

EU CORPORATE SUSTAINABILITY DIRECTIVE: A GUIDE TO MEETING CSRD REGULATIONS

WHAT IS THE CSRD?

The Corporate Sustainability Reporting Directive (CSRD) is the new EU directive that will take effect for large and listed companies, obligating them to share much more granular sustainability information than its predecessor the Non-Financial Reporting Directive (NFRD). Companies will have to disclose sustainability information in their management report according to mandatory European sustainability reporting standards and file it in a digital, machine-readable format.



WHAT ARE THE OBJECTIVES?

- Shift capital towards ESG-supportive investments.
- Manage financial risks from the impact of climate change, resource depletion, and social issues.
- Enhance transparency in financial and economic performance reporting.

WHO IS AFFECTED BY THE CSRD?

Approximately 50,000 companies worldwide will be required to disclose, track and measure their sustainability performance. All large companies and all companies listed on regulated markets (except micro-enterprises) must comply with CSRD reporting requirements. Next to these criteria, companies have to meet at least two out of the following three requirements:

 **€40 million+**
in net turnover

 **€20 million+**
on the balance sheet

 **250+**
employees

Though it's an EU directive, the CSRD also applies to companies based abroad that have a presence in the EU. Smaller companies are also permitted to report less detailed information.

WHAT NEEDS TO BE DISCLOSED UNDER THE CSRD?

Companies must disclose sustainability information in their management reports, aligning financial and sustainability reporting. Data must be submitted in a standard digital format for easy checking and comparison in the European database.

WHEN WILL THE CSRD COME INTO EFFECT?

CSRD compliance is being phased in from 2024 through 2029, and is based primarily on the Non-Financial Reporting Directive (NFRD) legacy or company size, with the first reports due in 2025.

- **FY2024** - Companies already subject to the NFRD must begin reporting in 2025 on their 2024 financial year.
- **FY2025** - Large companies not currently subject to NFRD must begin reporting in 2026 on their 2025 financial year.
- **FY2026** - Listed SMEs are included through simplified reporting standards in 2027 on their 2026 financial year.
- **FY2028** - International companies with a net turnover of above €150million in the EU who meet other CSRD requirements must begin reporting in 2029 for their 2028 financial year.

RISKS OF NOT COMPLYING

The cost of inaction could be severe – there will be significant legal, reputational, and financial impacts on commercial landlords and organisations that fail to comply. Companies that fail to report and comply with the CSRD face fines up to €10million or 5% of their annual revenue.

5 STEPS TO PREPARE FOR CSRD REGULATIONS

- 1 Identify your data** – Define the data you need to collect, such as emissions or energy usage, and the devices to collect it from to create a holistic picture of how buildings operate.
- 2 Onboard devices** – Discover and capture data from building management systems, smart meters, access control systems and other devices for everything on a building's network.
- 3 Scale monitoring** – Have a defined approach to capturing and reporting on sustainability data that can be scaled across a building portfolio.
- 4 Adopt a consistent reporting approach** – Have one tool in place to provide a consistent, clear picture of sustainable performance to enable accurate reporting.
- 5 Identify root cause** – Use data and insights from reporting to identify inefficiencies and energy waste in real-time and trigger automated processes to optimise performance.

NEXT STEPS

Having a partner like **Onnec iQ** can put organisations on the pathway to CSRD reporting by providing a quick way to optimise and report on building sustainability data.

We accelerate and automate the process of capturing and analysing data from building management systems (BMS), IoT devices and OT data points. This allows organisations to measure, manage and optimise energy consumption faster. These insights help to create smarter, more efficient buildings and ensure compliance with CSRD regulations.

Get in touch with us today to learn how **Onnec iQ** can help you with your building optimisation projects and ESG reporting.