NFRD COMPANIES

- Large **public-interest** corporations
- with more than 500 employees
- 20€ mln net asset
- 40€ mln turnover

Including listed entities, insurance companies, and banks

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE CHANGES IN SCOPE



CSRD COMPANIES

- ☐ "NFRD companies": FY 2024 (publication in 2025)
- ☐ All other large companies: FY 2025 (publication in 2026)
- ☐ Listed SMEs: FY 2026 (publication in 2027)
 - ✓ Option to use "ESRS for SMEs"
 - √ 2-year opt-out
- □ Non-EU companies exceeding EU turnover threshold and with subsidiaries or branches in EU: FY 2028 (publication in 2029)

SUBSIDIARY EXEMPTION

If the parent undertaking produces a consolidated sustainability report conforming with the CSRD

It also applies to subsidiaries that are public interest entities

LARGE COMPANY THRESHOLD

A large company is a company that meets at least **2 out of the 3 following criteria**:

- **€40** mln net turnover → €50 mln from FY2024
- **▶** €20 mln balance sheet → €25 mln from FY2024
- **250** or more employees

A SME company:

Meets at least **2 out of the 3 following criteria**:

- ✓ Net turnover: 8€
 mln €40 mln
 (€10 -€50 mln from
 FY2024)
- ✓ Balance sheet \rightarrow €4 mln €20 mln (€5-€25 from FY2024)
- \checkmark 50 250 employees
- □ Doesn't exceed more than 1/3 of criteria

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE RULES FOR SMES (LISTED)





Small and medium-sized undertakings will be given the possibility of reporting in accordance with standards that are **proportionate to their capacities and resources**, and relevant to the scale and complexity of their activities.

Provisions on sustainability reporting for SMEs should apply for financial years starting on or

after 1 January 2026. Following that date, for a **transitional period of two years**, SMEs have

the possibility of **opting out** from the requirements.

- Listed SMEs: mandatory disclosure → LSME standards by EFRAG
- \square Non-listed SMEs: voluntary disclosure \longrightarrow VSME standards by EFRAG

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE SMES (LISTED)



SMEs may **limit their sustainability reporting** to the following information:

- a) Description of the undertaking's business model and strategy;
- **b) Policies** in relation to sustainability matters;

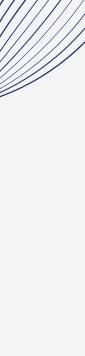


- c) Principal actual or potential adverse impacts, and any actions taken to identify, monitor, prevent, mitigate or remediate them;
- d) The principal risks to the undertaking related to sustainability matters and how the undertaking manages those risks;
- e) Key indicators necessary for the disclosures referred to in points (a) to (d).



ONE COMMON LANGUAGE

- 1st time sustainability and financial reporting are placed on an equal footing
- Movement beyond compliance: forward-looking approach to sustainability strategy definition, focus on internal processes and management oversight
- The EU standards include all sustainability issues under a **double materiality perspective**
- **ESRS standards are mandatory** under the CSRD also for listed SMEs
- CSRD & ESRS will also apply to certain NON-EU companies



CORPORATE SUSTAINABILITY REPORTING DIRECTIVE DISCLOSURE CONTENT



BUSINESS MODEL & STRATEGY

- 1. Sustainability priorities &
- 2. link with business model
- 3. Transition plans and actions
- 4. Opportunities and resilience of business models
- 5. Stakeholder Engagement

GOVERNANCE

- 1. Policies, incentive schemes Due
- 2. Diligence & the process to conduct it
- 3. Role of management & supervisory bodies
- 4. Value Chain & Business Relations

METRICS & TARGETS

- 1. Targets & their progress status
- 2. Indicators & Metrics

IMPACTS, RISKS, & OPPORTUNITIES

- 1. Principal actual and potential adverse impact (PAI)
- 2. Financial Risks & Opportunities
- 3. Actions to identify, monitor, mitigate and prevent them



CSRD & ESRS TIMELINE



