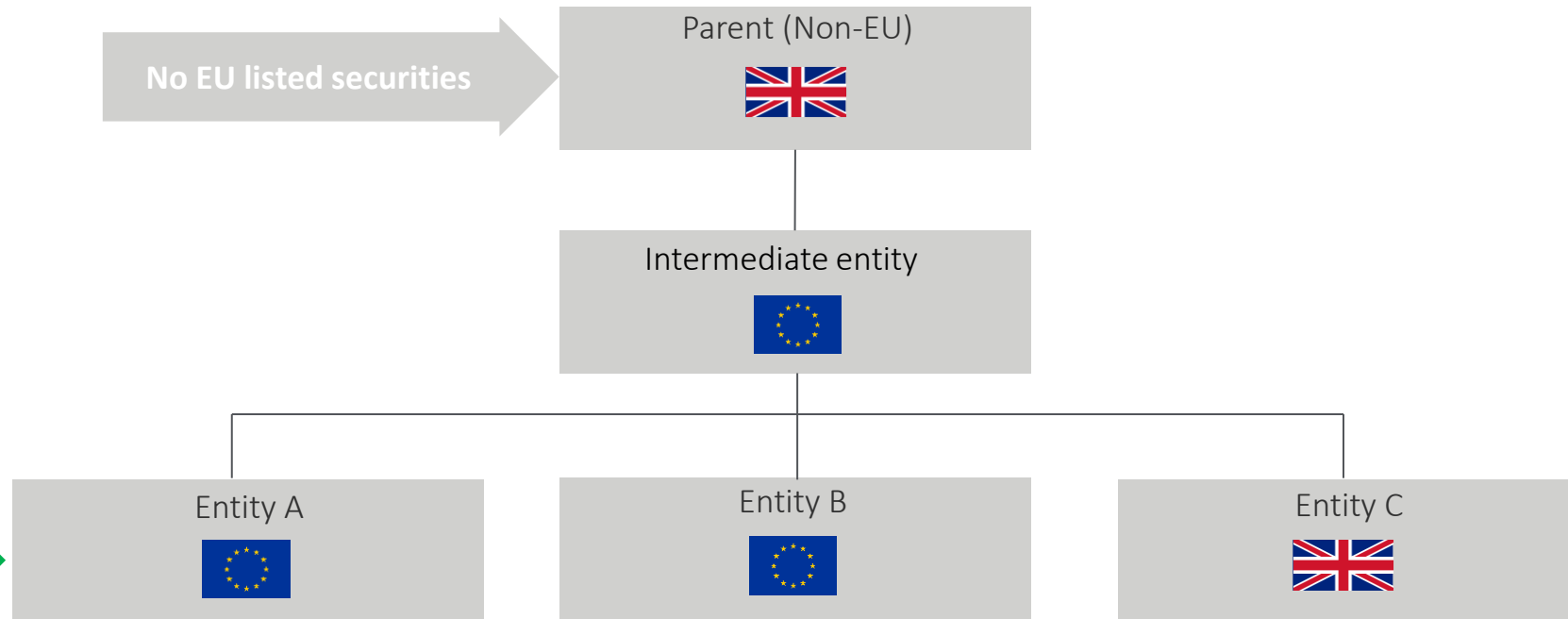
Non-EU ultimate parent with an intermediate holding company that does not have securities traded on EU-regulated market and heads a large group



**The intermediate EU entity is required to prepare consolidated sustainability reporting for the group, applying ESRs for financial years beginning on or after 1 January 2025**

## Entities in scope of CSRD – example 4

Non-EU ultimate parent with subsidiary that has securities traded on an EU-regulated market and is a large entity with more than 500 employees.



