



The Ultimate Guide to the Corporate Sustainability Reporting Directive

For sustainability managers who want a well-planned, stress-free reporting process



Based on 2500+
hours spent
researching the
CSRD

Hello from Celsia

Hello, fellow sustainability champion!

First off: Congrats and thank you for the work you do to put sustainability on the agenda and make your company more sustainable.

I know it's not easy. And a flow of new reporting requirements from the EU adds to the complexity.

After having worked more than 25 years in sustainability management, I've seen how the field has evolved. I remember when sustainability was seen as just "something on the side." That has changed tremendously. I'm inspired when seeing how the CEO and CFO are paying increasing attention to sustainability and how investors use sustainability metrics to direct their capital.

After having studied the legal requirements in The Corporate Sustainability Reporting Directive, and having worked with dozens of companies on what it means for them, one thing is clear: This directive can either be a huge opportunity for you or merely a reporting burden.

It can be an opportunity because if you do it right, you'll be creating a robust sustainability strategy with buy-in from top management. What's more, you'll drive progress on the indicators which matter, with targets and actions followed up on throughout the company.

This is what drives me in my work at Celsia every day. I'm here to help you succeed with sustainability.



Cathrine Dehli

Head of Customer Success & Sustainability
Previously led sustainability at IKEA Norway, Rambøll, Nordic Choice Hotels (Strawberry) and Cognite.

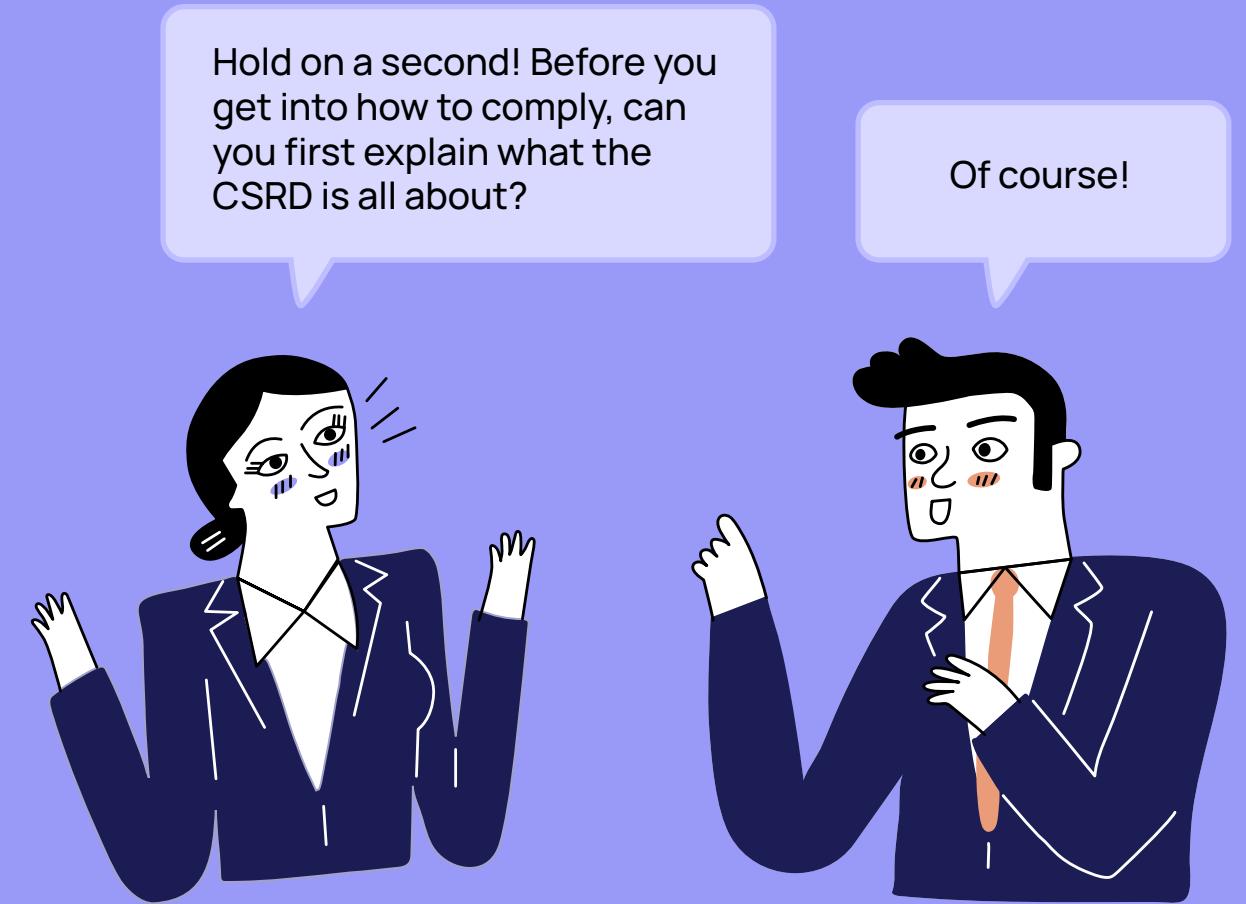


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01

Why does the Corporate Sustainability Reporting Directive (CSRD) matter to you?

You might be required by EU law to report on the CSRD. If so, you want to be sure to comply to avoid fines and loss of reputation from non-compliance.



Introduction to the CSRD

Before getting into the details: What is the CSRD all about?

Simply put, the CSRD is an EU regulation which forces companies to be transparent with its social and environmental impact. The idea is that if investors know more about how sustainably companies act, they will channel money to the more sustainable companies.

On top of that, the CSRD forces companies to report their action plans and progress to become more sustainable! Yes, we're using an exclamation mark, because this is radical development in the world of sustainability reporting.

