



Sustainability reporting

**The CSRD: From paper tiger to
transition instrument**

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Key messages



As the CSRD is not yet final or prescribed, it is to be expected that none of the companies included in our research are already reporting according to the CSRD. However, knowing that the CSRD is about to become final in the fourth quarter of 2022 and partly become effective as per 2024, we would have expected greater progress than we currently identify, both at the level of listed as well as non-listed companies.



ESG is obviously on the agenda, although none of the companies subject to our research are now reporting at a level expected to be requested by the final CSRD.



The research reveals that Governance topics reporting is the most mature, which can be explained as governance has the fewest requirements and these are pretty straight-forward, making it easier to tackle them.



Companies put a lot of effort into reporting on Environmental topics, but this area needs much more elaboration.



On the Social topics, listed companies perform far better than non-listed companies, but reporting on the social aspects of the value chain requires a lot of improvement for both types of companies.



It appears that CSRD has not yet been discovered as a tool for guidance on the upcoming reporting requirements. The CSRD enables companies to provide stakeholders with transparent reporting on ESG; moreover, it helps companies to identify material risks and opportunities on ESG topics from the stakeholder perspective, which forms the basis of setting and measuring ambitious ESG targets. Embracing the CSRD, even in a draft version, might provide helpful guidance in supporting the organization on both ESG strategy and ESG reporting.

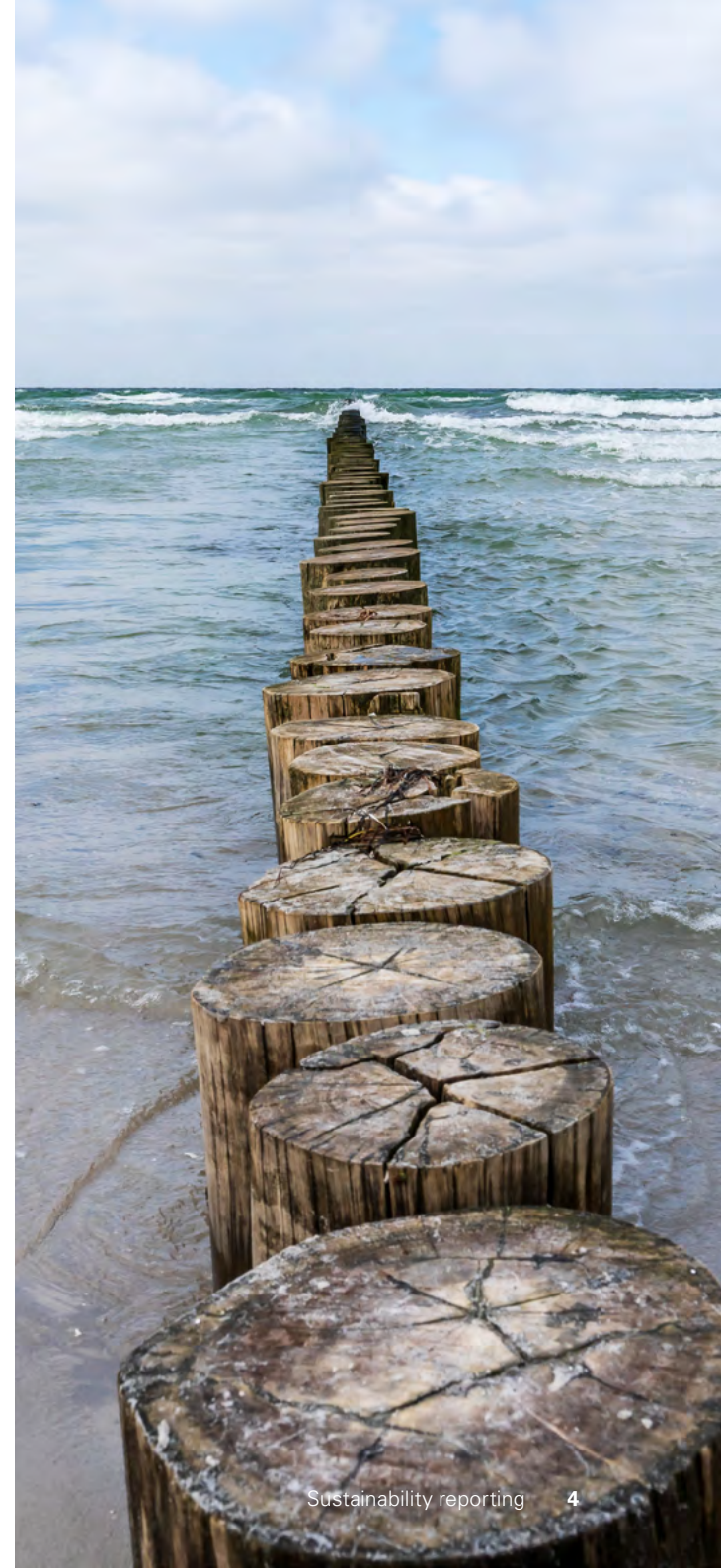
Executive Summary

As we expect companies are preparing themselves for CSRD compliant reporting, KPMG set out to update the 2021 report studying the CSRD readiness of Dutch companies. A total set of 46 companies were analyzed, including the 24 listed companies in the Netherlands (AEX index), as well as 22 large non-listed companies. The CSRD has emphasized several aspects that are key attention points for organizations to consider in order to ensure timely compliance with the reporting requirements.

Overall, the research found that companies put ESG reporting on their agenda, but none explained how the undertaking's business model, operations, and strategy are in line with the transition to a sustainable economy – which includes assessing and disclosing how companies' affect and are affected by a variety of environmental, social and governance-related topics. Of these three topics, the research indicated that companies focus most of their reporting efforts on the environmental disclosure requirements. This is probably explained by stakeholder pressure on climate-related topics. Nevertheless, the governance-related disclosure requirements are currently the most mature in relation to the CSRD. On the social topics, reporting focused mostly on their own company, providing little reporting on the social aspects of their supply chain.