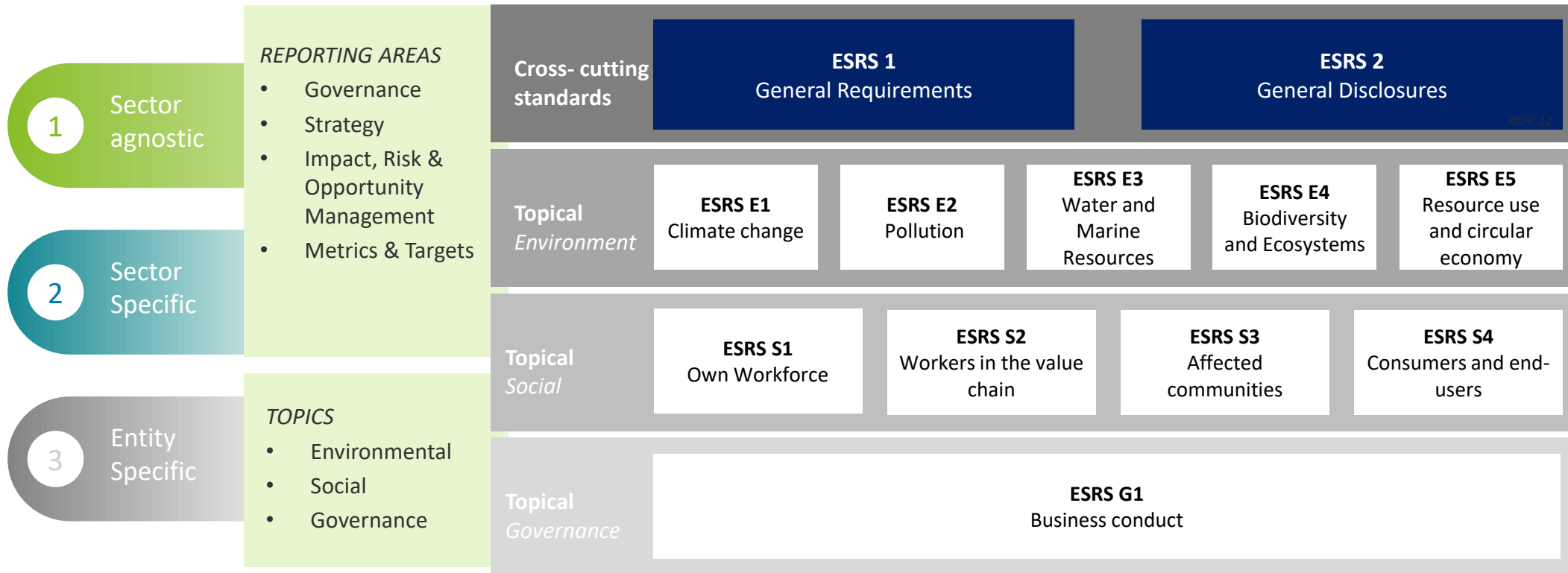
**Entity A is required to prepare individual sustainability reporting, applying ERSs for financial years beginning on or after 1 January 2024.**

***Note: if Entity A had less than 500 but more than 250 employees it would be for financial years beginning on or after 1 January 2025.***

# European Sustainability Reporting Standards (ESRS)



# European Sustainability Reporting Standards (ESRS): Overview



All information is based off European Commission "near final" ESRS draft (released 13<sup>th</sup> June 2023)

# ESRS: Stakeholders and double materiality

## Stakeholders

- **Affected stakeholders:** affected or could be affected – positively or negatively – by the entity’s activities and its direct and indirect business relationships across its value chain
- **Users of sustainability statements:** primary users of general-purpose financial reporting and other users (business partners, trade unions and social partners, civil society and NGOs, governments, analysts and academics)

## Impact materiality

Actual or potential, positive or negative impacts on people or the environment over the short, medium or long term

Includes impacts connected with the value chain, including through products and services, as well as through its business relationships

## Financial materiality

Information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity

In particular, information is considered material for primary users of general-purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the sustainability statement

## Double materiality

# Application of materiality

## General disclosures

- To be provided irrespective of materiality assessment. For example:
  - Basis of preparation
  - Governance over sustainability matters
  - Interaction of sustainability matters with business model
  - Identification of impacts, risks and opportunities

## Topical disclosures

- Subject to materiality assessment
- For all topics assessed as material, minimum disclosure requirement of policies, actions and targets
- Some topics require further disclosure on governance and strategy
- Other disclosure requirements subject to materiality assessment, including related metrics

## Datapoints required by other EU regulations

- Reference table must be included
- Datapoints not assessed as material must be identified as 'Not material'

## ESRS: Sustainability statement

Part of the management report	ESRS codification	Title
1. General information	ESRS 2	<i>General disclosures</i> , including information provided under the Application Requirements of topical ESRS listed in ESRS 2 Appendix C.
2. Environmental information	<i>Not applicable</i>	<i>Disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)</i>
	ESRS E1	<i>Climate change</i>
	ESRS E2	<i>Pollution</i>
	ESRS E3	<i>Water and marine resources</i>
	ESRS E4	<i>Biodiversity and ecosystems</i>
	ESRS E5	<i>Resource use and circular economy</i>
3. Social information	ESRS S1	<i>Own workforce</i>
	ESRS S2	<i>Workers in the value chain</i>
	ESRS S3	<i>Affected communities</i>
	ESRS S4	<i>Consumers and end-users</i>
4. Governance information	ESRS G1	<i>Business conduct</i>