Until now, it's been hard for investors, lenders, and journalists to understand what impact a particular company has on its workforce, its local environment, the climate, and more. Companies have largely had freedom to share just what they want to share, and to cherry-pick the most positive facts.

The CSRD aims to fix this by letting outside parties get the requisite transparency.

Regulatory background

Overall, these were flaws of the NFRD:

01

the primary users of disclosed sustainability information, such as investors, require more information than required under the NFRD

02

too few companies were required to report

03

without standardization, information is difficult to find and not easily comparable between companies

04

lack of required auditing

The EU has taken lessons from the NFRD to shape a better regulatory framework with the CSRD. The CSRD now replaces the NFRD. This means that more companies are required to report, the reporting requirements are becoming far more standardized, and audits will be required.

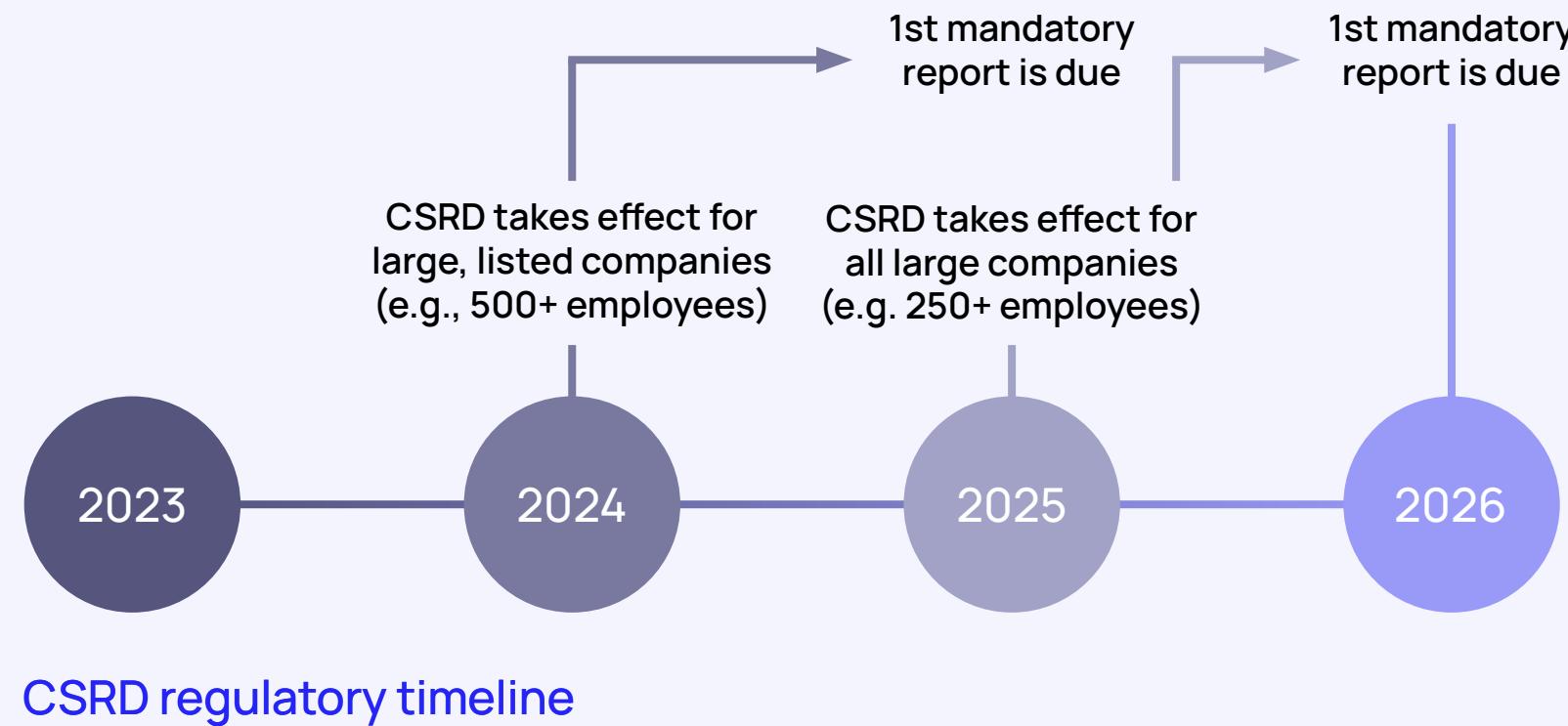
It's true that many large companies have reported in accordance with the Non-Financial Reporting Directive (NFRD) which was introduced in 2014.

However, you could consider the NFRD as the EU's test run for sustainability reporting requirements. It was limited in both scope and standardization. In scope, it applied mainly to large publicly listed companies. In standardization, it offered little and left decisions about what to disclose and how to disclose it to the companies themselves.



Timeline

The CSRD takes effect for large, listed companies in 2024. That means these companies should submit a CSRD report for 2024 data. Similarly, the CSRD takes effect for all large companies in 2025.



The challenge is that the CSRD is so comprehensive, that reporting cannot be done last-minute. The directive requires hundreds of data points, stakeholder involvement, target and accompanying actions, and even progress tracking. More about that later in this ebook.