This is an important journey for all of us. It is the first time that companies within such a large scope are required to report, and be assured on, sustainability information. Some call it the reporting revolution, others a tipping point in history. One thing is clear; where traditional financial reporting reached a state of maturity and a history of incremental developments over the years, this non-financial reporting, even though it's immature, brings radical change in the field of non-financial reporting, which is both being developed and needs to be implemented at the same time. Even though we tend to wait for more guidance and security, we face an increasing demand from stakeholders on information as they feel an increased sense of urgency caused by all the challenges the world faces today.

We think we should move from the view that the CSRD is a compliance tool, to the view that it can and should be used as guidance to incorporate ESG-related risks and opportunities into corporate strategy and into corporate reporting. This is new for many of the players subject to the CSRD, KPMG is working hard alongside you to make this transition as smooth as possible - we act to have impact!



Introduction

On 21 April 2021, in the wake of the EU Green Deal, the European Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD) aimed at revising and strengthening rules introduced by the existing Non-Financial Reporting Directive (NFRD).

This proposal is intended to ensure that companies report reliable and comparable sustainability information necessary for stakeholders to evaluate companies' non-financial performance. Its main purpose is to improve transparency for all stakeholders in order to re-orient investments towards more sustainable technologies and companies.

As noted in the [No Escape](#) report we issued in July 2021, the proposed directive entails a dramatic increase in the number of companies subject to the EU sustainability reporting requirements, with an estimated 49,000 companies in Europe and more than 2.000 in the Netherlands being subject to the new mandatory reporting requirements.

In this publication, the level of preparedness of selected companies against critical elements included in the CSRD proposal was assessed. The research showed

that none of the sampled companies' 2020 Annual Reports included the level of detail required by the CSRD proposal. Moreover, this finding was stronger within the non-listed companies than within the listed companies.

Whilst the timeline for the introduction of the CSRD is still under discussion, the new reporting requirements will entail significant changes for companies in scope and mean a shift from voluntary to mandatory disclosure under the Board's responsibility. Therefore, it is crucial for companies to start preparations for CSRD implementation as soon as possible to ensure timely compliance with the reporting requirements.

This year, due to the growing momentum with respect to the CSRD, the same study population – the 24 listed companies in the Netherlands (AEX index) and 22 large non-listed Dutch companies – was kept and studied using an updated methodology. The methodology was extended to conduct a high-level CSRD readiness assessment derived from the draft standards (Working Papers) released in March 2022 by the European Financial Reporting Advisory Group (EFRAG). This paper aims to provide an overview of

the level of preparedness against the main disclosure requirements of the CSRD, as included in EFRAG's Working Papers. This report concludes with key findings and recommendations for companies to consider.

As mentioned in the executive summary, our conclusion hardly differs from last year; progress can be concluded, but a lot of effort is still needed in order to bring current reporting in line with the upcoming reporting requirements. Even though it can be argued that this finding is in line with our expectations as the CSRD is still subject to review and change, we invite all organizations to embrace the CSRD as a guide in preparing their company. Be prepared to embed CSRD within your organization, but also address the sustainability transformation of your company, as no one, no company can escape the efforts required to reach a sustainable future. Do you want to know why and how to do this? Then do not stop reading!



CSRD Developments

Updated summary of changes introduced by the CSRD

	Current EU Directive 2014/95/EU (NFRD)	Corporate Sustainability Reporting Directive
 WHEN WILL IT BE APPLICABLE?	FY2018	<p>In February 2022 the Council of European Union proposed a delay in the implementation timeline:</p> <p>January 2024</p> <ul style="list-style-type: none"> Reporting entities already subject to the NFRD report in 2025 on 2024 data <p>January 2025</p> <ul style="list-style-type: none"> Large reporting entities not currently subject to the NFRD report in 2026 on 2025 data <p>January 2026</p> <ul style="list-style-type: none"> Listed SMEs, small and non-complex credit institutions and captive insurance entities report in 2027 on 2026 data
 TO WHICH COMPANIES WILL IT BE APPLICABLE?	<p>Large public interest entities with > 500 employees</p> <p><i>Public interest entities are:</i></p> <ul style="list-style-type: none"> Listed companies Banks and Insurance companies 	<ul style="list-style-type: none"> All (listed or non-listed) large companies (two of three criteria met): <ul style="list-style-type: none"> > 250 employees and/or > €40M Turnover and/or > €20M Total Assets All other (small/medium) listed companies get an extra three years to comply
 HOW MANY COMPANIES ARE SUBJECT TO THE NEW DIRECTIVE?	<p>EU: 11.600</p> <p>NL: 115</p>	<p>EU: 49,000 Covering >75% of total EU companies turnover</p> <p>NL: More than 2.000</p>
 WHAT IS THE SCOPE OF REPORTING REQUIREMENTS?	<p>Companies are to report on:</p> <ul style="list-style-type: none"> Environmental protection Social responsibility and treatment of employees Respect for human rights Anti-corruption and bribery Diversity on company boards (in terms of age, gender, educational and professional background) 	<p>Overall requirements:</p> <ul style="list-style-type: none"> Inclusion in the Annual Report External (limited) assurance (as from FY2024) Reporting principles Format and timing <p>General disclosures:</p> <ul style="list-style-type: none"> Business model, strategy and policies KPIs and targets (forward looking information) Company and sustainability governance Double materiality assessment and due diligence Risk and opportunity management <p>Topic-specific disclosures:</p> <ul style="list-style-type: none"> Environmental (incl. EU Taxonomy) Social Governance Sector-specific standards
 IS INDEPENDENT THIRD PARTY ASSURANCE MANDATORY?	<p>Non-mandatory (for most countries)</p> <p>In some countries part of legal audit requirements (for example in NL under NVCOS 720 requirements).</p>	<p>Mandatory – limited level of assurance Including:</p> <ul style="list-style-type: none"> Integration in Auditor's Report Involvement of key audit partner Scope to include EU Taxonomy information and process to identify key relevant information
 WHERE SHOULD COMPANIES REPORT?	<p>Included in the Annual Report (for NL companies)</p>	<p>Inclusion in the Management Report</p>
 IN WHAT FORMAT SHOULD COMPANIES REPORT?	<p>Online or PDF version</p>	<p>To be submitted in electronic format</p>

