

# CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

- ESG Data Challenges for Financial Institutions -

“

*The CSRD is part of efforts to address this data deficit, allowing banks to access much more granular data on greenhouse gas emissions by borrowers and investee companies, which should help them more effectively calculate their own sustainability metrics, such as green asset ratios (GARs). [...] The CSRD will help banks get the essential data they need so they can meet their obligations.*

”

The Banker – Will the CSRD help banks hit new sustainability targets?





# THE EUROPEAN ACTION PLAN, TO REORIENT CAPITAL FLOWS TOWARDS SUSTAINABLE GROWTH

## What is the European Commission Action Plan ?

In March 2018, **the European Commission published its action plan on « Finance for sustainable Growth »**. The 2018 Action Plan aims to mobilise private flows towards economic activities that enable to reach a carbon-neutral economy by 2050 while avoiding green-washing.

## What are the 3 objectives of the European Action Plan?

1

Reorient capital flows towards sustainable investment, in order to achieve sustainable and inclusive growth

2

Integrate sustainability into risk management in a systemic manner

3

Foster transparency and long-termism in financial and economic activity



**The European Corporate Sustainability Reporting Directive (CSRD)** aims to harmonise corporate sustainability reporting and improve the availability and quality of published data



# THE CSRD, A STEP-UP IN SUSTAINABILITY DISCLOSURES

## What is the CSRD?

The main objective is to harmonize companies' sustainability reporting and to improve the availability and quality of ESG disclosures. The CSRD adopted by the European Parliament on November 2022 replaced the NFRD (Non-Financial Reporting Directive).

## What is the application timeline?

APPLICATION DATE	REPORTING DATE	SCOPE
1st January 2024	2025	<b>LISTED COMPANIES</b> / MORE THAN 500 EMPLOYEES, AND MORE THAN €40M IN TURNOVER AND/OR A €20M BALANCE SHEET TOTAL.
1st January 2025	2026	<b>ALL OTHER LARGE EUROPEAN COMPANIES</b> , I.E. THOSE THAT MEET TWO OF THE FOLLOWING THREE CRITERIA: MORE THAN 250 EMPLOYEES, A NET TURNOVER EXCEEDING €40M AND/OR A BALANCE SHEET TOTAL EXCEEDING €20M.
1st January 2026	2027	<b>SMES LISTED ON A REGULATED MARKET</b> , WITH THE EXCEPTION OF MICRO-ENTERPRISES. THE SMES WILL APPLY LIGHTER REPORTING STANDARDS AND WILL BE ABLE TO POSTPONE THEIR REQUIREMENTS BY TWO YEARS.
1st January 2028	2029	<b>EU BRANCHES</b> WITH A NET TURNOVER OF €40M OR MORE AND EU SUBSIDIARIES OF NON-EU COMPANIES THAT AT A GROUP LEVEL (OR IF NOT APPLICABLE INDIVIDUAL LEVEL) GENERATE A NET TURNOVER OF MORE THAN €150M



# THE ESRS, A CSRD GUIDE WITH 3 LAYERS

## What are the ESRS?

- **The ESRS are a supplement to the directive CSRD in order to support companies to report CSRD.** The ESRS will be reviewed every 3 years. It is worth mentioning that ESRS are aligned with the Global Reporting Initiative (GRI) and with the International Sustainability Board (ISSB) standards (IFRS sustainability standards)\*.
- The European Financial Advisory Group (EFRAG) (mandated by the European Commission) drafted the European Sustainability Reporting Standards (ESRS). They were adopted in July 2023.

### SEVERAL SETS OF STANDARDS WILL BE PROGRESSIVELY ADOPTED (DELEGATED ACTS)

1	SECTOR AGNOSTIC	Disclosure requirements applicable to all companies
2	SECTOR SPECIFIC	Disclosure requirements applicable to all companies for a specific sector
3	ENTITY	Disclosure requirements applicable notably to smes listed on regulated markets

# THE SECTOR AGNOSTIC ESRS WERE PUBLISHED

- **The Sector Agnostic ESRS were adopted by the European Commission in July 2023 :**

- ESRS 1 details general requirements the companies need to comply with notably key concepts (double materiality, sustainability due diligence, value chain reporting and reporting periods) (cf. next slide).
- ESRS 2 contains disclosure requirements related to 4 areas : Governance, Strategy and Business Model, Impact, Risk and Opportunity Management, and Metrics and Targets.
- Topical Standards detail the material impacts, risks and opportunities related to each sustainability topic.