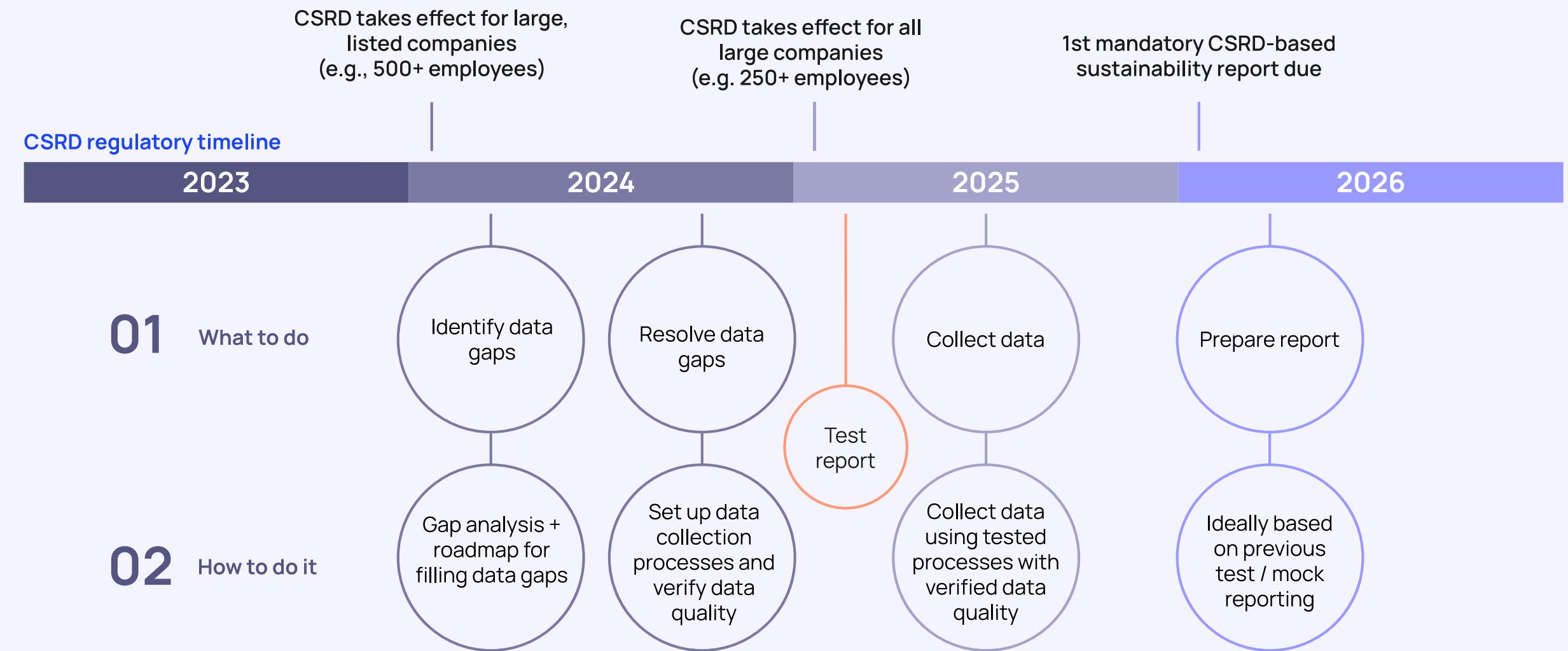
This means that companies having to report on 2025 data should begin preparations in the first half of 2024. This allows time to define the process, determine what's required for the report, identify data gaps, set up systems to fill those data gaps, and verify the data quality.

Alright, alright. But I have plenty of time before I have to act, right? The reporting requirements are rolled out gradually?

It depends on your company size. There are also strategic benefits to getting started early.

To be ready for reporting on 2025 data, companies should begin preparations in the first half of 2024

The best way to prepare for a formal, compliant report on 2025 data, is to run a test report on 2024 data. That teaches you and the organization what is required and exposes what processes and data are missing in a low-risk way. After all, it's okay to make mistakes in a test run.



Benefits of starting early

Getting started earlier has many benefits:



Handle strategic gaps

Get an overview of sustainability areas in your company and start closing gaps to stay competitive.



Show actual results

Back your sustainability efforts and communications with actual and comparable results given in numbers.



Win customers

Use your results when answering to increasing requirements towards environmentally friendly products and services from customers.



Ensure compliance

Be prepared to meet the reporting requirements when they become mandatory for your company.



Answer to investors

Meet investor requirements posed by mandatory reporting on their portfolio companies.



Receive financing

Get cheaper financing when banks are increasingly including EU legislation in their green loan frameworks.

"Small and medium-sized businesses should act now to stay competitive, not least to meet the coming standards in our role as suppliers to larger, in-scope businesses. New legal requirements often favor bigger companies with more resources to spend on reporting. In this case, falling behind will be a competitive disadvantage. Investors and customers will use these reports to assess how sustainable companies are and favor those who are able to use standardized methodologies to verify their sustainability claims."

- Trude Ertresvåg,
Chief Sustainability Officer at Devold

Strategic implications



The EU estimates an annual additional cost of €320k / company for average, large listed companies to report in compliance with the CSRD¹.

Overall, we see that:

01

Sustainability reporting will require data and audit trail. After all, it must be possible for external auditors to quality assure the reports.

02

More data and people involved drives a need for efficient governance. Data governance is needed to ensure data quality. Process governance is needed for coordination.

03

Sustainability data management will need to be done on an ongoing basis, and not as an annual one-off. This is because companies are held accountable for actions to improve sustainability metrics. The best companies will then use metrics related to the CSRD as steering KPIs for their day-to-day business as well.

In response, we see companies adopting a new tech stack which enables the requisite data management and governance. More on this in section 4 on how to assess software solutions.

¹EFRAG's Cover Letter on the Cost-benefit analysis of the First Set of draft ESRS (Page 17). November 2022.

02

What is required to comply with the CSRD?

To comply you need to submit a report in accordance with EU standards. Those standards are defined in the European Sustainability Reporting Standards (ESRS).

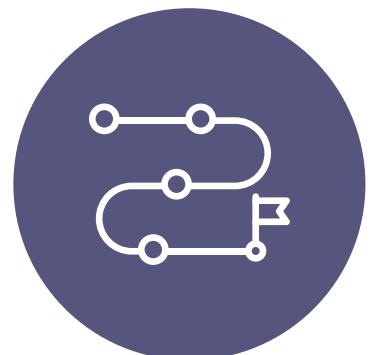


CSRD compliance

To submit a complaint CSRD-report you are expected to:



Identify how you affect the environment and external stakeholders. You should also assess how the environment affects the company. Moreover, you should involve both internal and external stakeholders in these analyses. This is called a double materiality assessment.