A high-angle photograph of two people in a red and white kayak on a calm, blue lake. The kayakers are seen from behind, paddling away from the viewer. The water is still, reflecting the sky and the kayak. The overall mood is peaceful and serene.

CSRD: a guiding framework

As the CRSD is still in draft, we expect that many companies do not use the CSRD framework, nor are aware of the structure and the potential guidance it can provide.



Structure of the CSRD

The guidance potential of the CSRD can be found in its structure, where it shows the topics you should cover and provides specific guidance on how to address the topics.

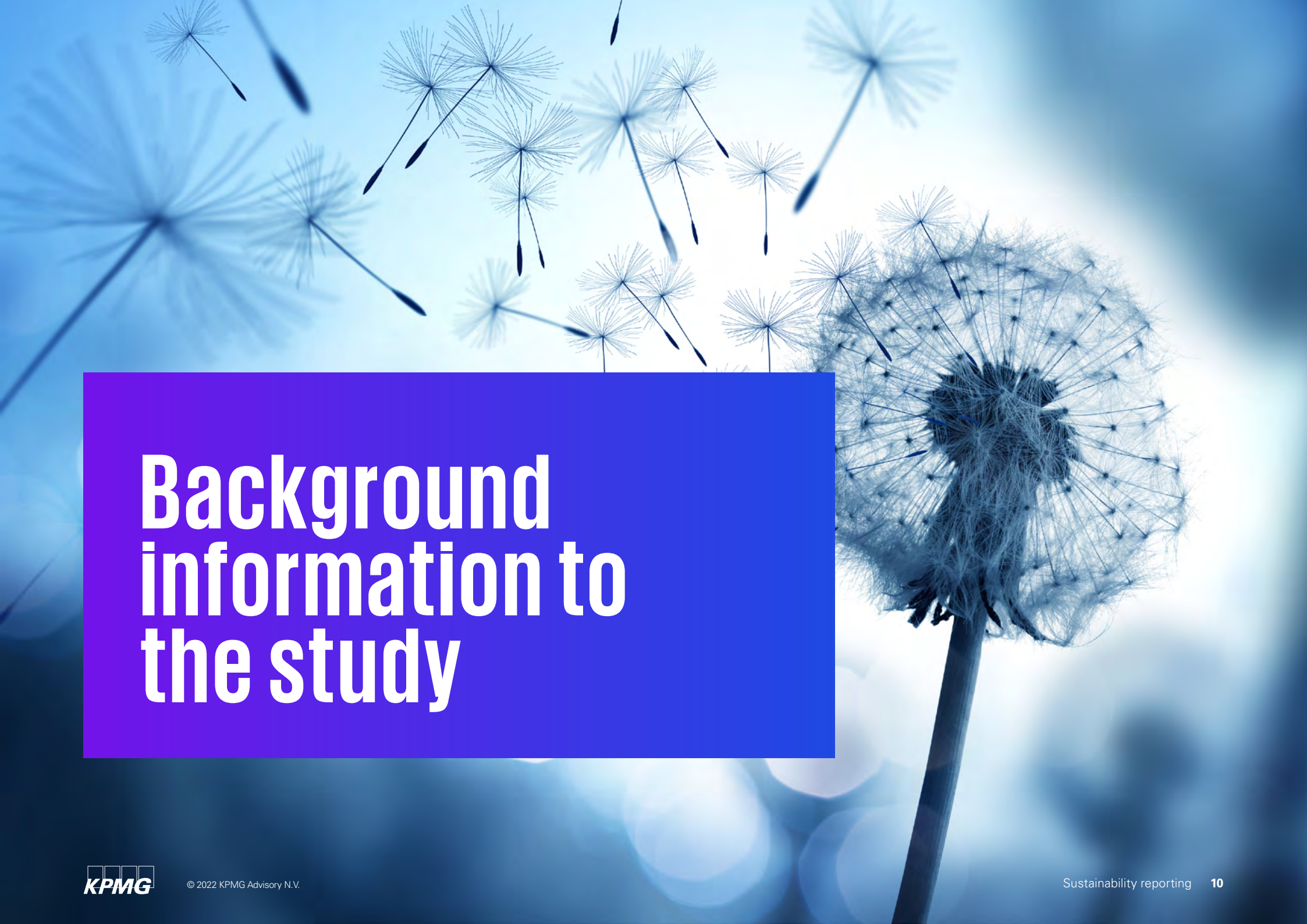
The cross-cutting standards (ESRS 1 & 2) provide companies with guidance on how to address ESG in general in their organization and helps to determine which risks and opportunities the company faces. Getting clearance on this enables you to create clarity and focus on how to address these.

The topic standards at the ESG level provide clear guidance to help the company to determine which risks have to be covered, but also which opportunities arise; these standards also provide insight into how measurements of targets can or should be made.

KPMG believes that once companies see the potential advantage of using the CSRD to analyze the organization from the ESG perspective, it provides a robust tool to gain insights into risks and opportunities, not only to know what issues to measure and report on, but also to use this to improve the ESG strategy and its implementation.

