



# Navigating the CSRD:

Best Practices and Strategic Opportunities

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If your organisation is one of an estimated 50,000 affected by the European Union's introduction of the Corporate Sustainability Reporting Directive (CSRD), you may be well aware of the challenge ahead: As of 2025, the EU will mandate that privately held medium, large, and enterprise companies as well as all publicly traded companies report on Environmental, Social, and Governance (ESG) risks and opportunities, particularly their impact on society and the environment.

Replacing and expanding the Non-Financial Reporting Directive (NFRD), the CSRD sets a new standard for sustainability reporting, emphasizing the broader impact of corporate activities on people and the environment. The new reporting requirements extend beyond carbon emissions to include additional environmental factors such as pollution, water usage, waste management, and biodiversity conservation, and they must be disclosed in annual reports, integrated with financial data, and will require verification through audit assurance.

If this all sounds daunting, it doesn't have to be. This guide is designed to provide organisations with actionable steps to effectively address the new requirements posed by the CSRD. By focusing on practical strategies and best practices, companies can ensure compliance while also advancing their goals—for sustainability and their bottom line. Our approach helps organisations navigate the complexities, aligning operational practices with principles central to the CSRD.

Let's explore these best practices, examining what they look like in action and the value they can bring to your organisation:





# 1 Use Appropriate and Realistic Scoping

Determining the appropriate scope of sustainability efforts and reporting involves careful planning and realistic goal setting. Utilizing scenario analysis tools helps in evaluating different scoping strategies and their potential impacts, facilitating the establishment of realistic sustainability objectives that align with both corporate strategies and stakeholder expectations.

## ➤ Best Practice in Action

Once baseline data has been established, the power lies not just in reporting but in using this data to support better business decisions. Materiality Assessment, Risk Assessment, and Scenario Planning are all tools that help clarify the scale of scope of an appropriate sustainability program. These are typically cross-function exercises that require input from operations, finance, legal, procurement, and commercial teams.

Leading companies will access third-party datasets to identify material issues at sites, allocate financial costs to identified risks (e.g., what would the cost be if a certain site was rendered inoperative for a week due to a flood event), and test operational resilience in the face of severe weather events or other climate risks.



## What value does this bring?

- Effective use of limited resources
- Preparedness in the event of risks being realized
- Confidence that all important issues are being addressed in business planning

## 2 Establish Cross-Functional Engagement

Achieving comprehensive sustainability reporting under the CSRD demands active collaboration across various departments within an organization, and traditional spreadsheet and email tools will be inadequate for the scope and rigour required.

Establishing a centralized platform for data collection and analysis fosters cross-functional engagement, ensuring that insights from all departments—finance, operations, human resources, and more—are integrated cohesively. Not only does this approach guarantee data completeness and accuracy but it also cultivates a culture of knowledge sharing and collaboration essential for a holistic sustainability strategy.