Describe a concrete plan for how to become more sustainable on the topics identified in the double materiality assessment. This means to define targets, policies, and actions for how to get there. Alternatively, you must disclose that you are not doing anything to become more sustainable.



Track how you're progressing towards the targets you set. This means tracking metrics over time, and ensuring that actions are followed up by owners in the organization.



The final report is then a description of your analyses, plans, and progress tracking. You cannot write the report without doing the analysis, creating the plans, or tracking progress.

03

Exactly how do you create a CSRD report?

We spent 1000+ hours in our team studying the CSRD and how to comply. We've worked with medium-sized and large companies to help them through the process.

If you're feeling overwhelmed or confused by what the CSRD is and what it requires, we got you.

A straightforward process for a successful report

01 Familiarize yourself with the why, how, and what of the CSRD regulation

You're already doing this! For more info, you could also watch our [CSRD webinar](#) or dig into the [detailed videos](#) from the European Financial Reporting Advisory Group's (EFRAG).

02 Run an initial double materiality assessment in ~2 hours

"No way it takes just 2 hours!" you might be thinking if you've read about what a "double materiality assessment entails.

You're right that a thorough and complete double materiality assessment is a longer process.

Doing a double materiality assessment means you have to consider:

- which topics your company has a material (i.e., noteworthy) impact on
- which topics have or can have a material, financial impact on your company.

A thorough assessment needs involvement of your colleagues and external stakeholders. We do, however, recommend starting with a quick and dirty version of the double materiality assessment. This helps you get familiar with what the assessment requires and informs which of your colleagues and external stakeholders to involve for later steps.

This is easy to do in software and/or a template spreadsheet.

03 Map out which internal functions to involve for which parts of your double materiality assessment

Your colleagues can help you identify which topics are relevant for a thorough double materiality assessment. They will also help with the assessment required for the material topics, including assessing impacts, risks, and opportunities.

04 Map out which stakeholders to involve

Ask yourself: Whose lives are affected by what we do as a company? Which groups represent them? What parts

of the environment are we affecting? You might want to involve workers' unions, preservation groups, or others to get a good understanding of your impacts.

05 Define how to involve your internal & external stakeholders

This isn't just a nice-to-have: The CSRD requires you to report on how you've involved your stakeholders.

Here are our top 3 best-practices:

- **Tailor your approach for each type of stakeholder.**
While employee surveys might be fitting to involve your employees, a town hall might be more appropriate for advocacy groups.
- **Set up a way for stakeholders to raise issues anonymously.**
Raising concerns anonymously is called whistleblowing, and the CSRD requires that you disclose whether you have such a procedure or not.
- **Always, always, always involve your own employees as a stakeholder group.**
While it's not required by law, do it anyway. Your employees are directly affected by you as an employer.

06 Set up initial dialogues

Kickstart your plan for how to involve stakeholders, then move on to the next phase of doing a double materiality assessment.

A common pitfall is to try to finish stakeholder dialogues before starting the double materiality assessment. We then see companies spin their wheels for ages. Instead, work iteratively and get feedback along the way.

07 Create a list of sustainability issues relevant for your business

Start by listing out topics in a spreadsheet or in a CSRD software solution. The CSRD provides lists of topics and sub-topics that you can use as a starting point.

08 Assess the impact of your business on each sustainability issue

To understand the impact of all the topics, use the input gathered from stakeholder dialogues and internal experts. Impact is about how your company affects people and the planet. For instance, if the company is causing air pollution, this could both impact the local environment, as well as people in the local community.

09 Assess the risks and opportunities

For instance, there are several financial risks related to producing carbon-intensive products. One of them could be increasing carbon taxes which might lead to increased direct costs in the future. Others might be risk of losing customers as they prefer greener products and less access to cheap capital because you will not be eligible for green loans.

10 Create an overview of the sustainability issues that are material

Now that you have a list of impacts, risks and opportunities related to different sustainability matters, you can assess which of the sustainability matters are material.

For the impact materiality, materiality is decided based on which matter has the highest severity and the highest probability of occurring.

The term 'severity' is defined as a combination of scale (e.g., child labour is so bad it's of large scale), scope (i.e., how far-reaching is it/hos many people are affected?) and irremediability (i.e., it can't be cured later).

We recommend creating a table where you estimate the following for each sustainability issue:

- Scale
- Scope
- Irremediability
- Likelihood (if you're not sure the impact is really happening)

Based on your estimates, you can create an overall score per topic. Finally, you combine your human judgment with the score to decide which issues are material. Remember to pay attention to cases with high scale, even if the likelihood is low.

For the financial materiality, the assessment is relatively similar. Financial materiality is decided based on the potential magnitude of the financial effect (e.g large increased costs) and likelihood.

Please note that it is sufficient that a sustainability matter is only impact material or financially material for it to be required to report on – it doesn't need to both.

This resulting overview is the output of doing a complete double materiality assessment.

11 Develop policies that should guide the work on material topic

The CSRD requires companies to define policies (i.e., binding guidelines) for the overall approach the company takes to address the material (i.e., relevant) sustainability topics (i.e., issues like water consumption, waste, etc.).

Each so-called policy should – amongst others – have an objective, a defined scope, a description of who's responsible for what, and a description of how the interests of stakeholders are considered.

12 Define targets with milestones and deadlines for each material topic

The CSRD requires companies to disclose metrics related to impact on various sustainability topics and to set disclose targets (i.e., goals) for improvement. These targets should be time-bound, outcome oriented and measurable.

