

The Corporate Sustainability Reporting Directive (CSRD): FAQ for market participants

From January 2025, new ESG reporting requirements for companies will take effect under the EU Corporate Sustainability Reporting Directive. The rules will extend the scope of companies mandated to report over 500 sustainability criteria to 50,000¹ European and global firms across the financial and non-financial sectors. This FAQ will help market participants understand what data will be disclosed publicly, when and by whom, as well as how to access this data.

What is the CSRD?

On January 5, 2023 the Corporate Sustainability Reporting Directive (CSRD) entered into force, and the detailed reporting requirements (European Sustainability Reporting Standards) were adopted in July 2023. This new directive modernizes and strengthens the rules concerning the ESG information that both European and global companies have to report. Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The standards were developed by the European Financial Reporting Advisory Group (EFRAG), an independent body whose mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting.

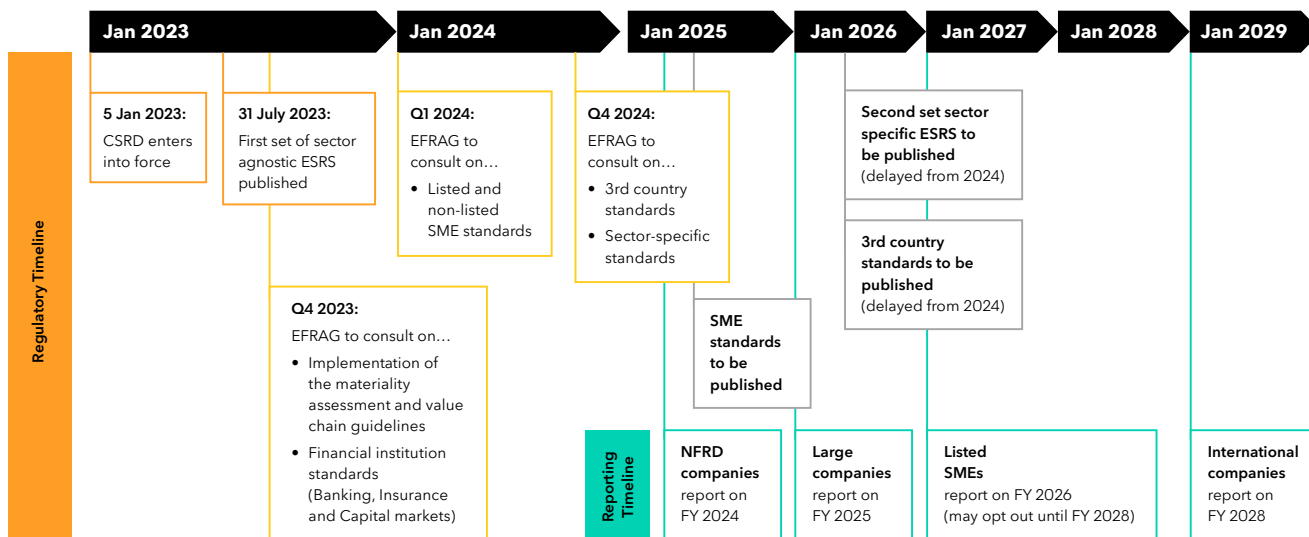


Figure 1. Timeline for entry into force. (Source: Bloomberg)

¹<https://www.europarl.europa.eu/news/en/press-room/20221107IPR49611/sustainable-economy-parliament-adopts-new-reporting-rules-for-multinationals>

The Corporate Sustainability Reporting Directive (CSRD):
FAQ for market participants

The ESRS introduces over 500 metrics to be reported across the spectrum of environment, social, and governance criteria. Focus areas of the reporting requirements include:

- **Double materiality** - The rules require companies to identify both their impacts on people and environment (impact materiality) as well as the sustainability matters that financially impact the undertaking (financial materiality), which means performing the assessment is more complex than what companies are doing currently
- **Targets** - In addition to disclosing information on policies and initiatives, the CSRD requires organizations to set targets (including absolute GHG emission reduction targets for at least 2030 and 2050), select a baseline and report progress towards these targets
- **Mandatory assurance** - Limited assurance is mandatory from the onset. This means in scope firms are required to get an auditing firm to check their sustainability reporting for misstatements
- **Value chain** - The rules are extending the scope of reporting to the whole value chain within the EU and in third-party countries if the undertaking's value chain extends outside the union

By adopting these common standards, the Commission aims to help companies to communicate and manage their sustainability performance more efficiently and therefore to have better access to sustainable finance funds.





