



EU REGULATION CSRD - MAPPING WITH ISO STANDARDS

Simply leveraging sustainability | 26.10.2023



CSRD – Understanding the Directive

CSRD: Corporate Sustainability Reporting Directive

is a law of the EU which entered into force in January 2023

affects approx. 50,000 companies in EU

reporting requirements are stipulated in the **ESRS – the European Sustainability Reporting Standards**

ESRS are based on international frameworks such as ISSB, GRI, SASB and TCFD – Verification is mandatory!

CSRD – Who is affected



AFFECTED COMPANIES

NFRD (Current EU Directive 2014/95/EU)

All **capital market-oriented** companies, insurance companies and credit institutions with...

- > 500 employees *and*
- > 40 million in sales *or*
- > 20 million balance sheet total

CSRD: gradual approach

On FY 2024 with a reporting deadline in 2025:

Listed large companies already subject to the NFRD with
> 500 employees *and*
> 40 Mio. € turnover *or* 20 Mio. € balance sheet total

On FY 2025 with a reporting deadline in 2026:

Large companies not subject to the NFRD with*
> 250 employees
> 40 Mio. € turnover
> 20 Mio. € balance sheet total

On FY 2026 with a reporting deadline in 2027:

For **listed SMEs**, small and non-complex credit institutions and captive insurance undertakings with* (opt-out phase until 2028)
> 10 employees
> 700.000 € turnover
> 350.000 € balance sheet total

CSRD – Who is affected

Subsidiaries are **exempt from the reporting obligation**

- If their parent undertaking publishes a consolidated management report according to CSRD sustainability reporting requirements.
 - In this case, they must include a note on the exemption in their management report and:
 - State the name and registered office of the parent company
 - Include a link to their management report

Beginning January 1, **2028**, with a reporting deadline of 2029 Non-European companies with net sale of > 150 Mio. € IN THE EU must prepare a CSRD conform sustainability report at the consolidated level of the top third country company....

- ... where at least one subsidiary OR branch in the EU meets the following criteria:

For subsidiaries in the EU

Large company

that meets 2 of 3 criteria:

- > 250 employees
- > 40 Mio. € turnover
- > 20 Mio. € balance sheet total

Listed company

that meets 2 of 3 criteria:

- > 10 employees AND
- > 700.000 € turnover OR
- > 350.000 € balance sheet total

For branches in the EU:

- > 40 Mio. € net sales

Reporting about non financial disclosure

- Opinion

In order to be comply according CSRD/ESRS requirements, companies need sustainability management as a basis for managing non-financial disclosure

Definition management system:

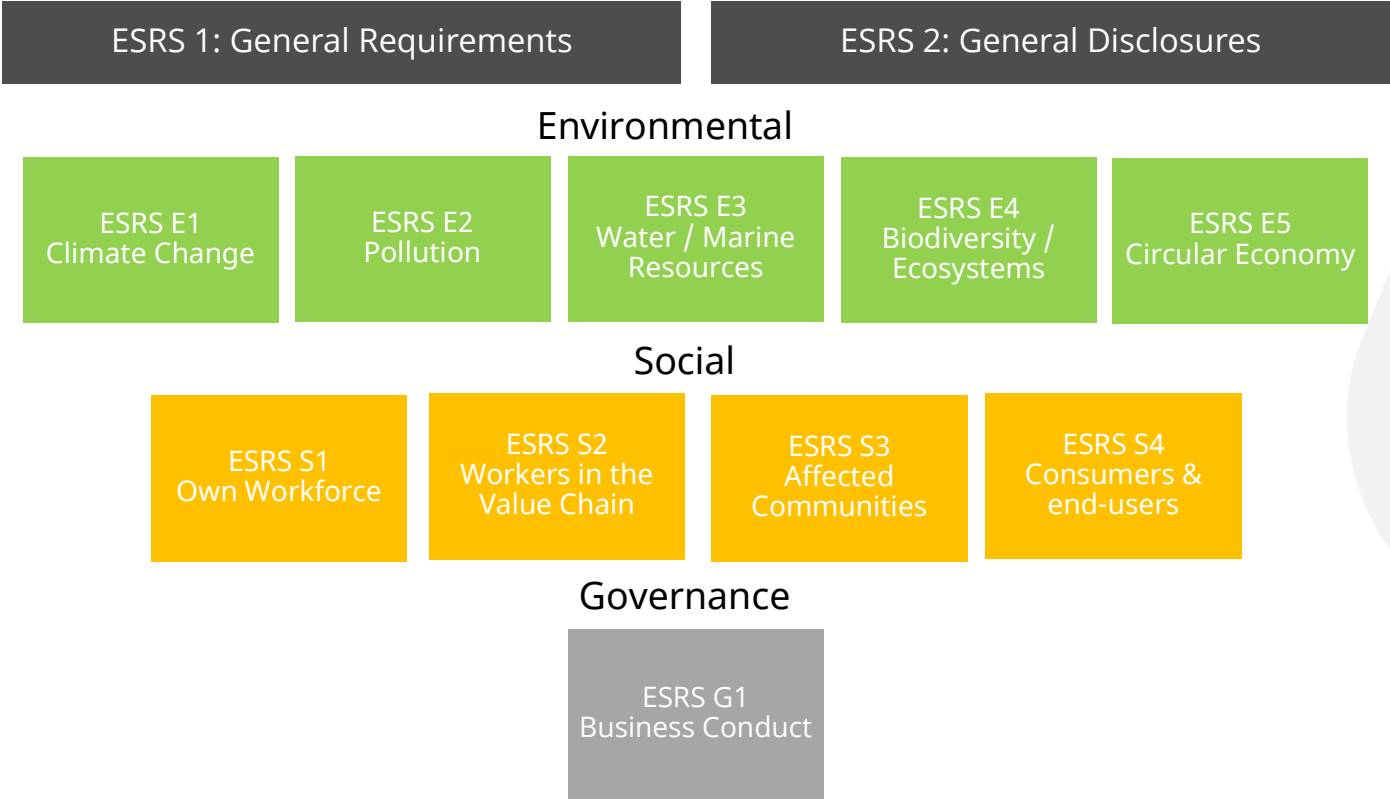
„set of interrelated or interacting elements of an organization to establish policies and objectives, and processes (3.24) to achieve those objectives.“