13 Define actions needed to reach the defined targets

What specifically will your company do to reach each target? Here you need to be specific. Each action shall link to a specific target.

14 Assign actions to owners

Who will do those actions? Improving sustainability across the company requires help from colleagues across the organization.

15 Move on and iterate

Don't get stuck creating your strategic plan. As long as your plan is managed in a tool which minimizes the administrative burden, you can easily improve the plan as you go along. You can, for example, redefine targets, create new actions, or reassign actions to new owners.

When it's time to submit the final report, you can simply export your latest plan from your software tool of choice.

16 Do a data gap analysis

To track progress you need track your chosen metrics over time. Companies often have gaps in what they want to track and the data they have today.

A data gap analysis helps you figure out which data gaps you need to fill to track progress towards your defined targets.

17 Address data gaps or data quality issues

If you're missing data, then set up a way to get the data. If the metrics has data quality issues, then address those issues.

18 Discuss progress towards targets

You know what happens with KPIs and goals when they're not followed up... Schedule regular times to report on and discuss your company's progress. That's how you hold everyone accountable.

19 Follow up on delegated actions

What's been done and what's still outstanding? Keep an ongoing overview and follow-up with owners about actions that are lagging behind.

20 Combine your work from the previous steps into a report

If you've done the above steps in a tool like Celsia's CSRD software, this task is easy:

- Review and quality check your work
- Click export and get a CSRD-compliant report

As always: Secure organizational support

You know this already, so we won't spend much time on it here.

The point is that the CSRD requires that you collect a vast range of data points from many different data sources, so you'll need help from your colleagues. This is true whether you use software, use consultants, or do the entire reporting process with your own Excel spreadsheets and file systems.

It's also an exciting opportunity.

The CSRD pushes sustainability higher on the agenda of the CEO and the CFO, because investors will now see how your company acts on sustainability. Because the CSRD matters to the CFO and CEO, you can get more buy-in and support for sustainability initiatives in your company.

Besides: If you put together a great CSRD report, you simultaneously create an excellent sustainability strategy. That's because the CSRD forces companies to disclose goals, targets, and actions – exactly the ingredients needed in a great strategy.



04

Should you do it all yourself, use
consultants, or use software?

Your alternatives

To prepare your CSRD report, you have four alternatives:

- 01** Do everything yourself with the help of your colleagues, spreadsheets, Word documents, and existing tools.
- 02** Get help from a consultancy to guide you through the process.
- 03** Get help from software to navigate the process, collect and organize data, get overviews of the reporting process and sustainability goals, and generate the report.
- 04** Use both software and a consultancy.



Picking the right alternative for you

Below is a summary of the pros and cons of these four alternatives.

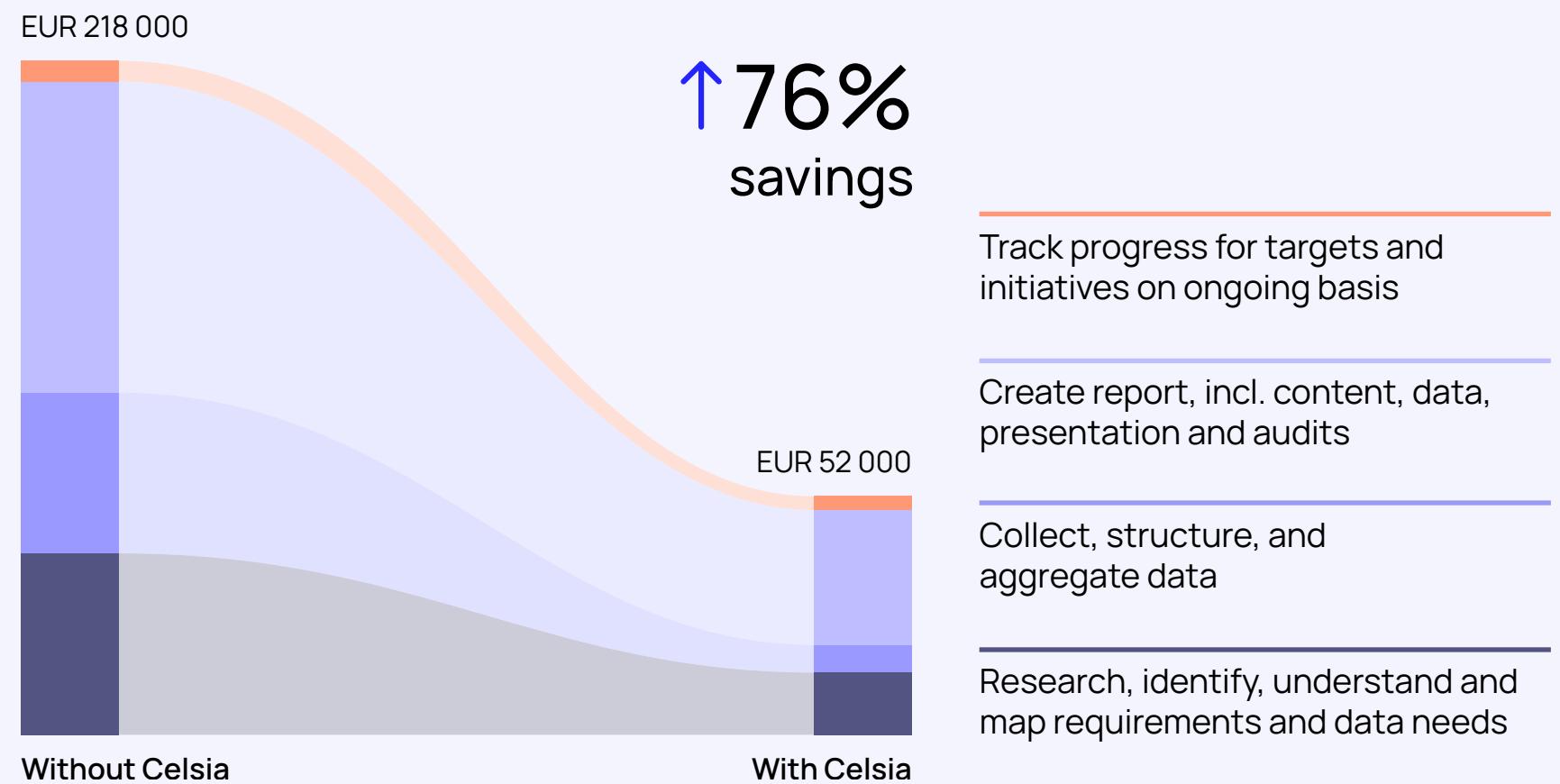
Alternative	Pros	Cons	Conclusion
#1: Do everything yourself	Reduce external spending Build in-house expertise	<ul style="list-style-type: none">Very time-consuming way to create the report and build up expertise	Not recommended for any business reporting on the CSRD
#2: Get help from a consultancy (and don't use software)	<ul style="list-style-type: none">Get handholding through the entire process, including internal stakeholder managementGet help running internal processes with consultant project managersEnsure compliance	<ul style="list-style-type: none">Doesn't solve the underlying data management challenges for sustainabilityNot a long-term solution for internal collaborationThe total bill is usually larger here than with option #3 or #4	Could be right for corporations if the total cost is not an issue and resources are allocated to build and maintain custom systems, as well as monitoring and implementing regulatory changes continuously.
#3: Get help from software (and don't use a consultancy)	<ul style="list-style-type: none">Get guided through the process to finished reportEnsure complianceSave consultancy costEnsure your data is organized, auditable, easy to track, and can be reused for future reporting – including XBRL (digital tagging)Simplify internal collaboration	<ul style="list-style-type: none">Doesn't handle your internal stakeholder management (although software providers also support with dedicated Customer Success managers, onboarding, on-demand advisory sessions, and more)Requires a subscription	Recommended for companies that: 1. Want to ensure a compliant report 2. Have someone internally who can take lead on the reporting 3. Want a cost-effective, long-term solution
#4: Use both software and a consultancy	<ul style="list-style-type: none">Get all the benefits of software, plus support with internal project managementLower one-off cost on consultancy hours, because software automates a lot of otherwise manual work	<ul style="list-style-type: none">More costly than #3	Recommended for companies with sufficient resources

