



Net0

CSRD COMPLIANCE

CHECKLIST

This checklist is a concise roadmap for businesses aligning with the EU's CSRD, offering key milestones and insights to ensure seamless sustainability reporting and regulatory compliance.



In recent years, the global push for corporate transparency and sustainability has gained unprecedented momentum. Governments, investors, consumers, and other stakeholders increasingly demand that companies disclose more than just their financial performance; they are now expected to shed light on their environmental, social, and governance (ESG) impacts as well. Amidst this backdrop, the European Union introduced the **Corporate Sustainability Reporting Directive (CSRD)** – an initiative aimed at making sustainability reporting by companies more consistent, comparable, and reliable.

The CSRD is a directive proposed by the European Union that mandates businesses to disclose detailed and standardized sustainability information. Stemming from the ambition of the EU Green Deal and the broader plan to make Europe the first climate-neutral continent by 2050, the CSRD aims to expand and strengthen the existing Non-Financial Reporting Directive (NFRD). Under the CSRD, a wider range of companies, both in terms of size and type, will be required to provide comprehensive details about their environmental and social impact, governance structure, and other sustainability-related topics.

1 AWARENESS & UNDERSTANDING

- ◆ Familiarize with the CSRD proposal presented by the European Commission in April 2021.
- ◆ Understand the EU institutions' final agreement on CSRD from June 2022.
- ◆ Stay updated on EFRAG's consultations and drafts, especially the first ESRS draft conclusion in August 2022 and the second draft proposal in November 2023.
- ◆ Keep an eye out for the publication of the final text on CSRD in the Official Journal of the EU from December 2022.

2 PROACTIVE REPORTING BLUEPRINT

- ◆ Mark your calendar for the first CSRD reporting requirements. Depending on the company type and origin, the reporting will start in January 2025, 2026, or 2027.
- ◆ If you're an SME, consider whether or not to opt-out until 2028.
- ◆ Monitor the anticipated adoptions in October 2026 and October 2028 for assurance standards by the Commission.

3

ALIGNMENT WITH GLOBAL STANDARDS

- ◆ Ensure CSRD-mandated reports contain necessary information for SFDR compliance.
- ◆ Address Article 8 of the EU Taxonomy Regulation in your CSRD reports.
- ◆ Align reporting with the Task Force on Climate-Related Financial Disclosures (TCFD) to meet global commitments.

4

STAKEHOLDER ENGAGEMENT & DIPLOMACY

- ◆ Foster robust channels of communication with EFRAG, understanding their pivotal role and ongoing consultations.
- ◆ Initiate dialogues with European regulatory bodies such as EBA, ESMA, EIOPA, and EEA, ensuring synchronicity and informed decision-making.

3

PREVENTIVE MEASURES & CONSEQUENCES

- ◆ Educate about the potential consequences of non-compliance, from public statements to sanctions or fines.
- ◆ Establish a system to monitor compliance and avoid exclusion from investment portfolios due to non-compliance.

5

CSRD COMPLIANCE STRATEGY

- ◆ Educate key team members about CSRD, especially those involved in data collection.
- ◆ Ensure everyone is updated about the CSRD impact, their responsibilities, and the importance of accurate data.
- ◆ Create a timeline for CSRD and related legislation to stay on track with reporting.
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- ◆ Emphasize both quantitative and qualitative information analysis for performance assessment.

WHY IS THE CSRD IMPORTANT

1 INCREASED TRANSPARENCY FOR INVESTORS

- ◆ The CSRD facilitates informed decision-making by investors, enabling them to more effectively evaluate the long-term risks and opportunities associated with companies based on their sustainability performance.

2 CONSISTENT REPORTING STANDARDS

- ◆ By harmonizing reporting standards across the EU, the CSRD ensures that all disclosures are consistent, comparable, and of high quality. This reduces the burden on companies trying to navigate a maze of differing national regulations and guidelines.

3 IDENTIFY OPPORTUNITIES

- ◆ Companies that adhere to the CSRD are seen as responsible and forward-thinking. Compliance fosters trust among consumers, investors, and other stakeholders, enhancing a company's reputation and brand value.

4 DRIVING SUSTAINABLE BUSINESS PRACTICES

- ◆ Mandated reporting often acts as a catalyst for companies to adopt more sustainable business practices. By having to disclose their sustainability metrics, companies become more accountable for their actions and are thus incentivized to improve.

5 CONVERGENCE WITH GLOBAL MILESTONES

- ◆ The CSRD is aligned with other global sustainability initiatives, such as the Task Force on Climate-Related Financial Disclosures (TCFD), reinforcing the EU's commitment to global sustainability goals and climate action.

Beyond compliance, view the CSRD as an opportunity to reinforce the company's commitment to sustainability, thereby enhancing brand value, fostering stakeholder trust, and ensuring a competitive edge in a market that increasingly values environmental and social responsibility.

- ◆ The Corporate Sustainability Reporting Directive (CSRD) marks a significant stride in the European Union's commitment to sustainability, transparency, and responsible business practices. As it molds the reporting landscape, the CSRD provides a clear message: a sustainable future requires meticulous insight into environmental and social impacts. By adhering to the CSRD, companies not only align with the EU's vision but also exhibit corporate responsibility that stakeholders and investors increasingly value.

2021 April: CSRD proposal presented by European Commission.

2022 June: EU finalizes CSRD agreement. August: EFRAG completes consultation on initial ESRS draft. December: CSRD's final text released; 18-month integration period starts for Member States.

2023: November: EFRAG's second ESRS draft expected.

2024: June: Second ESRS draft adoption; new SME reporting standards anticipated.

2025: January: Initial CSRD reporting for companies previously under NFRD.

2026: January: CSRD reporting commences for other major EU entities. October: Expected adoption of limited assurance standards.

2027: January: CSRD reporting starts for SMEs (with opt-out option until 2028).

2028: October: Forecasted adoption of reasonable assurance standards.

- ◆ In the transition to a low-carbon economy, the tools we employ define our success. Net0 platform emerges as an indispensable asset for entities looking to navigate this change. With state-of-the-art functionalities, it empowers businesses and organizations to implement carbon reduction with precision and foresight. Embracing platforms like Net0 means choosing a path that's not just sustainable, but also strategically aligned with tomorrow's green economic landscape.