Cross-cutting standard ESRS2 introduces the double materiality concept, which provides helpful guidance on how to address ESG issues, to identify both risks and opportunities which are relevant for your organization and should be addressed both in ESG strategy as in ESG reporting.

As stakeholder demands on ESG responsibility and transparency are increasing rapidly, this framework helps the organization to prepare transparent high-quality reporting, moving towards a sustainable organization. In our view, this framework provides knowledge, guidance, examples and trust on how to address ESG, therefore being supportive to contribute to the sustainability transition that is taking place. Starting as soon as possible provides not only readiness for the reporting about to be requested, it also provides you with guidance to anchor sustainability in your organization, to be fast enough, to prepare and transform your company for the future. There is no need nor possibility to wait; we should all act for impact.

A background image featuring several dandelion seed heads against a bright blue sky. One seed head is in sharp focus in the lower right foreground, while others are blurred in the background, some with seeds drifting away. A large blue rectangle is positioned on the left side of the image, containing white text.

Background information to the study

For the study this year the 24 companies published on the AEX index were used. Originally, the large 25 non-listed companies had also been chosen, although only 22 of them were analyzed as three of the companies in the sample had not published their 2021 annual report at the time of this assessment.

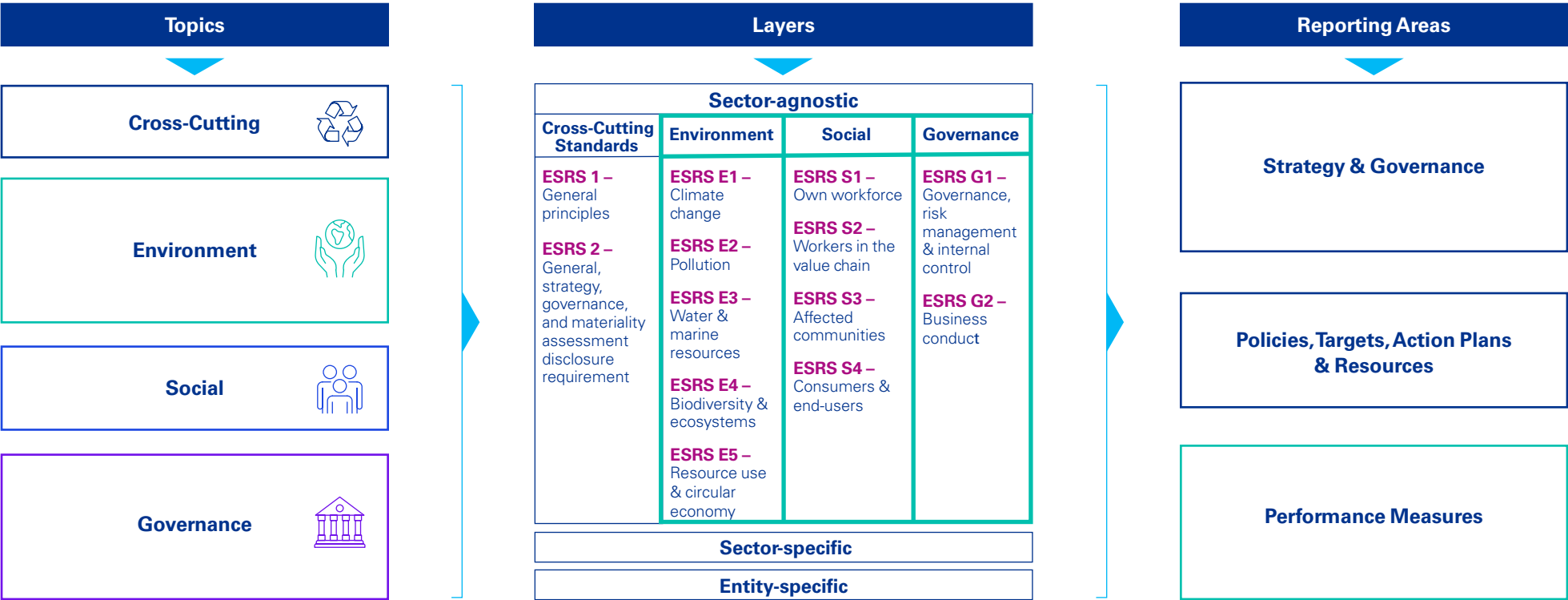
This year the methodology for conducting the high-level CSRD readiness assessment was updated to

incorporate new regulatory developments. KPMG’s study is based on the draft standards developed by EFRAG. The companies’ 2021 disclosures were assessed against the most critical disclosure requirements included in each topic-specific working paper released by EFRAG.

In addition to EFRAG’s topic-specific disclosure requirements, a number of general reporting

requirements that underpin the CSRD were considered. For example, requirements related to a double materiality assessment, receiving external assurance on sustainability information, having an integrated report, and demonstrating an alignment with the Paris Agreement. These reporting requirements are included in both the CSRD proposal and EFRAG’s working papers.

Below is a summary of the working papers used as a basis for this study:





Results of General Reporting Requirements

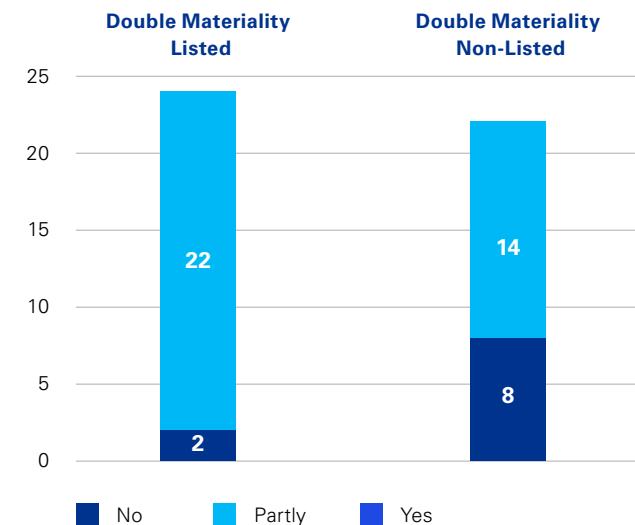
Double Materiality

The concept of Double Materiality can be defined as the union of materiality from an impact perspective, from a financial perspective or both, where materiality is the criterion for inclusion of certain information in sustainability reports. The disclosure requirements on Double Materiality include not only the outcome of the assessment of material sustainability impacts, risks and opportunities, but also the process for identifying these.

