



FOCUS

CSRD REGULATION (The Corporate Sustainability Reporting Directive)

Updated in July 2023

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REGULATORY EVOLUTION

The European Commission (EC) adopted on 21 April 2021 a proposal for a Corporate Sustainability Reporting Directive (CSRD) in order to amend the existing reporting requirements of the NFRD (Directive 2014/95/UE).

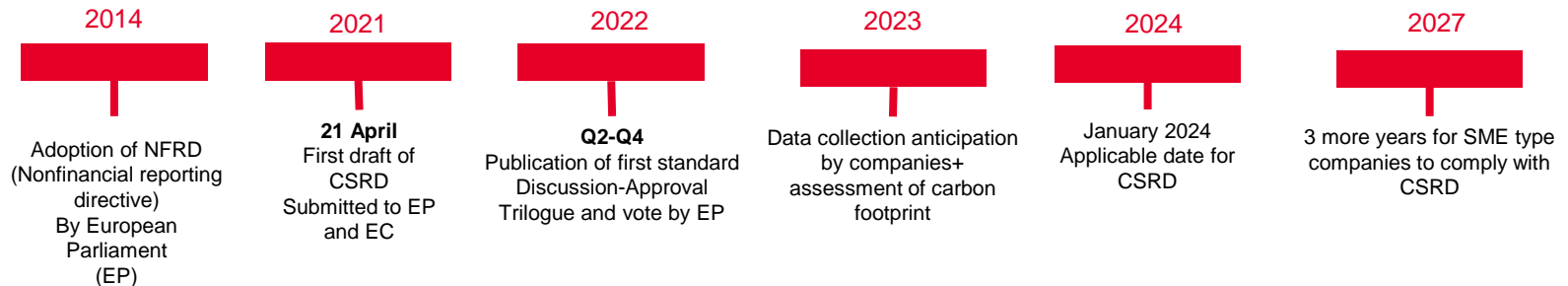
This Directive is about Reporting sustainable development of European companies.

FOCAL POINTS

As from 2023, thousands of companies will have to follow environmental, social and governance (ESG criteria) impacts. Now the non-financial Reporting will follow precise standards. This is the novelty introduced by CSRD, *Corporate Sustainability Reporting Directive* proposed in April 2021.

4 main changes have been identified:

1. Non financial information must meet requirements of stakeholders;
2. CSRD reporting relies on double materiality. Meaning that environmental and financial performances cannot be separate;
3. Reporting based on ESG criteria (Environment, Social and Governance) ;
4. CSRD scope is wider. Number of companies submitted to the reporting goes from **11,600** to more than **50,000** companies. Before, only public interest companies (banks and insurance companies) of more than 500 employees were concerned.



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STATEMENT

- ❑ CSRD targets mainly all listed companies.
- ❑ But CSRD applies also to Companies which fulfil two of the following criteria:
 - ✓ Balance sheet of € 20 millions,
 - ✓ Turnover of € 40 millions,
 - ✓ Employ at least 250 people.
- ❑ 9 November 2022 - European Parliament voted CSRD text. Companies put in place new information in 2025.
- ❑ **28 Nov 2022 - Council gives final green light to corporate sustainability reporting directive.**
 - reporting in 2025 on the financial year 2024 for companies already subject to NFRD;
 - reporting in 2026 on the financial year 2025 for large companies that are not currently subject to NFRD;
 - reporting in 2027 on the financial year 2026 for listed SMEs (except micro undertakings), small and non-complex credit institutions and captive insurance undertakings;
 - reporting in 2029 on the financial year 2028 for third-country undertakings with **net turnover above € 150 million** in the EU if they have at least one subsidiary or branch in the EU exceeding certain thresholds

FOR YOUR CONSIDERATION

- ❑ CSRD has for objective to impose to European Companies an extra - financial *reporting* precise and complete to integrate in a report published annually.
 - ❑ This extra financial reporting , as foreseen by this new and future directive, should permit to improve the disclosure and the communication, the reliance and the quality of information of the company on environmental, social and governance matters.
 - ❑ CSRD will impact 50 000 companies in Europe, including financial institutions such as Banks, Asset Managers or Insurers. They must publish coherent and standardized disclosures on ESG impacts of their activities to assess the sustainability profile of their portfolios and the allocation of capital.
- As of 7 July 2023**, the European Commission has just collected feedbacks regarding the draft delegated acts directive 2022/2464 on sustainability. The Commission will finally adopt the delegated acts **before the last quarter of 2023**. This first set of the draft delegated acts contains **more than 130 disclosures requirements** or **600 data points**. The final version of the delegated acts will also integrate the EU Taxonomy and SFDR reporting presentation. CSRD introduces a new paradigm in terms of Environmental, Social and Governance aspects. This impactful reform will involve many companies' departments, with the introduction or reinforcement of measures such as **double materiality**, due diligence along the value chain and full greenhouse gas reporting.

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 If you want to know more, refer to
Fiche To Know More

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