Source: Guidelines for auditing management systems (ISO 19011:2018); German and English version EN ISO 19011:2018, Site 16

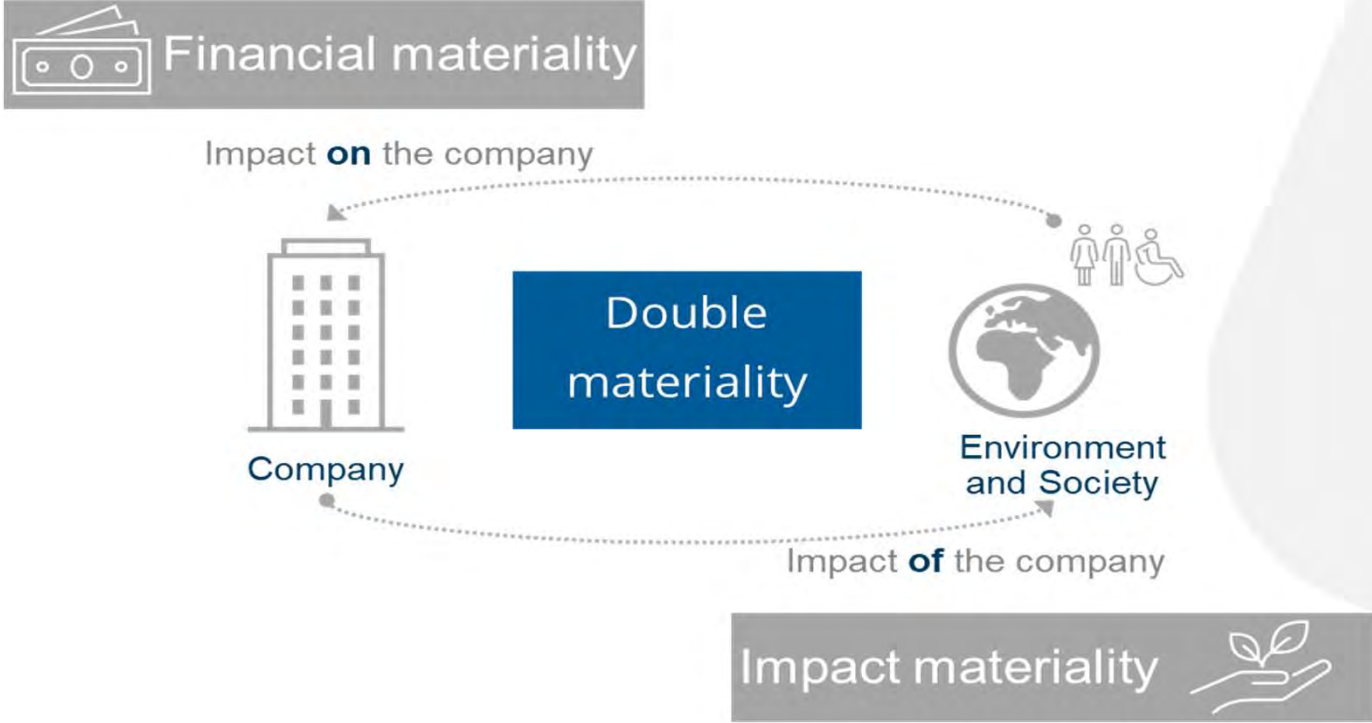


ESRS Standards overview

Cruss Cutting Standards




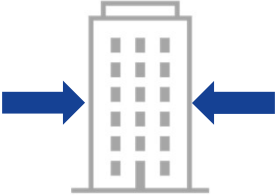




Double Materiality



Source: DFGE Presentation DQS CFS CSRD Training

Double materiality concept - Simple vs. Double

| | | | | | | |
|---|--|------------------------------|--|--|------------------|------------------|
|  European Financial Reporting Advisory Group |   | Financial materiality | Impact of sustainability topics on business performance, business results and the situation of the company |  | Opportunitites | Risks |
| |  | Impact materiality | The company's impact on sustainability topics |  | Positive impacts | Negative impacts |

Source: DFGE Presentation DQS CFS CSRD Training

ESRS 2 General Disclosures - Overview

Reporting Areas

[draft] ESRS 2 -Overview



Standard with Disclosure Requirements at sector-agnostic level that cover E, S and G matters . It is not subject to the materiality assessment.

Governance

Strategy

Impact, risk and
opportunity management

Metrics and Targets

- 4-pillar approach aligned with international sustainability reporting frameworks
- Definition and outcome of the double materiality assessment
- Minimum disclosures for policies, actions and targets applied at topical level
- List of mandatory datapoints across sector-agnostic standards

Quelle:
Screenshot EFRAG,
Presentation, „Educational
session on draft ESRS 2
General disclosures“,
Gemma Sanchez Danes,
Januar 2023
[First Set of draft ESRS - EFRAG](#)

Link between ISO Standards and ESRS requirements

HLS (High Level Structure) or new HS (Harmonized Structure)

ESRS 2: General disclosure requirements cover the following reporting areas:

Governance (GOV)

The governance processes, controls and procedures used to monitor and manage impacts, risks and opportunities. In Chapter 5 (Leadership) in ISO-Standards with HLS/HS determination and formulation of company policy on specific topics and establish a governance structure with roles, responsibilities and authorities is mandatory.

Strategy (SBM)

How the undertaking's strategy and business model(s) interact with its material impacts, risks and opportunities, including the strategy for addressing them. Chapter 4 in ISO-Standards with HLS/HS is Context of organization, means doing a Materiality Assessment incl. evaluating stakeholder requirements.