Double Materiality is at the heart of the CSRD and covered in ESRS 2. Interestingly enough, none of the companies assessed applied the concept of double materiality to a sufficient level. The research however, also showed a significant difference in the preparedness of listed and non-listed companies, with over 90% of listed companies partly complying with the CSRD's double materiality disclosure requirements, as opposed to just over 60% for non-listed companies. Several companies created a stakeholder materiality matrix with stakeholders and company value as the x and y values. However, for a double materiality assessment, the financial – outside-in – perspective on climate-related impact on the company value was still lacking. As stakeholders increasingly request companies to show how they contribute to sustainability, the value of this double assessment should be emphasized to support you in bringing focus and calling for action.

In the coming year companies will need to focus much of their efforts on Double Materiality as this is one of the overarching principles and starting points for disclosing information in line with the requirements of the CSRD where the value of this assessment can not be underestimated.

Graph 1
Overview of double materiality conducted between listed and non-listed companies



Mandatory Limited Assurance

Whilst the demand for assurance over non-financial information has shown much growth in recent years, the CSRD will further raise the bar of information quality by requiring independent assurance services providers (or statutory auditors) to express an opinion based on a limited assurance engagement.

Companies will be required to obtain limited assurance over the following items:

- a** the compliance of the sustainability reporting with the CSRD and the European sustainability reporting standards (ESRS);
- b** the process carried out to identify the information reported pursuant to the reporting standards;
- c** the compliance with the requirement to mark-up sustainability reporting; and
- d** the compliance with the reporting requirements in Article 8 of Regulation (2020/852)

Last year over 50% of the total set of companies assessed in our study did seek assurance to a sufficient level on their sustainability information. This year already 71% of the listed companies did seek assurance, while 32% of non-listed companies requested assurance

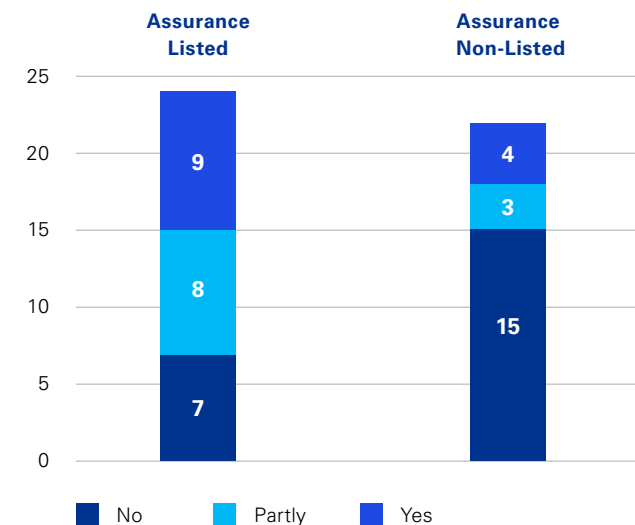
on their sustainability information. Obtaining external assurance requires organizations to have robust data collection and reporting processes in place. Implementing such processes and controls will typically take a long time.

As is shown in the graphs, almost 30% of listed companies and 68% of non-listed companies did not seek assurance, which emphasizes that a huge step needs to be taken in the next two years to get ready. In general, as limited assurance is one of the requirements once the CSRD is effective, the clock is ticking for many companies to get their governance, data, systems and controls ready to deliver.

Even though progress is being made, it is important to recognize the added value of the CSRD in this respect as companies requesting voluntary assurance were all reporting on a different level, on different aspects, which underlines the need for standards resulting in increased comparability of reporting and also increases the value of decent sustainability reporting.

Graph 2

Overview of assurance received between listed and non-listed companies



Where is information being disclosed?

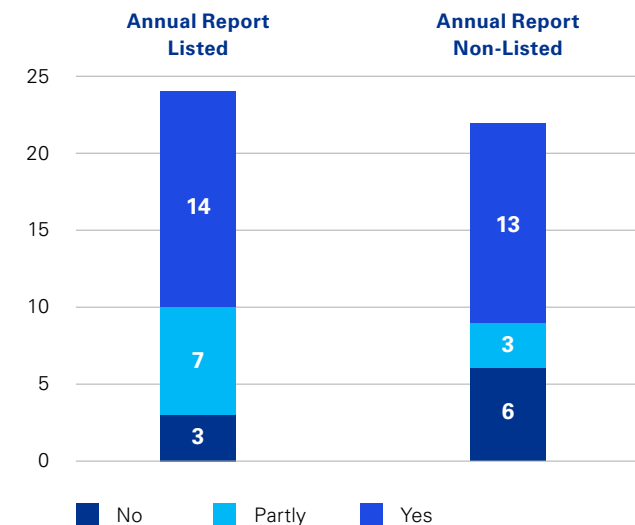


Another aspect of the study focused on assessing the current landscape of presenting non-financial information. In particular the research looks at where sustainability information is being disclosed. Over 80% of listed companies and 70% of non-listed companies reported some or all of their sustainability-related information in their Annual Reports. For the companies that did not do this, sustainability-related information is often provided on their website or as a separate 'CSR report'.