Cross-cutting standards 	Environment 	Social 	Governance 
ESRS 1 General Requirements	ERS E1 (9 sections) Climate Change	ERS S1 (17 sections) Own Workforce	ESRS G1 (6 sections) Business Conduct
ESRS 2 General Disclosures	ERS E2 (6 sections) Pollution	ERS S2 (5 sections) Workers in the Value Chain	
	ERS E3 (5 sections) Water & Marine Resources	ERS S3 (5 sections) Affected Communities	
	ERS E4 (6 sections) Biodiversity & Ecosystems	ERS S4 (5 sections) Consumers & End-Users	
	ERS E5 (6 sections) Circular Economy		

Figure 2. Mandatory reporting standards under CSRD. (Source: European Commission)

Who will need to report?

Given the vastly increased breadth and depth of these reporting requirements, the disclosures are staggered over time to allow sufficient time for preparation. The CSRD impacts a significantly expanded scope of companies compared to its predecessor, the Non-Financial Reporting Directive (NFRD), including listed small and medium sized enterprises (SMEs) and international companies.

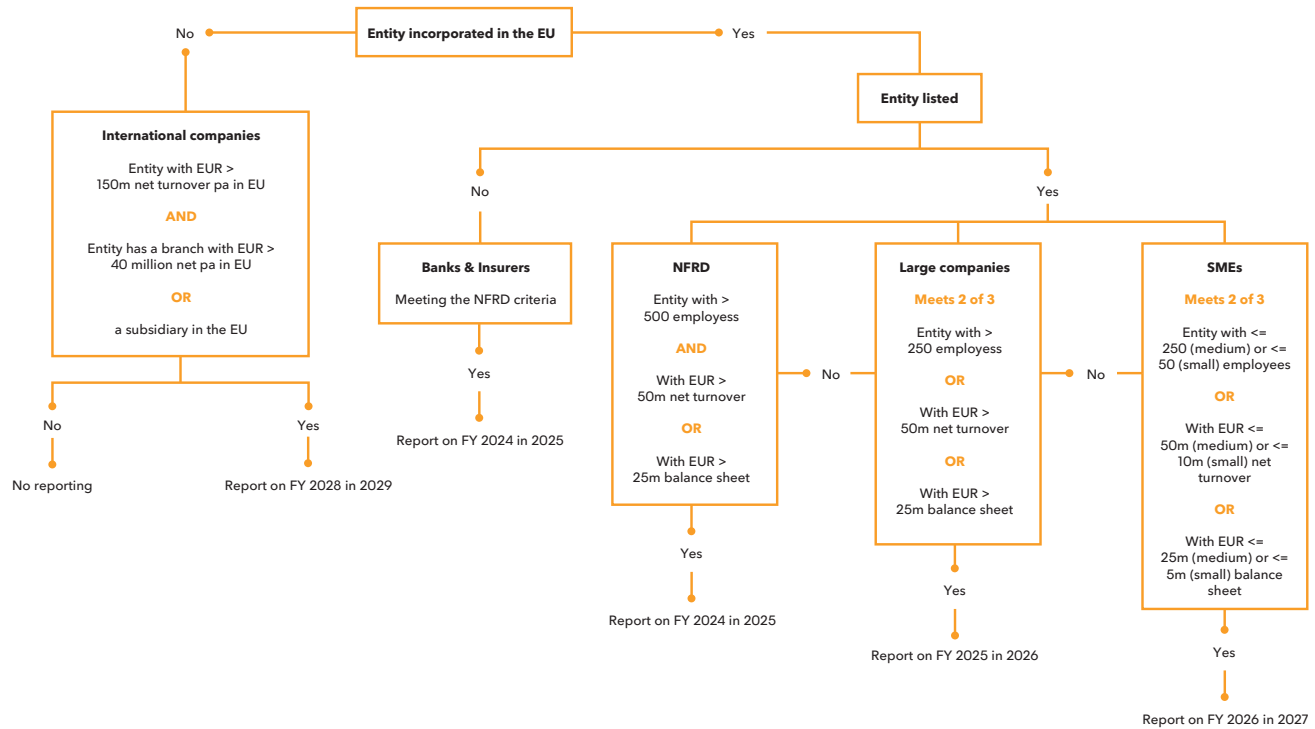


Figure 3. Types of companies in scope for reporting requirements. (Source: Bloomberg)

How can Bloomberg help market participants with CSRD compliance?

Bloomberg offers the various ingredients to support the wide scope of financial firms who face this new reporting challenge starting from January 2024. Companies in-scope must report information on their own operations and in their value chains. In the case of financial firms, this includes both their own operations and financing activities.

Support of extensive data needs to fulfil disclosure demands:

Bloomberg will offer a mapping of data to the criteria under the CSRD to ease the reporting burden across all 4 pillars.

ESG Data

Examples include ESG data covering:

- 15,000+ companies
- 100+ countries
- 93% of global market cap
- 6,000+ ESG fields (including third-party data)
- 15+ years of historical data

GHG emissions (actuals and forecasts):

Company-reported scope 1, scope 2 and scope 3 data from a universe of 15,000+ companies and company-reported emission reduction targets from a universe of 4,000 companies.

