

Gather Round | 2024

The new sustainability landscape

**What CSRD, ISSB and
materiality mean for your
business**



ever
sustainable
consultancy by Design Portfolio

Gather Round



Gather Round was a first of its kind governance conference based in the East Midlands, hosted by Round Governance. The event featured a range of speakers covering all aspects of governance and was based on the principles of being affordable, applicable and accessible. Held in July 2024, Martha and Marigold hosted a fireside chat-style talk to discuss the evolving landscape of sustainability, from strategy to reporting, with a specific focus on CSRD, ISSB and double materiality.

Introducing Ever

ever
sustainable

What we believe

To really succeed as a business in the 21st century, it's not about reporting or sustainability as a sideshow to business activity. Paying lip service to ESG no longer guarantees future success for businesses: it's about **sustainability as opportunity.**

Why we exist

Our reason to exist is to help companies stand the test of time through sustainable business transformation.

Business is at a turning point and greener economic markets are the world's biggest commercial and social opportunity. Those that chase short-term initiatives and token projects that deliver little long-term value will miss out. **Those who can adapt will become leaders.**

Our core support areas

Intelligence

Analysis on the topics that matter most to your business, including double materiality assessments, gap analysis and new thinking.



Strategy

Developing a strategic approach to sustainability and your material issues that aligns with the corporate purpose of the business.



Communications

Impactful storytelling to engage all your stakeholders through reporting, web design, branding, copywriting, video and more.