Companies reporting under the CSRD will be required to disclose their sustainability-related information as part of the Annual Report (management report). For many companies this is an impactful transition as it means reshaping the existing report structure to accommodate a significant increase of a different type of information. Finding guidance in the CSRD and seeking best practices increases knowledge and awareness, thus preparing the company for proper disclosure.

Graph 3

Overview of including sustainability information in annual report



Improvements since last year, but still a long way to go

A key finding from last year's [No Escape](#) report was that the vast majority of companies included in the study qualified as 'not close to ready', with more than 60% even qualifying as being 'far from ready' to comply with CSRD reporting requirements. It was found that the areas that required significant attention included double materiality reporting, target setting, disclosure of progress towards set targets, and getting ready for assurance.

When comparing last year's findings to this year's, one can see some improvements, but these are small steps and significant effort is still required to be ready in time.

Last year, not one company in the sample assessed the materiality of sustainability topics in accordance with the double materiality approach. This year approximately 75% of the companies partly complied with this principle. So progress is visible, but at the same time it is still not sufficient or good enough. The guidance offered by the CSRD not only helps to prepare and deliver high-quality information on the right aspects in good time, but also brings focus to the company's sustainability goals and actions.

Compared to last year, a greater number of companies are getting ready for assurance. Target setting and disclosing progress towards targets still needs much improvement. Overall, one can see some improvements

while the distance to the target is still considerable. That being said, between the last and present report, the standards have been extended and detailed much further in Working Papers and more recently in exposure drafts. At the same time, with the current level of elaboration and insecurity, it is also understandable that most reports are not (yet) in compliance with the CSRD. In our view we should not stop waiting for greater clarity, but seek progress and preparation as a way of obtaining clarity. After all, aren't the early adopters the winners of tomorrow?





Results of ESG Topics

If we examine the different ESG topics more thoroughly, we see that earlier this year EFRAG released a set of Exposure Drafts, which include eleven topic-specific standards. Of those eleven standards, five focus on Environmental topics, four focus on Social topics and two on Governance-related topics. Together, these three topics account for more than two hundred key performance indicators (KPIs), over one hundred disclosure requirements and almost six hundred and fifty paragraphs. These numbers might result in panic, they might even discourage action, as they seem overwhelming. However, another perspective might be even more interesting. What if we were to use these standards as guidance, knowledge and support to determine the current and potential impact of the organization. And what would happen with our view on these numbers once we are convinced that the double materiality assessment resulted in a focused risk and opportunity analysis as a result of which it is crystal clear which standards are the most impactful? Once again this emphasizes the positive potential of the CSRD to contribute to risk assessment and management, but also to an ESG strategy enabling a company to embed ESG in all layers of the organization where decent transparent reporting can be generated.

This study has highlighted a discrepancy in the readiness of disclosures between the Environmental, Social and Governance topics. Out of the three topics, the research has shown that companies are currently focusing most of their reporting efforts on the Environmental disclosure requirements, possibly because most stakeholder pressure is on climate-related topics. However, it is in respect of the Governance-related disclosure requirements that companies are currently most on track where compliance with the CSRD is concerned. This

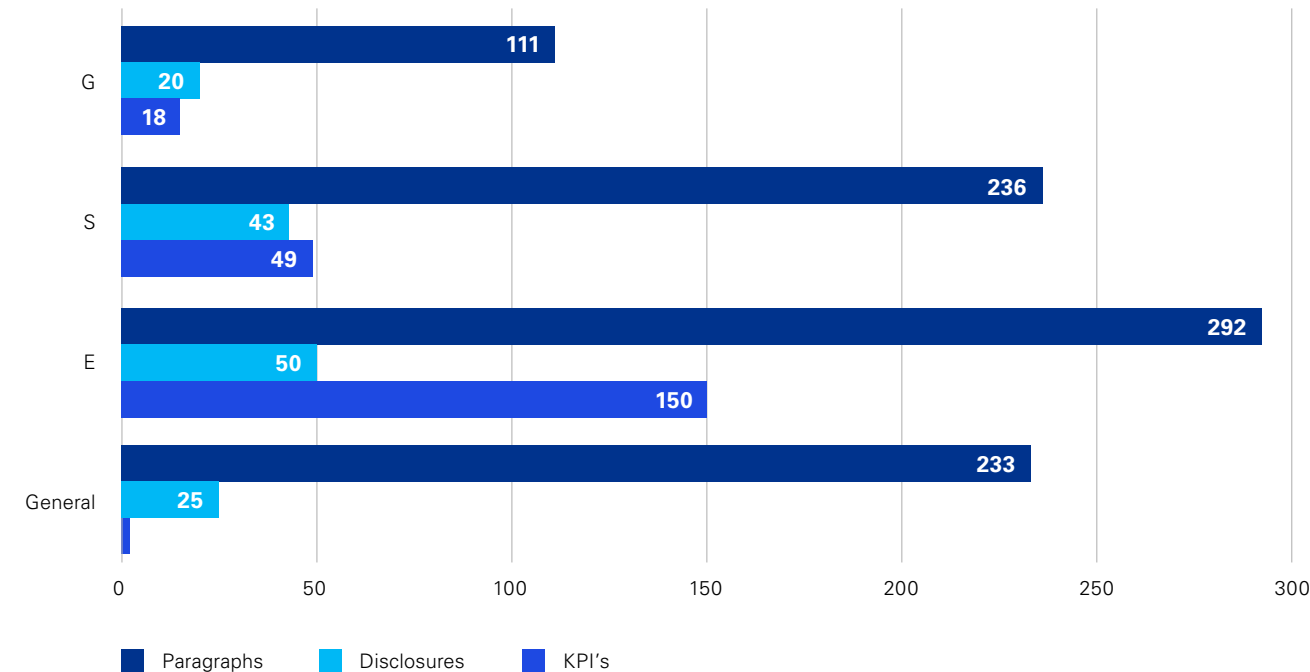
observation could be due to the comprehensiveness of the Environmental standards, which on their own, account for 150 KPIs and almost 300 paragraphs, more than seven times the number of Governance-related KPIs and almost three times the number of Governance-related paragraphs. Another reason might be that there is not yet enough awareness on the importance of a proper double materiality assessment or the wider

range of the climate-related standards are not yet known within the companies subject to our research, which results in incomplete reporting if compared to the CSRD.