### ➔ *Best Practice in Action*

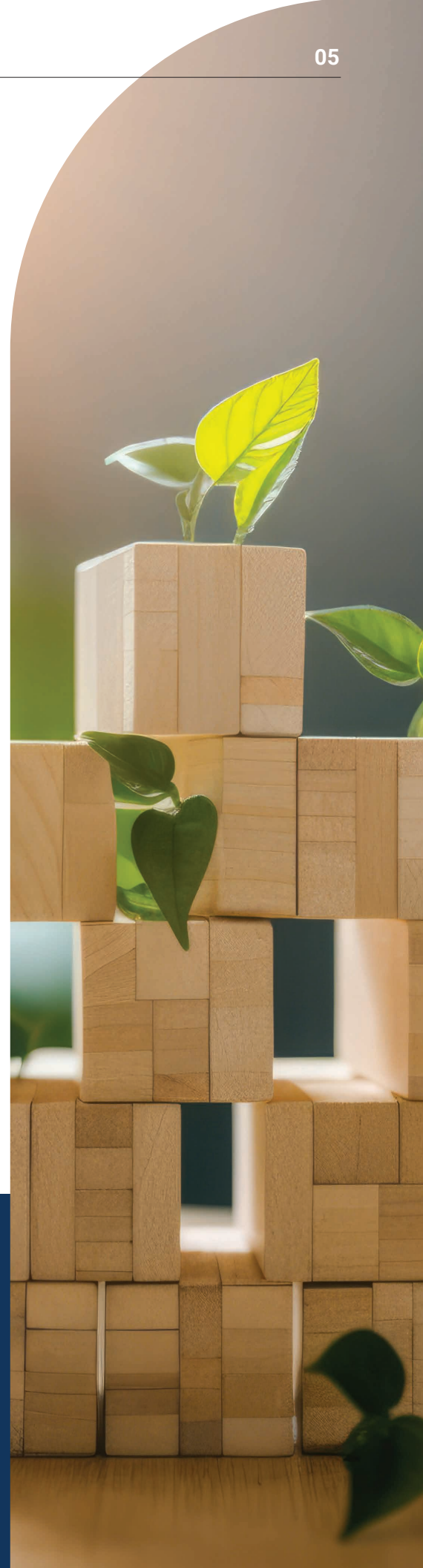
By identifying and designating data element owners (i.e., KPI owners) from each relevant organizational function or department, teams can document responsibility and alignment in a digital platform that provides cross-functional visibility and clarity. Communication automated and generated by a digital solution can not only inform functional owners of responsibility but can also help drive the timeliness of inputs into a centralized platform where cross-functional teams can view progress on inputs needed for CSRD disclosures.

For example, ownership and tracking of KPIs for carbon emissions or supply chain due diligence can be digitally documented and facilitated by the functional leaders within the sustainability group and strategic procurement group, respectively.



### What value does this bring?

- Makes communication more efficient
- Ensures everyone knows what they're responsible for
- Avoids forgotten tasks



# 3 Conduct a Sound Double Materiality Assessment

Conducting a robust Double Materiality Assessment (DMA) is key to identifying the sustainability issues that significantly impact the organization from two perspectives: the impact on people and the environment and the risks and opportunities they present to your organization. By employing advanced analytics, companies can evaluate and prioritize these issues effectively.

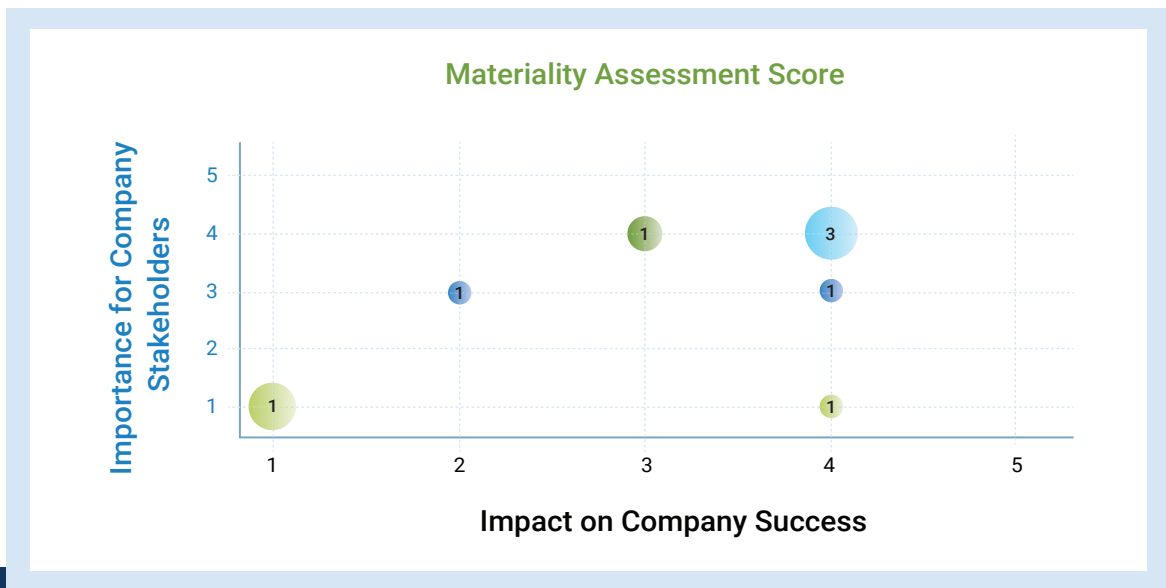
This focused approach allows organizations to channel their resources toward the most impactful areas, making their sustainability reporting strategic and relevant.