Potential time & cost savings

The cost savings from using software can be considerable.

One of our clients, Jordanes, expects 76% cost savings from using Celsia to report on the EU Corporate Sustainability Reporting Directive. Those savings are especially large on collecting, structuring, and aggregating data, as well as on creating the report. Further savings come from being guided through the reporting requirements instead of researching everything on their own, and more easily tracking progress on an ongoing basis.

Jordanes expects **76% cost** savings from using Celsia to report on the EU Corporate Sustainability Reporting Directive



What software does and what you do

It's not always easy to understand what software can actually help with versus what it cannot. After all – you will need to do work for the CSRD report regardless of whether you engage a consultancy or a software provider. Here we cover the scope of software.

But isn't there lots that cannot be automated? What can software do?

Yes, some work will need to be done manually. You can still see huge savings from using software for parts of it.



Reporting step	What software does	What you do
1. Run double materiality assessment	<ul style="list-style-type: none"> Provide a template Guide you through workflows Decode difficult EU legal text into straightforward explanations 	<ul style="list-style-type: none"> Involve stakeholders Conduct outside research Make final materiality decisions
2. Create a plan with targets, actions, and policies	<ul style="list-style-type: none"> Guide you through the process, so you don't have to figure out how to do it Automatically extrapolate targets in time and for different granularities using bottom-up or top-down references Link actions to specific targets Assign actions to owners Use AI to summarize your existing policies for your report 	<ul style="list-style-type: none"> Decide on the exact targets and actions Decide who in the organization should be responsible for each action Upload your existing policies
3. Collect and organize data	<ul style="list-style-type: none"> Guide you to determine which data is needed Link reporting indicators to relevant targets, actions, and topics Automatically retrieve data from existing systems through integrations Track changes and documentation to ensure the data is auditable Automatically aggregate data across business units for the company and group level Run built-in calculations 	<ul style="list-style-type: none"> Choose which internal systems to integrate with Upload documentation
4. Track progress on metrics and actions	<ul style="list-style-type: none"> Get visual overviews of progress as tables, charts, and other diagrams Assess progress per indicator, per business unit, or at the company level Track progress both on the reporting process and on the sustainability targets Remind owners to follow up on their assigned actions 	<ul style="list-style-type: none"> Click to remind owners to follow up on actions Discuss progress in team meetings in your company Adjust your action plan as needed
5. Report	<ul style="list-style-type: none"> Automatically create a compliant report in Word and PDF format Add XBRL tagging, which gives interoperability for the reporting data with other systems 	<ul style="list-style-type: none"> Click to export the report Format the report in accordance with your own brand

What to look for in a software solution

If you do proceed with a software solution, you want to pick the right one for your needs.

For reporting on the CSRD, we particularly recommend assessing these factors:



User-friendliness.

You will need to collaborate with many colleagues on the CSRD report. For example, you will want to assign tasks to others. It's much easier to collaborate with them if they are happy to use the software solution you've chosen. This means the software must be easy to learn and easy to use.