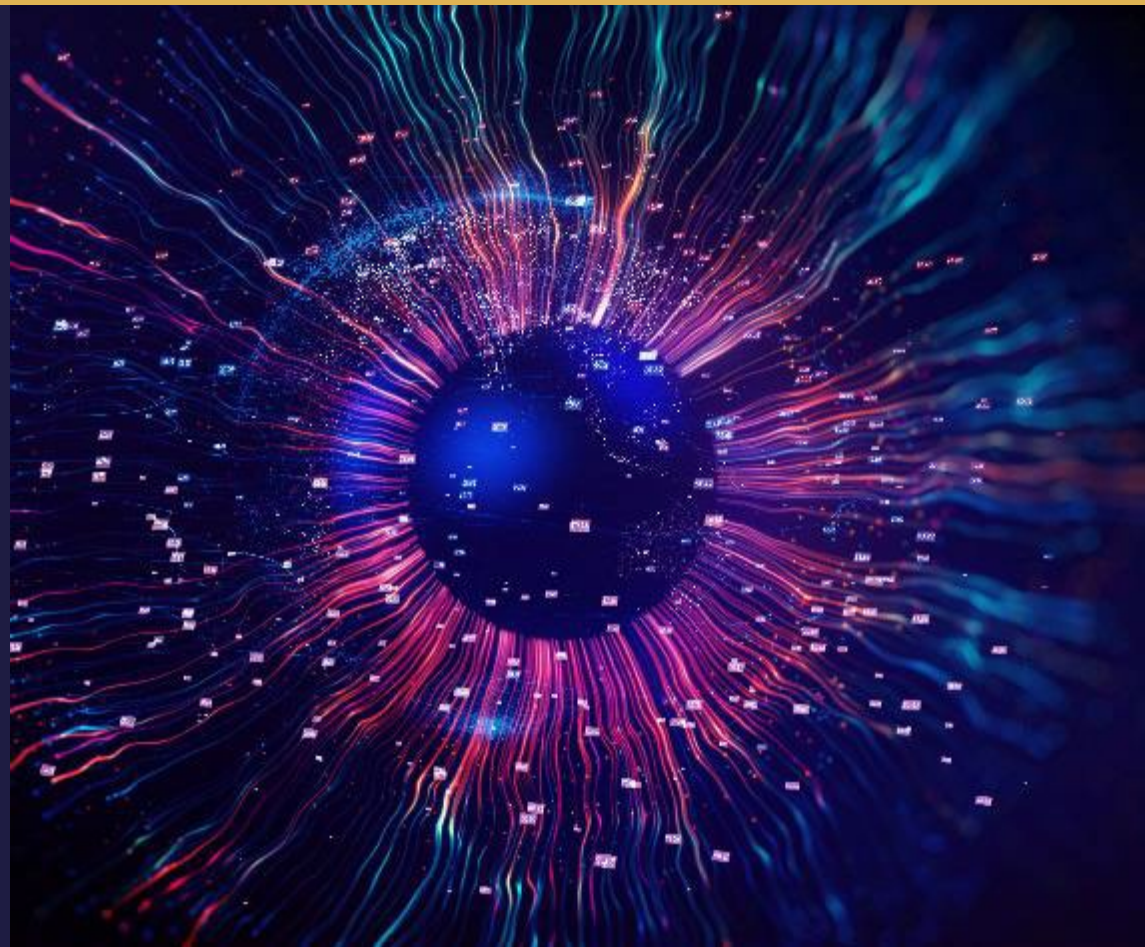
Business transformation

Supporting your teams from the factory floor to the Boardroom with training and change management strategies for all things sustainability.



In this document

- I. An introduction to CSRD
- II. An introduction to ISSB
- III. Materiality assessments



Sustainability is opportunity

An introduction to CSRD

The new European sustainability reporting directive that will impact 50,000+ firms



- The EU Corporate Sustainability Reporting Directive (CSRD) **amends the 2014 Non-Financial Reporting Directive (NFRD)**.
- It has an extended scope:
 - All companies under the NFRD
 - Large organisations (2 of 3 criteria: 250+ employees/ €20m total assets/€40m turnover)
 - Listed SMEs (With same thresholds as above)
 - Non-European companies with substantial activity in the EU market
- New reporting requirements
 - Concept of **double materiality**
 - Detailed list of disclosure requirements per topic
 - Reporting of **Scope 3 GHG emissions***
 - Digitalised and integrated annual report
 - Limited 3rd part assurance
- Non-EU firms will need report according **to the sector-agnostic standards in a phased approach**.
 - Large EU subsidiaries will need to report from 2026 (Reporting fiscal year from January 2025),
 - Non-EU companies with a net turnover of over €150 million starting in 2029 (Reporting fiscal year from January 2028).*
- There are **delays to sector-specific standards by two years**.

Forthcoming requirements: Corporate sustainability reporting directive (CSRD)

The **CSRD** requires companies to report on the impact of corporate activities on the environment and society, as part of the EU Green Deal

[CSRD made simple: how will the EU's new reporting directive affect your business?](#)

The scope and date of the first application of CSRD

EU Firms (and large Non-EU subsidiaries)				Global Firms
Report due	2025 Based on FY2024 data	2026 Based on FY2025 data	2027 Based on FY2026 data	2029 Based on FY2028 data
Scope	Companies already subject to NFRD, including (i) large listed firms (500 + employees) and public interest entities; and (ii) banks/ insurance firms	Non-SME/micro listed companies, and large private companies with 2 or more of: <ul style="list-style-type: none"> • 250+ workers • €40m+ net turnover • €20m+ assets 	Listed SMEs that have: <ul style="list-style-type: none"> • <250 workers • <€40m net turnover • <€20m assets 	Non-EU companies with €150m net turnover in EU (in each of last 2 years), and either (i) a large or listed subsidiary* or (ii) a significant EU branch**
Reporting Level	One consolidated report added to the management section of your annual financial report in electronic reporting format, to be available in the public European Single Access Point			The subsidiary or branch is responsible for publishing CSRD reports for non-EU undertakings at a consolidated group level

CSRD

reporting considerations



Policy considerations

1. Double materiality

CSRD mandates a double materiality assessment, where materiality is assessed through a double lens considering the impacts of the business on its external environment, and the external impacts on the business.

2. Risk and opportunity

With the double materiality assessment, think about the material topics with a risk and opportunity lens;

- How might this issue challenge the business if it isn't managed?
- Is there scope to develop new revenue streams or efficiencies?

3. Assurance

From the first year, companies will be required to obtain limited assurance. This is likely to move towards reasonable assurance, so ensure you have the supporting data, evidence and documents when writing your report.

4. Non-compliance

The cost of non-compliance could be large if we think of CSRD as the ESG equivalent of GDPR.

5. Role of CFOs

The Financial Reporting team is responsible for meeting CSRD requirements. Companies need to create reports that their CFOs can stand behind.

