



CSRD and ESRS: how to proceed?

Action perspective for compliance function

Introduction

As the ESG Expert Group, we look back quite contently on our successful ESG event on September 11. In it, regulator the AFM outlined what it expects from large companies in terms of sustainability reporting under the CSRD and ESRS. This important topic was also discussed from the perspective of the auditor and the company that falls within the scope of those European regulations. Compliance is meeting expectations. It was concluded that all stakeholders, each from their own role and associated responsibility, must make an effort to meet the high expectations in this regard.

As for the role of the compliance officers of the companies involved, it was concluded that they have an important role to play. After all, according to the VCO's current professional competence profile, 'compliance' means strengthening the integrity of the organization in order to contribute to *sustainable* value creation. And the essence of the compliance officer profession is to promote that integrity by providing advice and training and by monitoring compliance with standards. To assist VCO members in fulfilling that important task as well as possible, this memorandum has been prepared. It offers an action perspective for the companies that need to work on this and their compliance officers.

CSRD and ESRS: what is it about?

The CSRD (Corporate Sustainability Reporting Directive) is a European directive that came into effect on January 5, 2023. Because it is a directive and not a regulation, it must still be implemented in each of the 27 EU member states, including the Netherlands. That implementation process is now underway. The CSRD modernizes the rules surrounding the ESG (Environmental, Social, Governance) information that certain companies must report. To this end, mandatory and particularly detailed standards, the ESRS (European Sustainability

Reporting Standards), have been developed and established by the European Commission. The European Parliament and the Council still have to give their approval to this, implementation at Member State level is then no longer necessary for the entry into force of the ESRS.

The new rules will ensure that investors and other stakeholders have better access to the information they need to assess the impact of companies or people and the environment. Investors can therefore better assess the financial risks and opportunities arising from climate change and other sustainability issues. Harmonization of the documentation to be provided should lead to better comparability of sustainability reports for users and lower reporting costs for preparers.

The first companies shall report on sustainability for the 2024 financial year in the 2025 calendar year.

CSRD and ESRS: how to proceed?

Guidelines

As part of the preparation of this document, we looked at what guidelines are currently available online. Several organizations have drafted and published such guidelines. In majority these are in the Dutch language. From these, it becomes clear that this is not a file of '*quick & dirty fixes*'. Businesses can prepare well for what is to come in a variety of ways. And as so often, the adage: 'a good start is half the battle'.

SER and RJ: CSRD and ESRS | [Questions and Answers](#)

The Social and Economic Council (SER) and the Council for Annual Reporting (RJ) prepared a 'Questions and answers' document to support companies in the preparation of their sustainability reports. Its most recent version is dated November 8 2023. In Chapter 5, '**What steps to take now?**', SER and RJ discuss successively (i) how a company can prepare for the approaching obligations, (ii) what the possible challenges are in doing so, and (iii) where a company can start. At the end, SER and RJ provide some useful links to more information on the CSRD and ESRS, including their own [webinar](#) series.

NBA: Corporate Sustainability Reporting Directive | An explanation of CSRD requirements and support in complying with these rules - [White paper](#)

In the same month, the Royal Association of Chartered Accountants (NBA) published a so-called '*white paper*' on CSRD. With this paper, the NBA also aims to support companies in complying with the CSRD. In chapter 9, the NBA lists the steps that reporting organizations should take to become 'CSRD-proof'.

Sdu: ESG & CSRD | How do you start the route to sustainable business operations?

SDU also published useful information [documentation](#), which can be downloaded from the Sdu website. Among other things, it contains a clear visualization of the (eight) steps for an efficient ESG strategy.

CSRD and ESRS: no time to lose!

With reference to the exploratory research [report](#) published by the AFM on March 31 this year companies need to get started with sustainability reporting. The documents mentioned above can be helpful in answering the question of how and where to start with CSRD and ESRS compliance. Or, to speak with SER and RJ:

'Sustainability reporting is new and the sustainability report is becoming an important and comprehensive part of the management report In short, it is a challenge and it takes time to do it (well). It's an open door: start and begin now. But..., not everything has to be done at once.'

Questions and comments

We hope with this, as KT ESG, to be of service to our VCO members in their challenging but important task. Any questions, comments or suggestions for improvement of this document are of course welcome at info@vco.nl.

We ourselves will keep this document up to date and periodically make any necessary changes.