SECTOR AGNOSTIC ESRS			
CROSS CUTTING STANDARDS	TOPICAL STANDARDS		
	ENVIRONNEMENT	SOCIAL	GOVERNANCE
ESRS 1 : General Requirements	ESRS E1 : Climate Change	ESRS S1 : Own workforce	ESRS G1 : Business Conduct
ESRS 2 : General Disclosures	ESRS E2 : Pollution	ESRS S2 : Workers in value chain	
	ESRS E1 : Water and Marine Resources	ESRS S3 : Affected Communities	
	ESRS E1 : Biodiversity and ecosystems	ESRS S4 : Consumers & end users	
	ESRS E1 : Resource use & circular economy		



# THE CSRD REQUIRED DISCLOSURES CONCEPT TO COMPLY WITH



## Double Materiality

The sustainability disclosures include impact of the company on Environmental, Social and Governance factors but also financial risks arising from them on the company (physical and transition risks).

## Value Chain Reporting

The disclosures are not limited to the company own activities but also include its value chain.

## Sustainability Due Diligence

Company processes to identify and mitigate the adverse impacts related to its. It is related to the Corporate Sustainability Due Diligence Directive (CSDDD)

## Time Horizons

- Time horizons to consider in sustainability disclosures :
- Short Term (i.e. reporting period)
  - Medium Term (i.e. up to 5 years)
  - Long Term (i.e. more than 5 years)

# ESG DATA CHALLENGE FOR FINANCIAL INSTITUTIONS

The CSRD standardized the non-financial reporting requirements and allows Financial Institutions to access much more reliable ESG data.



## CHALLENGES

**Analysis and Expertise**

**Use case definition**  
(reporting like Pillar 3 ESG, climate stress test, decarbonization pathway...etc)

**Data Collection (e.g. External Providers, IT projects...)**

**Data Governance**



# CONTACTS



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## Coordonnées

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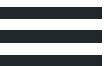
BlueWings obtained an Ecovadis silver medal in 2023 for its CSR performance





# APPENDICES





# APPENDIX : SOURCES

## DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS

### Cover letter



November 2022



16.12.2022 Official Journal of the European Union L 322/15

### DIRECTIVES

**DIRECTIVE (EU) 2022/2464 OF THE EUROPEAN PARLIAMANT AND OF THE COUNCIL**  
of 14 December 2022  
amending Regulation (EU) No 937/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting  
(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee <sup>(1)</sup>,

Acting in accordance with the ordinary legislative procedure <sup>(2)</sup>,

Whereas

(1) In its communication of 11 December 2019 entitled 'The European Green Deal' (the 'Green Deal'), the European Commission made a commitment to review the provisions concerning non-financial reporting of Directive 2013/34/EU of the European Parliament and of the Council <sup>(3)</sup>. The Green Deal is the new growth strategy of the Union. It aims to transform the Union into a modern, resource-efficient and competitive economy with no net emissions of greenhouse gases (GHG) by 2050. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of Union citizens from environment-related risks and impacts. The Green Deal aims to decouple economic growth from resource use, and ensure that all regions and Union citizens participate in a socially just transition to a sustainable economic system whereby no person and no place is left behind. It will contribute to the objective of building an economy that works for the people, strengthening the Union's social market economy, helping to ensure that it is ready for the future and that it delivers stability, jobs, growth and sustainable investment.

These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. Regulation (EU) 2021/1119 of the European Parliament and of the Council <sup>(4)</sup> makes the objective of climate neutrality by 2050 binding in the Union. Moreover, in its Communication of 20 May 2020 entitled 'EU Biodiversity Strategy for 2030: Bringing nature back into our lives', the Commission commits to ensuring that by 2030 all of the world's ecosystems are restored, resilient and adequately protected. That strategy aims to put Europe's biodiversity on a path to recovery by 2030.

<sup>(1)</sup> OJ C 517, 22.12.2021, p. 51.  
<sup>(2)</sup> Position of the European Parliament of 10 November 2022 (not yet published in the Official Journal) and decision of the Council of 24 November 2022.  
<sup>(3)</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directive 78/660/EEC and 83/476/EEC (OJ L 266, 26.2013, p. 19).  
<sup>(4)</sup> Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (European Climate Law) (OJ L 243, 9.7.2021, p. 1).



Brussels, 31.7.2023  
C(2023) 5303 final

### COMMISSION DELEGATED REGULATION (EU) .../...

of 31.7.2023

supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

(Text with EEA relevance)