Policy considerations

CSRD reporting considerations



6. CSDDD

Don't forget about the [Corporate Sustainability Due Diligence Directive \(CSDDD\)](#), which focuses on corporate action and sets out due diligence actions required to identify, mitigate and remedy adverse impacts of a business.

7. Scale of reporting

CSRD is becoming a gamechanger in sustainability reporting due to the sheer scale of qualitative and quantitative data that is necessary for businesses to report against with the 12 ESRS, their subtopics and sub subtopics. From analysing the first movers who are adopting CSRD and reporting against the ESRS, we have found:

- On average it is **taking 2-3x longer** to make ESRS sustainability statement than NFRD (200-300hours vs 100hours).
- It is increasing the length of sustainability sections within the IR, with these sections being **anywhere between 20-190 pages long**. The average length is around 64 pages long.

An introduction to ISSB

A harmonization of sustainability reporting frameworks that will set the standard for reporting

ISSB is both a stand-alone framework and is inter-operable with CSRD reporting



Forthcoming requirements: International Sustainability Standards Board (ISSB)

The **ISSB** was established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets

[The ISSB Standards are finally here. What impact will they have on UK companies?](#)

- In June 2023 the ISSB issued its inaugural standards:
 - General sustainability-related disclosure (IFRS1)
 - Climate-related disclosure (IFRS2)
- Disclosure requirements will cover **governance, strategy, risk management and metrics & targets**.
- **SASB, TCFD, GRI** have all been integrated.
- Focusses on **sustainability-related risks and opportunities**.
- Requires **industry-specific disclosures**.
- IFRS 2 requires companies to disclose absolute **gross greenhouse gas emissions**. This is a new requirement that many companies may not have had to do before.
- The **UK government aims to make endorsement decisions on the IFRS S1 and S2 standards by Quarter 1 2025** and these standards will form part of a wider Sustainability Disclosure Reporting framework led by HM Treasury.
- **ISSB took over the responsibility** of the TCFD in 2023, the responsibility was previously held by the Financial Stability Board (FSB).

ISSB reporting considerations



Policy considerations

1. Structure

ISSB takes a similar structure to TCFD. Businesses should therefore start to consider and assess materiality topics across governance, strategy, risk management and metrics and targets;

- Governance: What procedures and personnel are in place to oversee and govern risks and opportunities.
- Strategy: What is the business's approach to managing risks and opportunities.
- Risk Management: The processes for identifying, assessing, prioritising and monitoring risks and opportunities.
- Metrics and targets: Performance in relation to sustainability related risks and opportunities.

