



## What is the CSRD?


The **CSRD** is a European Union (EU) law that requires companies to report more clearly and consistently on their environmental, social, and governance (ESG) impacts — basically, how sustainable and responsible they are.


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### A Brief History

1. **Before CSRD – NFRD (2014)**
    - The **Non-Financial Reporting Directive (NFRD)** came into effect in 2014.
    - It required large companies to disclose some sustainability info, but it was **too vague and inconsistent** across countries.
  2. **Problems with NFRD**
    - Not enough detail.
    - Hard to compare companies.
    - Investors and stakeholders wanted **better data** on risks like climate change and human rights.
  3. **Enter CSRD (2021 Proposal → 2022 Adoption)**
    - The EU proposed the **CSRD** in **April 2021** to replace and improve NFRD.
    - It was formally adopted in **2022** as part of the EU Green Deal and Sustainable Finance Strategy.
    - Goal: Make **sustainability reporting as important as financial reporting**.
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### Key Features of CSRD

- Uses **European Sustainability Reporting Standards (ESRS)**.
- Applies to many more companies than NFRD (listed, large, and even some non-EU companies).
- Requires **"double materiality"** — report both:
  - How your business affects people and the planet 

- How sustainability issues affect your business 
  - First reports due in **2025** for 2024 data (for the biggest companies).
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## Future Outlook

- **2025–2028 rollout:** The CSRD will gradually apply to more companies:
    - 2025: Large listed EU companies (already under NFRD)
    - 2026: Other large EU companies
    - 2027: Listed SMEs (with possible opt-out until 2028)
    - 2028: Non-EU companies with significant operations in the EU
  - **Global alignment:** The CSRD aligns closely with global standards like the **ISSB** (from IFRS) and the **GRI**, encouraging a **global move toward unified sustainability reporting**.
  - **Increased transparency & accountability:** Stakeholders (investors, consumers, regulators) will have much better info about companies' real impact on the world.
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## In Short

- **Started** as a fix for weak sustainability reporting (NFRD).
- **Became law** to support EU climate goals and investor transparency.
- **Future:** More companies involved, better data, and global influence.