Impact, risks and opportunity management (IRO)

The process(es) by which impacts, risks and opportunities are identified, assessed and managed through policies and actions. Chapter 6 in ISO-Standards with HLS/HS is Planning and includes also managing risk and opportunity. Maybe also the ISO standard ISO 31000 (risk management) can help you to be comply with the requirement from ESRS.

Metrics and targets (MT)

How the undertaking measures its performance, including progress towards the targets it has set. In Chapter 9 (Performance Evaluation) in ISO-Standards with HLS/HS you have to manage Targets.

ESRS Environmental (E)

Example Mapping ISO Standards and Sustainable Topics

| | |
|---|---|
| <p>ESRS E1 Climate Change</p> | <ul style="list-style-type: none"> • ISO 14064-1:2018 Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals • ISO 14064-2:2019 Greenhouse gases — Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements |
| <p>ESRS E2 Pollution</p> | <ul style="list-style-type: none"> • ISO 14001:2015 Environmental management systems Requirements with guidance for use • ISO 14008:2019 Monetary valuation of environmental impacts and related environmental aspects • ISO 14031:2021 Environmental management - Environmental performance evaluation - Guidelines |
| <p>ESRS E3 Water / Marine Resources</p> | <ul style="list-style-type: none"> • ISO 46001:2019 Water efficiency management systems Requirements with guidance for use • ISO 14002-2:2022 Environmental management systems <i>Draft</i> - Guidelines for using ISO 14001 to address environmental aspects and conditions within an environmental topic area - Part 2: Water (ISO/DIS 14002-2:2022) |
| <p>ESRS E4 Biodiversity / Ecosystems</p> | <ul style="list-style-type: none"> • BS 8583:2015 Biodiversity. Guidance for businesses on managing the risks and opportunities • BS 8683:2021 Process for designing and implementing Biodiversity Net Gain. Specification |
| <p>ESRS E5 Circular Economy</p> | <ul style="list-style-type: none"> • ISO/DIS 59004:2023 <i>Draft</i> - Circular Economy - Terminology, Principles and Guidance for Implementation • ISO/DIS 59010:2023 <i>Draft</i> - Circular Economy - Guidance on the transition of business models and value networks • ISO/DIS 59020:2023 <i>Draft</i> - Circular economy - Measuring and assessing circularity • ISO 45560:2023 <i>Draft</i> - Method to achieve circular designs of products |