# Deloitte Academy upcoming events

## The Deloitte Academy – Upcoming briefings

**Webinar: Transition Planning** with *Julie Baddeley, Chair of Chapter Zero and experienced NED, James Close, Head of Climate Change at NatWest Group, and Mark Manning, Strategic Policy Advisor in Sustainable Finance at the FCA*

Monday, 30 October 2023 – 09.00-10.30

[Register here](#)

**Webinar: Sustainability Data – Using data and technology to drive change for a long-term sustainable business**

Tuesday, 14 November 2023 – 09.00-10.30

[Register here](#)

**Webinar: A Focus on your Year-End Reporting**

Monday, 20 November 2023 – 09.00-10.30

[Register here](#)

## Deloitte Academy Programme

Please scan the below QR code to view our upcoming briefings



# Appendix – overview of CSRD scoping

# Corporate Sustainability Reporting Directive (CSRD)

## Effective dates and scope

The below table shows the reporting timelines for each category of entity in scope of CSRD

#	Category	Criteria*	Reporting timeline
1	<p><b>Large EU undertakings or large EU groups</b> with over 500 employees that are public interest entities, and</p> <p><b>Large non-EU undertakings or large non-EU groups</b> with over 500 employees that are listed on an EU regulated market.</p>	<p>Must exceed two of the following (either as a single entity or on a consolidated group basis):</p> <ul style="list-style-type: none"> <li>Balance sheet total of <b>€20 million</b>;</li> <li>Net turnover of <b>€40 million</b>; and/or</li> <li>An average of <b>250 employees</b> during the financial year.</li> </ul>	For financial years starting on or after <b>1 January 2024</b> i.e., reporting due from 2025
2	<p><b>All other large EU undertakings or large EU groups</b>, and</p> <p><b>All other non-EU large undertakings or large groups</b> listed on an EU regulated market.</p>	<p>Must exceed two of the following (either as a single entity or on a consolidated group basis):</p> <ul style="list-style-type: none"> <li>Balance sheet total of <b>€20 million</b>;</li> <li>Net turnover of <b>€40 million</b>; and/or</li> <li>An average of <b>250 employees</b> during the financial year.</li> </ul>	For financial years starting on or after <b>1 January 2025</b> i.e., reporting due from 2026
3	<p><b>EU and non-EU small and medium-sized undertakings ("SMEs")</b> that are listed on an EU regulated market (and which are not micro-entities)</p>	<p>Small is defined as entities that do not exceed two of the following:</p> <ul style="list-style-type: none"> <li>More than <b>€4 million</b> balance sheet total</li> <li>More than <b>€8 million</b> net turnover, and</li> <li>More than <b>50 employees</b></li> </ul> <p>Medium is defined as entities that do not exceed two of the following:</p> <ul style="list-style-type: none"> <li>More than <b>€20 million</b> balance sheet total</li> <li>More than <b>€40 million</b> net turnover, and</li> <li>More than <b>250 employees</b> .</li> </ul>	For financial years starting on or after <b>1 January 2026</b> i.e., reporting due from 2027
4	<p><b>Large EU subsidiaries, small or medium-sized EU subsidiaries</b> that are listed on an EU regulated market, or <b>EU branches of a non-EU ultimate parent</b></p>	<p>Must meet the following criteria:</p> <ul style="list-style-type: none"> <li>At the consolidated or individual level, the non-EU ultimate parent generates net turnover <b>&gt; €150m in EU for last two years</b>; and</li> <li>The non-EU ultimate parent has an EU subsidiary undertaking that is large, or small or medium-sized and listed on an EU regulated market; or</li> <li>The non-EU ultimate parent has a branch in the EU generating net turnover <b>&gt; €40M</b> in its previous year</li> </ul>	For financial years starting on or after <b>1 January 2028</b> i.e., reporting due from 2029 (the EU subsidiaries or branches in scope will be required to report for the non-EU ultimate parent/group)

\*Note: the European Commission is consulting on adjustments to the size criteria for micro, small, medium-sized and large undertakings or groups





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