## ➔ Best Practice in Action

Best practice in Double Materiality Assessment has rapidly evolved as sustainability and ESG disclosure requirements have strengthened. A simple survey of stakeholders is no longer considered sufficient, and while such engagement is still a component of a DMA, a number of other steps are essential for effective execution.

DMA frameworks are integrated into reporting frameworks such as the CSRD/ESRS and the IFRS Standards and provide a great starting point. Utilisation of 3rd party datasets can provide insightful information on the context and sensitivity of physical infrastructure, and help identify risks.

To be impactful, assessment outcomes need to be integrated into corporate strategy, risk management, and reporting. Transparent reporting is required on how material sustainability issues are addressed and their effect on the company's performance.



### What value does this bring?

- Ensure no key issues are missed
- Benefit from expert external analysis
- Ensure your reporting scope is justified and defensible

## 4 Ensure Auditable and Verifiable Data

The integrity of data in CSRD reports is critical, necessitating auditable and verifiable information. Implementing robust data management systems ensures that all data is traceable and backed by proper documentation. This not only simplifies the audit process but also enhances the credibility of the sustainability results reported, building trust among stakeholders.

### ➔ Best Practice in Action

Robust internal controls and data management systems are essential to ensure data integrity. Using standard and recognized data processing methodologies will give stakeholders confidence in data authenticity. A clear workflow needs to be established to define roles, responsibilities, and competencies.

Technology tools can greatly assist in the generation of audit-ready data by automatically scanning and verifying to identify anomalies or gaps, flagging the need for corrective action, and providing an audit trail to demonstrate data integrity. Recent emerging AI tools greatly augment this automation, providing supporting users with interpretation of results, benchmarking with peers, and identification of potential performance improvement initiatives.

The final audit requirements will not be confirmed until the end of 2024, so precise requirements are unknown. It does seem likely that traditional audit firms, ie. management consulting firms, will include CSRD compliance in the scope of their audit of company accounts.



### What value does this bring?

- Peace of mind that the data you report is correct and appropriate
- Time-saving through automated data processing
- Confidence that data meets investment-grade standards





## What value does this bring?

- Tame the daunting data management task
- Ensure compliance
- Protect your reputation

# 5 Identify Gaps in Data vs. Reporting Needs

Identifying discrepancies between existing data and CSRD reporting requirements is crucial for compliance. Advanced analytics can spotlight areas where data is lacking, enabling organizations to proactively address these gaps. This ensures that sustainability reports are comprehensive and meet all regulatory expectations.

### ➤ Best Practice in Action

Leading companies will prepare well in advance of formal reporting obligations and have initial reporting outputs analyzed to determine how successful the program has been. The benefits of starting earlier than legally required far outweigh the costs, with companies avoiding compliance failures and generating business value earlier.

The use of Sustainability/ESG software with built-in reporting templates and workflows enables companies to quickly and easily evaluate where they have met requirements and where further resources or capabilities are required.



# 6 Employ a Risk-Based Approach

If you're a large operation dealing with thousands of suppliers, the prospect of gathering quality data from them all probably seems daunting. The reality, however, is that roughly 80% of your impact may come from as little as 20% of the supply chain.

A risk-based approach to sustainability reporting prioritizes issues with the greatest potential impact on your operations. By identifying, assessing, and managing sustainability risks, organizations can focus their reporting and mitigation efforts more effectively, optimizing resource allocation and enhancing overall sustainability performance.

## ➔ Best Practice in Action

The best practice approach will often leverage third-party datasets to identify points of vulnerability. Mapping of environmental aspects (such as flood zones, wildfire vulnerability, water scarcity, etc.) overlaid on facility maps can help with mitigation and contingency planning.

Engagement with suppliers and other stakeholders can identify sources of vulnerability and potential disruption and where stakeholder engagement is required as a mitigation strategy. Capturing this in a risk matrix allows the organization to develop a consensus on priorities and ensure this is built into the broader enterprise risk management framework.