ESRS Social (S)

Example Mapping ISO Standards and Sustainable Topics

| | |
|--|---|
| ESRS S1 Own Workforce | <ul style="list-style-type: none">• ISO 45001:2018 Occupational health and safety management systems - Requirements with guidance for use• ISO 45003:2021 Occupational health and safety management - Psychological health and safety at work - Guidelines for managing psychosocial risks• ISO 30414:2019 Human resource management - Guidelines for internal and external human capital reporting |
| ESRS S2 Workers in the Value Chain | <ul style="list-style-type: none">• SA8000 (Social Accountability 8000)• ISO 44001:2017 Collaborative business relationship management systems - Requirements and framework• ISO 20400:2017 Sustainable procurement - Guidance |
| ESRS S3 Affected Communities | <ul style="list-style-type: none">• ISO 26000:2021 Guidance on social responsibility• ISO 44001:2017 Collaborative business relationship management systems - Requirements and framework |
| ESRS S4 Consumers & end-users | <ul style="list-style-type: none">• ISO 26000:2021 Guidance on social responsibility• IQNET SR10• ISO 44001:2017 Collaborative business relationship management systems - Requirements and framework |

ESRS Governance (G)

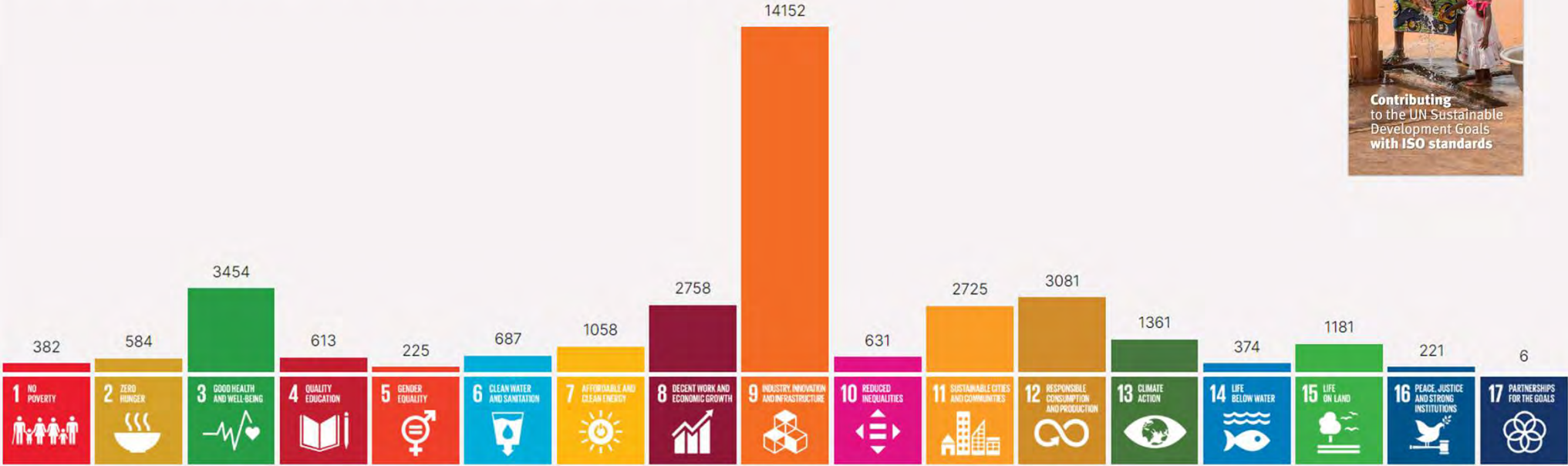
Example Mapping ISO Standards and Sustainable Topics

| | |
|--------------------------------|--|
| ESRS G1 Business Conduct | <ul style="list-style-type: none">• ISO 37001:2018 Anti-bribery management systems - Requirements with guidance for use• ISO 37301:2021 Compliance management systems - Requirements with guidance for use• ISO/DIS 37005:2023 <i>Draft</i> - Governance of organizations - Developing Indicators for effective governance |
|--------------------------------|--|