2. TCFD and TNFD

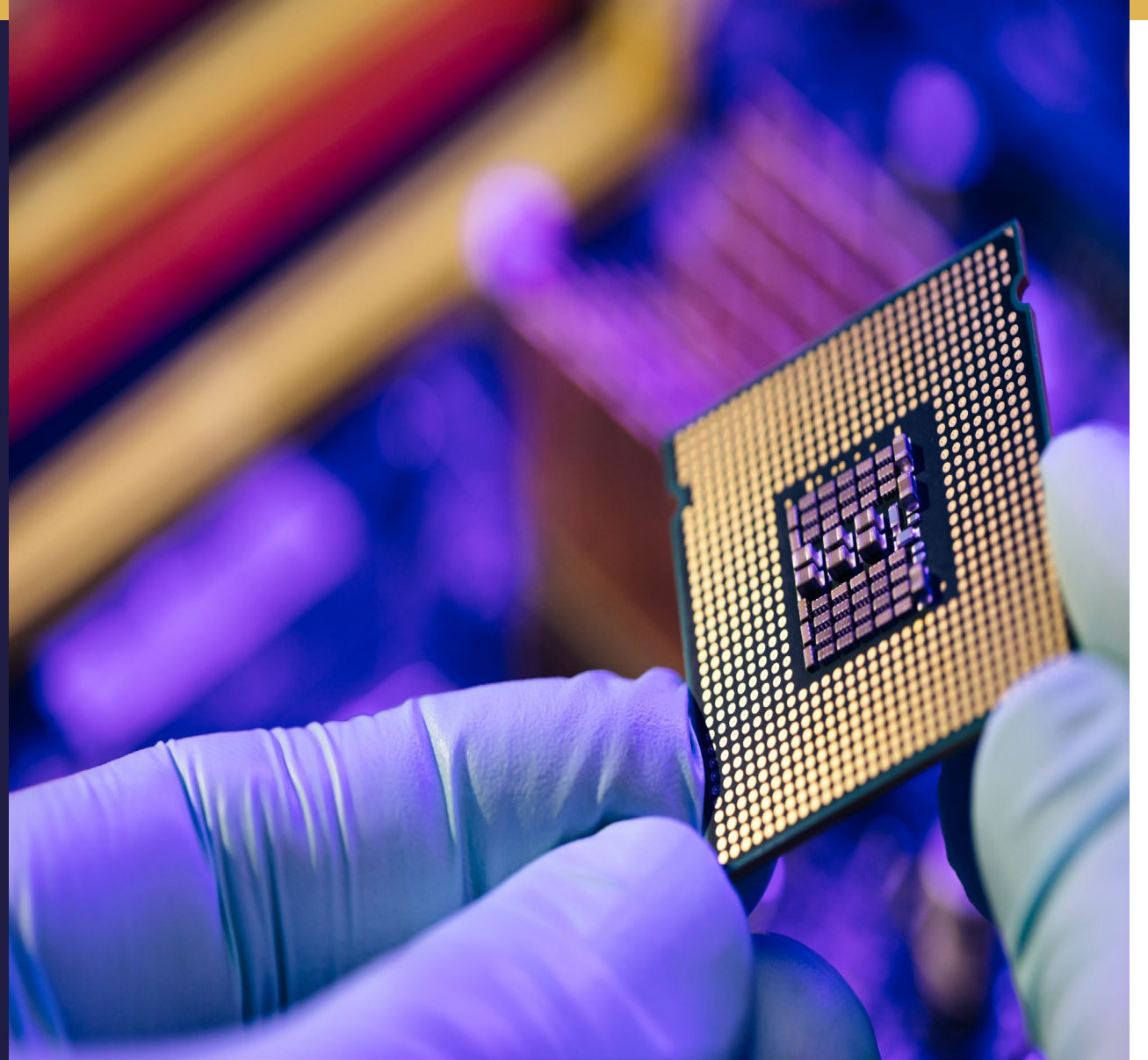
Continue to evolve and develop your Task Force on Climate-Related Financial Disclosures ([TCFD](#)) and Taskforce on Nature-related Financial Disclosures ([TNFD](#)) disclosures.

3. UK SDS

Keep an eye out on the [UK Sustainability Disclosure Standards \(UK SDS\)](#), which will be based on the ISSB Standards, and are due to be published by July 2024.

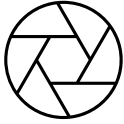
Materiality assessments

What they are and why your business may need one



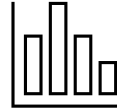
Why undertake a materiality assessment?

A materiality assessment allows sustainability professionals to assess and highlight the environmental, economic and social risks and opportunities facing their organisation – a fundamental pillar of strategy development and calibration.



Elevated strategy development

Analysing and prioritising the issues that matter most to your business enables the organisation to develop a sustainability strategy that doesn't sit in a silo, but rather is aligned to and complements corporate priorities.



Informed resource allocation

Not all sustainability issues are of equal importance to the business. A materiality assessment helps to substantiate resource allocation decisions and build the business case for a robust sustainability budget.



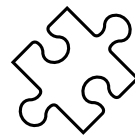
Decision-useful disclosure

The alphabet soup of sustainability reporting frameworks can make disclosure overwhelming and unnecessarily complex. Defining your material topics aids in prioritising how much to disclose and on which issues.



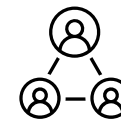
Upskilling internal teams

Conducting a materiality assessment is an opportunity to engage colleagues on key sustainability topics. Bringing them on the materiality journey leads to enhanced internal knowledge and awareness.



Facilitate leadership buy-in

Engaging senior team members in the materiality process allows internal champions of sustainability to raise the profile of the sustainability agenda by demonstrating the tangible business risks and opportunities.



Enable stakeholder dialogue

The process of conducting a materiality assessment and publishing the results provides a platform for meaningful dialogue with stakeholders, facilitating relationship-building and enhanced understanding.