## What value does this bring?

- Meet reporting obligations that require quantified climate risk assessment
- Build confidence that all key issues are addressed
- Generate insight into how business can be optimized

### 5x5 Risk Matrix Example

**Impact**  
How severe the outcomes be if the risk occurred?

**Probability**  
What is the probability the risk will happen?

	Insignificant 1	Minor 2	Significant 3	Major 4	Severe 5
5 Almost Certain	Medium 5	High 10	Very High 15	Extreme 20	Extreme 25
4 Likely	Medium 4	Medium 8	High 12	Very High 16	Extreme 20
3 Moderate	Low 3	Medium 6	Medium 9	High 12	Very High 15
2 Unlikely	Very low 2	Low 4	Medium 6	Medium 8	High 10
1 Rare	Very low 1	Very low 2	Low 3	Medium 4	Medium 5

## 7 Synthesize CSRD Requirements with Other Business Compliance Needs

Integrating CSRD requirements with other regulatory and compliance obligations requires a strategic and coherent approach. A comprehensive compliance management system that adapts to not just the CSRD but several other various reporting frameworks (TCFD, GRI, etc.) can streamline this process.

Understanding where commonalities exist between these various frameworks allows for a strategic consolidation of efforts, ensuring a unified compliance strategy that reduces redundancy and increases the effectiveness of sustainability reporting.

### ➤ *Best Practice in Action*

A core dataset can often be used to address a range of different requirements, delivering better efficiency and business value. By using a platform that integrates multiple reporting frameworks, the need for data processing and duplication is avoided, and users can effectively manage multiple-faceted reporting programs.

Managing common responses, response history, and assignment of responsibility within a workflow allows complex and large-scale reporting with clarity and precision.



### What value does this bring?

- Save time
- Avoid double-handling
- Have a clear overview of your reporting program

## 8 Approach Data Management and Reporting Efficiently

Efficient data management and reporting practices are essential for aligning with CSRD and other global reporting frameworks. By consolidating and harmonizing data from diverse sources, organizations can simplify the reporting process, reducing the time and resources spent on administrative tasks while enhancing the accuracy and consistency of sustainability reports.

### ➤ *Best Practice in Action*

Best practice involves the adoption of standardized data specifications, workflows, and data processing methodologies. By adopting clear and consistent standards across the organisation, data quality can be assured, and data processing simplified.

This can be achieved by configuring an agreed workflow into the platform, ensuring engagement and training for team members, and leveraging the power of integrated reporting templates to ensure data completeness and accuracy.



### What value does this bring?

- Save time
- Avoid mistakes
- Ensure data quality
- Help team members meet their objectives





## 9 Engage with Your Supply Chain

The CSRD places a strong emphasis on supply chain transparency. By encouraging supply chain partners to adopt similar sustainability practices and reporting standards, companies can ensure compliance and improve overall sustainability performance across the supply chain. Collaborative tools and platforms facilitate this engagement, driving collective progress toward sustainability goals.

### ➤ *Best Practice in Action*

Effective engagement with supply chains can be achieved with supplier collaboration platforms. Such tools enable companies to establish an inventory of suppliers, identify the material partners that generate the most impact, and set and drive performance standards.

Typical processes that can be adopted here to manage supply chain performance include supplier surveys to understand current performance and to collect data (eg. scope 3 GHG emissions), dissemination of required performance standards, monitoring of performance auditing programs, and identification of high risk partners or product lines. Such risk assessment can support contingency planning in order to have response plans in place should a disruption occur.



### What value does this bring?

- Reduce risks of being let down by suppliers
- Save time in managing complex operations
- Protect your business reputation

## Next Steps

As CSRD obligations reshape corporate sustainability reporting, the right partner can help you meet these challenges. Benchmark Gensuite's CSRD solution blends years of industry expertise with cutting-edge technology, providing you with immediate insights to ensure compliance as well as long-term strategic guidance that will resonate with stakeholders who are increasingly focused on sustainability.

Learn more about how our software and services can help you respond to the CSRD with confidence. For a more in-depth discussion and to find tailored solutions that meet your specific needs, let's talk. Together, we can turn the challenge of compliance into an opportunity, to improve not just your organisation's environmental impact, but your reputation and bottom line.



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