In order to gain a better understanding of the CSRD readiness of Dutch companies, this study performed high-level assessments of the compliance of companies' disclosures at a topic and sub-topic level.

Graph 4
Overview of the CSRD vastness

KPIs, disclosures and paragraphs



Sub-topic: Environment



Whilst not a single company fully complied with EFRAG's environmental disclosure requirements, there still remained a diversity in the readiness of companies' environmental disclosures at a sub-topic level.

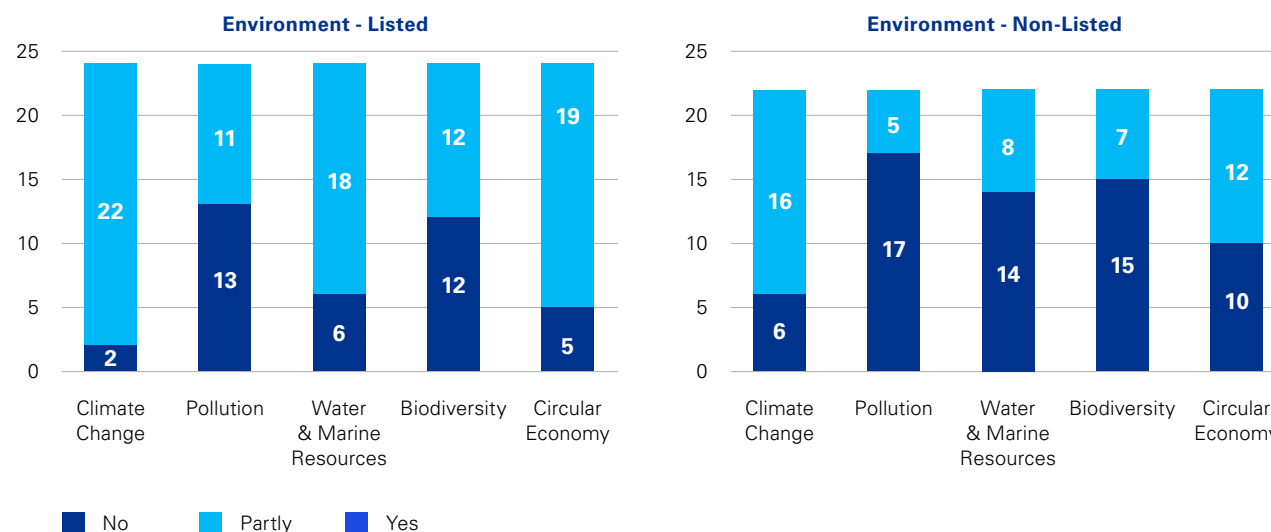
It was found that sub-topics such as Climate Change have relatively mature compliance rates across both listed and non-listed companies with over 90% of listed companies and over 70% of non-listed companies partly reporting in accordance with the requirements. Many companies indeed already have reporting processes in place to capture and report on their greenhouse gas emissions or disclose information with regard to climate-related risks and opportunities. This is in line with the results of our study, which show that Climate Change is the environmental sub-topic that is currently most on track for compliance with the CSRD. The added value of the CSRD can be found in the fact that it's currently hard to compare, as there is hardly any uniformity in the information presented.

On the other hand, the study noted that sub-topics such as Pollution and Biodiversity will require most reporting efforts both from listed and non-listed companies. This is also a result of the relatively new topics for many companies to report on and due to the fact that the frameworks that provide reporting guidance are fairly young. For example the TNFD, a framework for reporting on risks related to biodiversity loss and environmental

degradation, was only released in June 2021. Although water is a material topic for many businesses, the Water and Marine Resources sub-topic scored relatively poorly due to most companies not disclosing information with regard to the "Marine Resources" component of the requirement, which relates to the use of ocean-based resources, discharges or emissions to the environment that end up in the oceans.

Graph 5

Overview of Environmental sub-topics for listed and non-listed companies



Sub-topic: Social



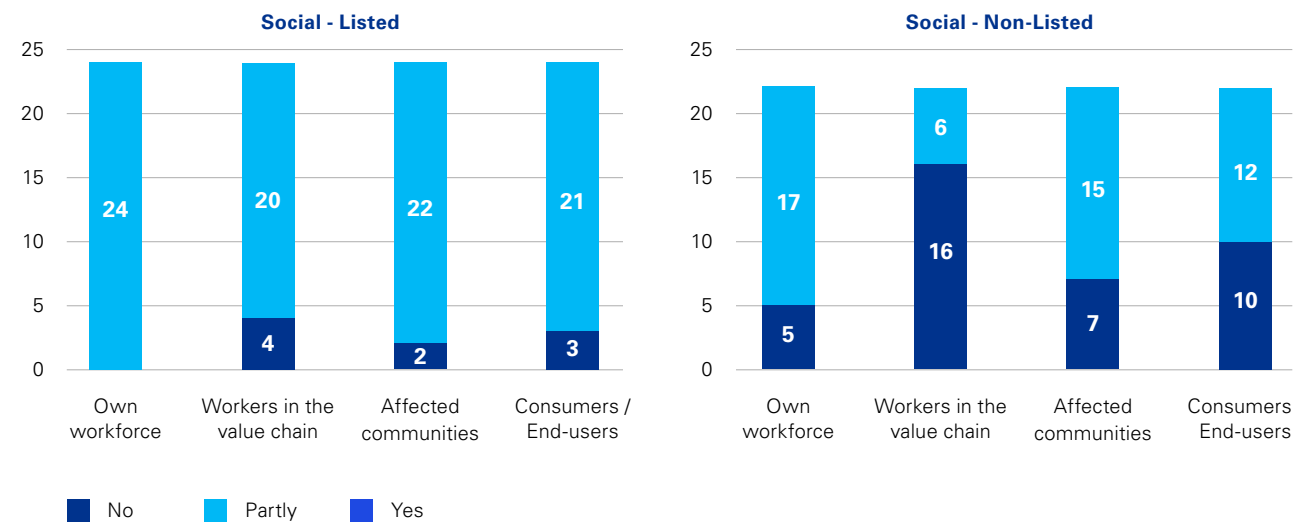
The research highlights that none of the companies in the study fully complied with the social sub-topics. Out of the sub-topics, companies were showing the most mature reporting on their own employees’ working conditions, rights, and worker-related risks and opportunities. It was found that 100% of the listed companies and 77% of the non-listed companies are partly disclosing information related to their own workforce. Nevertheless, companies still need to make an assessment of the extent to which material impacts on their own workforce originate from their business model and strategy.