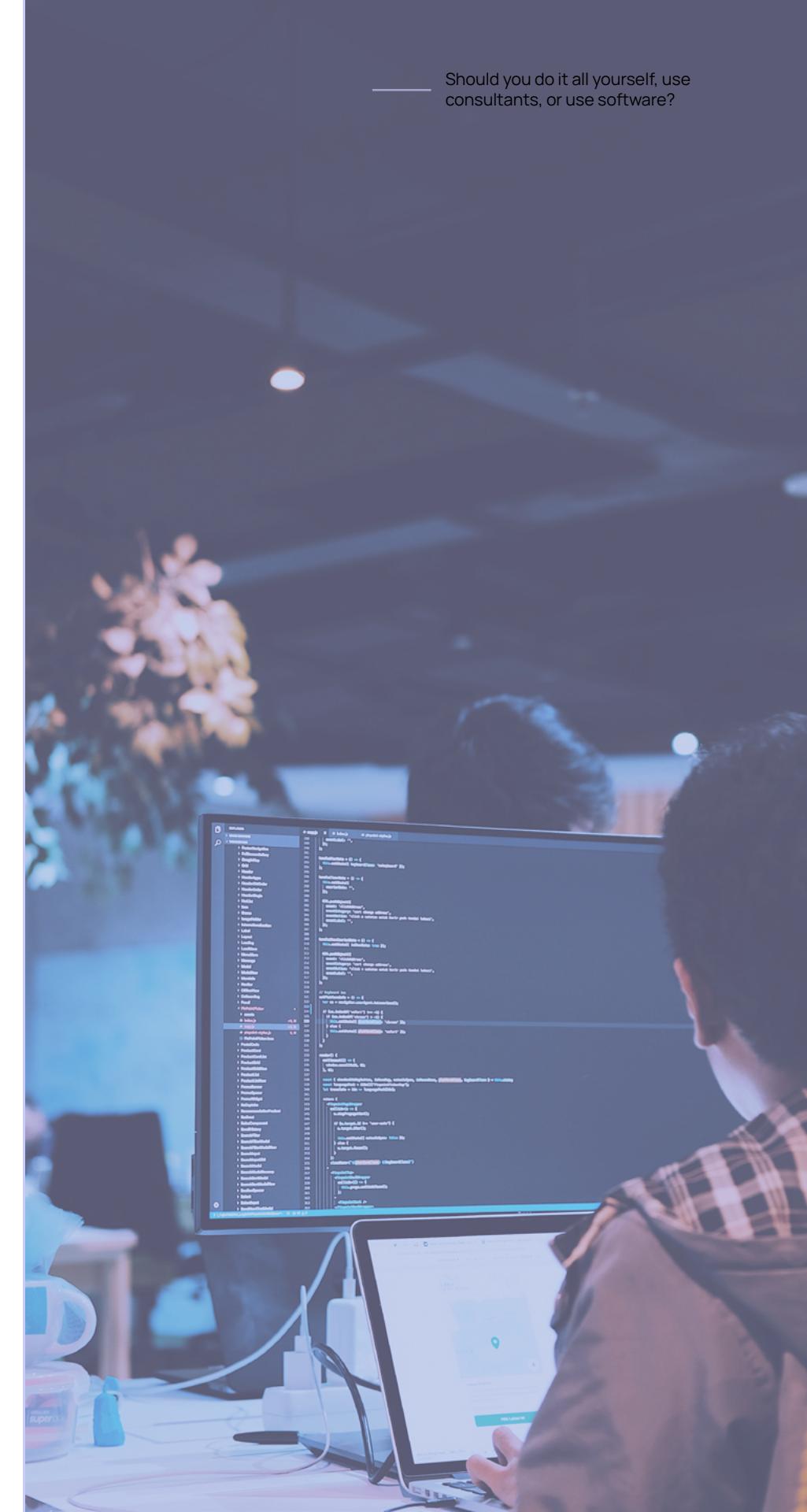
Comprehensiveness.

The new EU sustainability directives keep changing and contain hundreds of pages of legal text. You want to be sure that the software solution is fully up-to-date and contains all pieces of the regulation. This ensures that if you use the software for your report, you know you're compliant.



Modern API.

When it comes to sustainability reporting, you will inevitably rely on data from many different systems. That's why the ideal software solution for CSRD reporting must have a modern API and be easy to integrate with your existing systems. This also lets you evolve a modern tech stack with specialized solutions, so you get best-of-breed solutions for your different use cases.



05

How Celsia can help

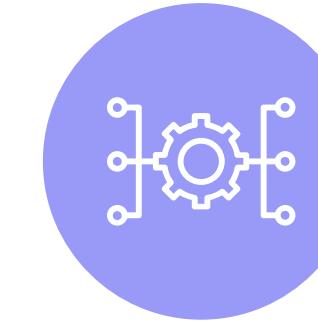
The Celsia CSRD software includes capabilities to simplify your reporting process.

Capabilities of the Celsia CSRD software



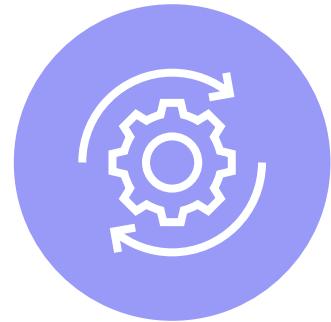
Export compliant reports

Click to export your report. If you make changes to any metrics, targets, or other data points, simply click 'export' again for an updated report.



Integrate with existing systems

With Celsia's 100+ data integrations, you can easily import data from any system. You can also upload CSV or PDF files, of course.



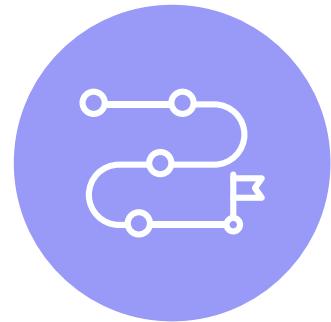
Become audit ready

Give auditors access, retrieve detailed audit logs, and upload supporting disclosures and other documentation effortlessly.



Streamline data management with AI

Auto-extract data with AI. Get guidance to identify which data you need, collect it, document it, and link it to relevant reporting indicators.