Nature and biodiversity data:

Company-reported nature and biodiversity data including policies, governance, metrics and targets, and Task Force on Nature-related Financial Disclosure (TNFD)-aligned reporting as well as forest risk commodity exposures.

Environment 							
Bloomberg Solutions	Climate change <ul style="list-style-type: none"> • Carbon targets • Climate risks and opportunities • GHG emissions • Paris-aligned benchmark exclusions • Energy consumption 	Pollution <ul style="list-style-type: none"> • Reduction policies / targets • Pollution of air, water, soil 	Water & marine resources <ul style="list-style-type: none"> • Reduction policies / targets • Water use / recycling 	Biodiversity & ecosystems <ul style="list-style-type: none"> • Policies • Environmentally sensitive areas 	Circular economy <ul style="list-style-type: none"> • Circular production practices • Waste produced • Waste recycled 		
	Social 						
	Bloomberg Solutions	Own workforce <ul style="list-style-type: none"> • Human rights policies • Equal opportunities • Employee protection, health, and safety • Employee and management characteristic • Training 	Workers in value chain <ul style="list-style-type: none"> • Social supply chain management • Child labor and forced labor policies 	Affected communities <ul style="list-style-type: none"> • Indigenous rights policies 	Consumers & end-users <ul style="list-style-type: none"> • Human rights policies and remediation • Quality assurance and recall • Responsible advertising 		
		Governance 					
		Bloomberg Solutions	Business conduct <ul style="list-style-type: none"> • Business ethics policies • Anti-bribery ethics policies • Whistleblower protection • Political Involvement 				

Figure 4. Bloomberg's data offering for CSRD reporting.

Bloomberg will also capture and provide additional reported metrics which are newly introduced to the market by CSRD, applying its robust data procurement and governance processes. This includes both quantitative and narrative-based disclosures, as well as mandatory and voluntary metrics.

Analytics to understand CSRD exposure and reporting performance:

Bloomberg will help you answer analytical questions across your exposures to support the screening process:

- How much exposure do you have to CSRD companies?
- To what extent are companies of interest reporting?
- What are the CSRD disclosures of companies in key benchmarks?
- What are your peers disclosing under CSRD?

Reporting solutions:

Bloomberg will draw on its existing regulatory reporting expertise, integrating required metrics into its existing portfolio analytics tool, allowing users to apply and aggregate CSRD data points across all their exposures.

Compliance with other regulations:

As data emerging from CSRD reporting will be pivotal for financial firms to comprehensively meet broader regulatory requirements, Bloomberg’s data will also support compliance needs across the following regulations:

- Sustainable Finance Disclosure Regulation (SFDR)
- EU Taxonomy
- European Banking Authority (EBA) Pillar III Climate Risk Reporting
- Benchmark Regulation mandatory ESG reporting templates (BMR)

How will non-EU companies be impacted?

Global companies may choose to, or be subject, to report in alignment with other ESG frameworks such as the standards of the International Sustainability Standards Board (ISSB) and the Global Reporting Initiative (GRI). Whilst all these standards attempt to overcome the obstacle of insufficient availability of comparable and reliable sustainability information for corporate strategy and investment decisions, many questions remain on how multiple standards can work together. Bloomberg will offer a matrix highlighting the overlap between these various standards, to facilitate the need to identify or access numerous data streams.

The table in figure 6 shows how the different approaches of the ISSB and CSRD/ESRS compare.

	ISSB	ESRS
Content	General requirements & climate disclosure provisions	Full range of ESG topics across 12 ESRS
Materiality approach	Financial materiality	Double materiality
Materiality assessment	Disclosures dependent on materiality outcome	Mandatory as well as material disclosures
Architecture of standards	TCFD based	TCFD based
Sector-specific disclosures	In place	From 2025

Figure 5. Comparison of ISSB and ESRS approach.

Bloomberg provides investors access to transparent, consistent, and comparable ESG data on over 15,000 companies globally and 474,000 active securities. Bloomberg’s ESG data, research, and analytics span regulatory compliance, carbon emissions, sustainable debt, scores, indices, climate risk, and more. Clients can readily access this data on the Bloomberg Terminal via {ESG <GO>} or across their enterprise via Data License at data.bloomberg.com for use in proprietary or third-party applications.

To learn more, please visit our website here:

data.bloomberg.com
bloomberg.com/esg-data

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

Beijing
+86 10 6649 7500
Dubai
+971 4 364 1000
Frankfurt
+49 69 9204 1210

Hong Kong
+852 2977 6000
London
+44 20 7330 7500
Mumbai
+91 22 6120 3600

New York
+1 212 318 2000
San Francisco
+1 415 912 2960
São Paulo
+55 11 2395 9000

Singapore
+65 6212 1000
Sydney
+61 2 9777 8600
Tokyo
+81 3 4565 8900