International Organization for Standardization und SDG

ISO contributes to all of the Sustainable development goals

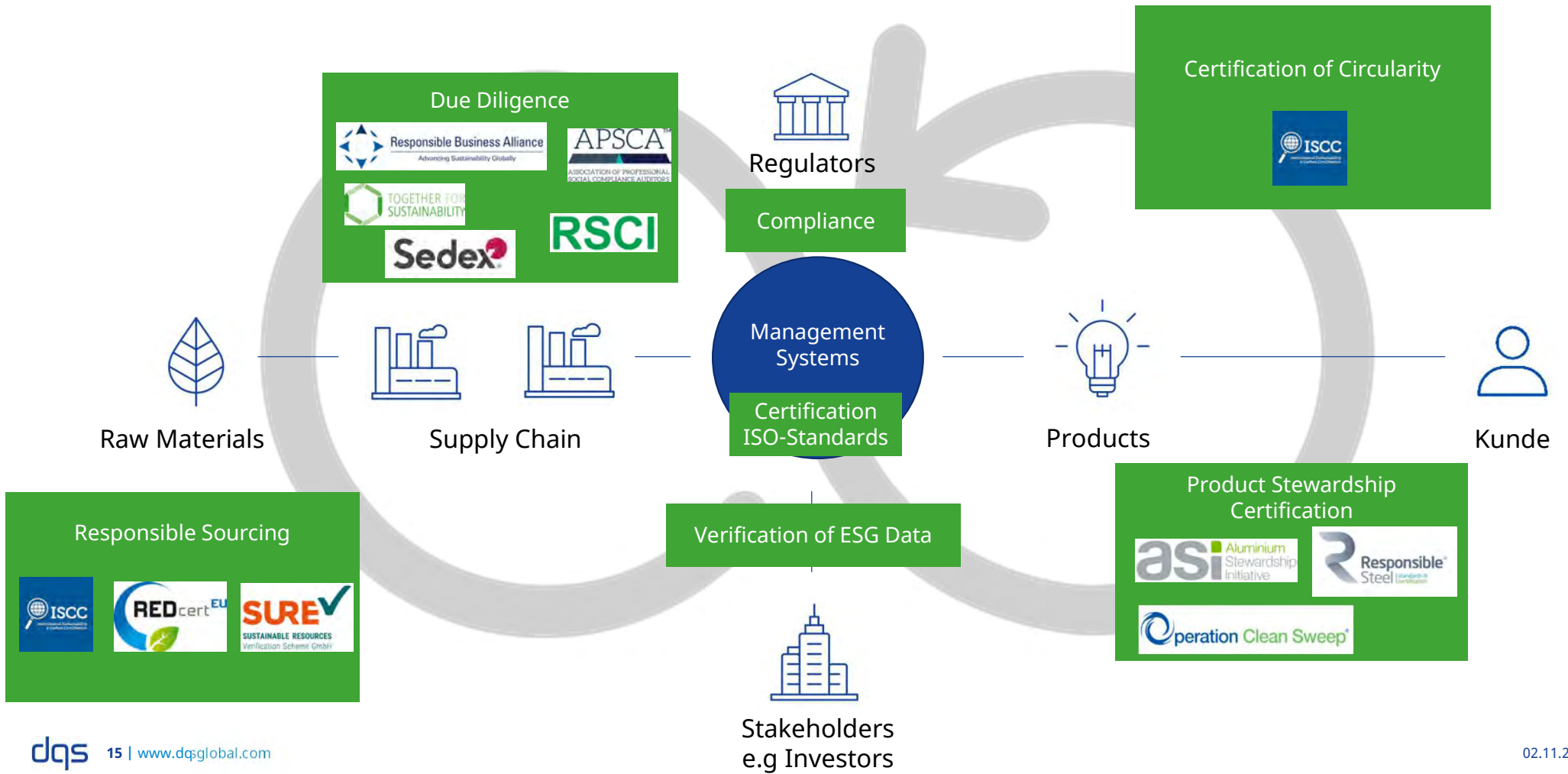
Here you can see the number of ISO standards that apply to each Goal.



Quelle: [ISO - Sustainable Development Goals](#)

Suchfunktion ISO: [ISO - Advanced search](#)

Service Spectrum Sustainability



Verification & Validation of ESG Data

Third-party Assurance

Verification of Sustainability Reporting

Verification of Reports in accordance with GRI, SASB, ESRS,



Verification of Carbon Footprints

Corporate Carbon Footprint & Product Carbon Footprint as well as other specific ESG performance indicators





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