Set targets and drive improvement

Use built-in charts and diagrams to monitor progress. Easily delegate actions to others and remind people to follow up.

← Back

Pollution

ESRS E2

Material topic

DISCLOSURE REQUIREMENTS

Impact, risk and opportunity management

Metrics

Pollution of air, water and soil

Substances of concern and substances of very high concern

Pollution of air, water and soil

Pollution of air, water and soil (E2-4)

Saving... + | ?

Σ Aggregated metrics (total for the group)

Some of the metrics here are aggregated from subsidiaries. They are marked with icon. You can click on each metric to see details.

Filter All subsidiaries

Emissions of air pollutants

Metric	Unit	Q2	Q3	Q4	Year	Collected	Frequency
Σ Sulphur dioxides (SO ₂)	tonnes	36	33	29	98	25%	Quarterly
Σ Nitrogen oxides (NOx)	tonnes	42	25	14	81	63%	Quarterly
Σ Non-methane volatile organic compounds (NMVOC)	tonnes	18	15	12	45	45%	Quarterly
Σ Fine particulate matter (PM 2,5)	tonnes	44	38	22	104	75%	Quarterly

+ Add metric

Emissions to water

Data collection setup

To setup

Emissions of air pollutants

Metric	Frequency	Breakdown
# Sulphur dioxides (SO ₂)	Yearly	N/A
# Nitrogen oxides (NOx)	Quarterly	N/A
# Non-methane volatile organic compounds (NMVOC)	Quarterly	Available
# Fine particulate matter (PM 2,5)	Quarterly	Available

Done →

Collect and organize data from existing systems. Track both reporting progress and sustainability progress.

Pollution / Targets / Reduce emissions of air pollutants

Reduce emissions of air pollutants

Select metric
Selecting a metric on a company level means using the top-down approach. This means, you will need to set targets for your subsidiaries, and they will not be able to set their own goals for the chosen metric

Emissions of air pollutants

Owner
Select a person responsible for this target
Hans Hansen

Set baseline
100 tonnes
+ Add baseline

Set milestones

- 2025: Done, -5% Target, -4.7% Actions
- 2040: In progress, -20% Target, -22% Actions
- 2050: In progress, -30% Target, -30% Actions

+ Add milestone

Target forecast
Start adding target's milestones and actions and you will see. This graph will also be available later in your dashboard.

2y 5y 10y 25y 50y Select Company

Benchmark

Switch to shore power

Action (checked)
Period (11.2022 - 11.2023)
Owner (Hans Hansen)
Subsidiaries (All)
Impact on this target (5%)
Documentation (Action_plan.pdf)
All changes saved

Confirm Cancel Delete

Define targets with milestones for selected metrics. Assign owners for each target. Create associated actions needed to achieve those targets.

Customers who buy a license to the Celsia CSRD software also get:

- 01** Guidance from our sustainability and legal experts
- 02** Access to the Celsia ESG portal, which includes the latest news on EU regulatory changes and insights on how other companies do their reporting
- 03** Continuous software improvements

A brief overview of the Celsia CSRD solution.
Learn more on www.celsia.io/csr



Celsia is chosen by sustainability leaders



Sandwater

momentum®



EURAZEO

TRILL IMPACT



CADRE

WIND CATCHING



REMONDIS®



"We use Celsia in Jordanes to conduct our sustainability reporting in a way that's efficient, correct and transparent, expecting to save a significant number of hours across the organization."



Sofie Oraug-Rygh
Head of Sustainability



"I'm surprised how easy it was to report with Celsia. We minimized work required for both ourselves and our portfolio companies and reduced compliance risk at the same time. We'll definitely keep using Celsia!"



Hannah Berget
Impact Associate



"Celsia helps lower the risk of error in the reporting data and the data collection process. The built-in guidance in the Celsia Taxonomy solution also makes it easier and faster to understand the regulation and documentation requirements."



Jeanett Bergan
Chief Sustainability Officer



06

Appendix

Glossary

What do all these
technical words mean?



Glossary

The EU tackles this problem in enormous documents filled with technical language. After all, that's how law is, even though it's a hassle for us non-lawyers!

The trick is to learn the main vocabulary of the CSRD legislation upfront. That makes it much easier to understand both EU's own documents, and anything else you find online about the CSRD.

If you get familiar with these words, you're doing great!

Glossary	Definition
“Topics”	This refers to different social and environmental areas that your company might have an impact on. For example, topics could be water consumption, biodiversity loss, waste, working conditions, rights of indigenous communities, and more.
“Material”	Dictionaries typically define this as “significant” or “important,” and it has a similar meaning in the CSRD. The word is used to say that companies only have to report on “material topics,” i.e. relevant topics, as opposed to all possible topics.
“Materiality assessment”	This means to identify which topics your company has a material impact on. This is a major requirement of the CSRD.
“Double materiality assessment”	The word “double” is introduced because the CSRD sets two requirements: 1) Companies must assess which topics they as a company have a material impact on 2) Companies must assess which topics have a material impact on them as a company
“Stakeholders”	This refers to interested parties, both within and outside your company. We mostly use it to refer to parties outside your company. Stakeholders could, for example, include environmental groups, workers’ unions, or indigenous groups.
“Targets”	The CSRD requires companies to define metrics for their impact on various sustainability topics and to set targets (i.e., goals) for improvement. Those targets should be time-bound and measurable.
“Actions”	The CSRD requires companies to define actions (i.e., tasks) for how to reach their targets.
“Policies”	The CSRD requires companies to define policies (i.e., binding guidelines) for the overall approach the company takes to address the material (i.e., relevant) sustainability topics (i.e., issues like water consumption, waste, etc.). Each so-called policy should – amongst others – have an objective, a defined scope, a description of who’s responsible for what, and a description of how the interests of stakeholders are considered.