The market's evolving approach to materiality

The expectations of a materiality assessment have progressed over the last few years to move from “stakeholder-led” to more “impact-led” assessments. Whilst double-materiality assessments has long been Ever’s approach, they are now also to be mandated by the EU’s Corporate Sustainability Reporting Directive and the updated GRI 2021 Standards.

2020

Stakeholder-led

A stakeholder-led assessment is primarily interested in what matters to internal and external stakeholders.

This approach is limited in its scope as it may not capture the full view of sustainability-related issues that could impact a company.

2023

Impact-led

This method examines a company's influence on the economy, environment, and society, for the benefit of multiple stakeholders, including investors, employees, customers, suppliers, and local communities.

It assesses the potential risks and opportunities that sustainability-related issues can bring to a business while also acknowledging the needs of various stakeholders.

2025

Double-materiality

Whilst the concept of “double materiality” has been around for a while, it will be mandated by CSRD in 2025, and looks at both impact materiality and financial materiality.

Financial materiality looks at information about the economic value creation of sustainability-related matters for the benefit of investors and shareholders. This is combined with an “impact-led” assessment which looks at risks, opportunities and wider stakeholder needs.

Double vs single materiality

Single materiality

- A single materiality assessment focusses on meeting the information needs of investors.
- Within the ISSB frameworks, a company is asked to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.
- The definition of material information is aligned with that used in IFRS Accounting Standards—that is, information is material if omitting, obscuring or misstating it could be reasonably expected to influence investor decisions.



Double materiality

- A double materiality assessment focusses on a company’s impact on society, and how ESG factors will impact companies.
- CSRD mandates double materiality assessments.
- Within CSRD, a sustainability matter is “material” when it meets the criteria defined for impact materiality or financial materiality.
- The term ‘impacts’ refers to positive and negative sustainability-related impacts that are connected with the undertaking’s business, as identified through an impact materiality assessment.
- The term “risks and opportunities” refers to the undertaking’s sustainability-related financial risks and opportunities.

How we can help

We offer three levels of materiality assessment to meet your needs. All three of them have materiality visual presentations (eg. matrices or spectra) as outputs as well as issue short-lists and content to support communications of the findings.

1

2

3

Compressed materiality

A rapid review of your material issues, led by desk research and any research you have already undertaken internally.

This process is often undertaken within the timeframe of an annual or sustainability report, or other big upcoming campaign; or it can act as an update to a fuller materiality process undertaken within the previous 12 months.

Standard materiality

A robust research approach that can take either a single or a double-materiality approach in line with CSRD, ISSB and other needs and frameworks. We engage with research, trends and internal as well as external stakeholders through a range of engagement methods.

This package will include stakeholder workshops and close interaction with senior team members. All outcomes are challenged and validated through engagement with key decision-makers.

Advanced materiality

Our deepest research approach to materiality that includes a 'Z axis' to map the influence and impact that a business can have through industry and policy links. This option includes much more extensive geographical analysis and deep stakeholder engagement, resulting in more malleable data.

This materiality approach is strongly systems-driven and is appropriate for companies that are looking to build out strong sustainable brand propositions and occupy a space in the market as sustainability leaders.

Materiality refresh:

If you are looking to do a smaller update of your materiality assessment due to a change in the business operations and a new acquisition, we also offer a materiality refresh approach.

What to do next?

1

Understand the requirements: of the CSRD and ISSB standards. Study the guidance documents issued by the [European Commission \(EC\)](#) and the [IFRS](#), which offer detailed explanations of the standards. This includes understanding;

- The scope and date of the first application
- What reporting exemptions apply
- Double materiality - theory to practice
- Risk of non-compliance
- Coordination of ISSB (IFRS) and CSRD for international businesses
- Digitalisation

2

Evaluate Current Reporting Practices: Conduct a thorough audit of your existing SR practices, contrasting them with CSRD and ESRS requirements. This exercise can highlight the gaps in your current approach.

4

Formulate a SR Strategy: Develop a comprehensive strategy for SR, which should outline the scope of reporting, the metrics to be reported, the frequency of reporting, and the channels through which the reports will be disseminated.

3

Data collection: Start collecting and organising data on various sustainability issues deemed material.

5

Consult the Ever Sustainable Team: if you have any burning questions!

Get in touch

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