The same is true for making an assessment regarding the impacts on workers in the value chain, communities, and end-users and whether they are derived from the business model and strategy. The CSRD aims to ensure that companies demonstrate how sustainability is embedded throughout their core business and operations. Hence, it is important to consider how their business model affects different stakeholders throughout the broader value chain. This is even more pressing for non-listed companies where 72% do not disclose any information relating to workers in the value chain. Companies need to focus on disclosing performance measurements throughout the value chain – as well as having short, medium and long-term targets put in place to prevent, mitigate, or remediate any negative effects on social stakeholders.

In terms of reporting on affected communities, companies could improve their disclosure of information about the direct impacts of doing business on communities. At the moment, most of the analyzed companies simply mention their support of (indirect) initiatives aimed at positively contributing to communities. Finally, companies make an attempt to report on consumers and end-users. KPMG suggests that in addition to conducting customer satisfaction

surveys, companies should further focus on disclosing business risks and opportunities related to the impacts and dependencies on end-users. Again, the non-listed companies showed significantly lower maturity than the listed companies in terms of reporting on all the relevant topics. Furthermore, the CSRD guides a company towards awareness on its responsibility of creating, measuring and monitoring a more sustainable world, which goes beyond the company’s own boundaries.

Graph 6
Overview of Social sub-topics for listed and non-listed companies



Sub-topic: Governance



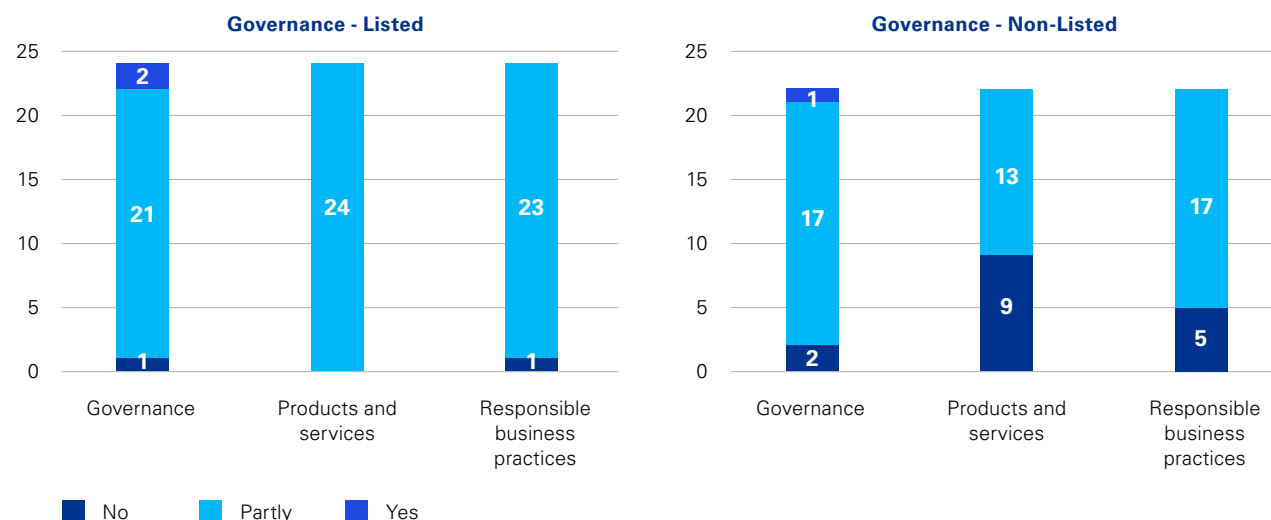
A good part of the CSRD governance requirements are usually already reported in a standard annual report. This probably explains why the analyzed companies seem to be complying most with the governance standards compared to the environmental and social standards. 96% of the listed companies and 90% of the non-listed companies fully or partly comply with the ESRS G1 governance standards. That includes, but is not limited to, disclosing information about their governance structure and composition, corporate governance and remuneration policies, as well as evaluation processes. However, still only 8% of the listed companies and 5% of the non-listed companies fully comply with the ESRS G1 standards. Furthermore, it was found that listed companies are also well on their way for complying with ESRS G3: responsible business practices requirements. These concern responsible investments, as well as tracking and reporting on (anti-) corruption and anti-competitive behavior.

The reason that 100% of the listed companies partly comply with the ESRS G2: products and services, is due to companies' inclusion of some sustainability-related KPIs, or action to achieve policy objectives. However, there is still a strong need for both listed and non-listed companies to improve the disclosure of information falling under ESRS G2. In order to comply with CSRD regulations, there needs to be a clearer description

of the company's business model and strategy, and its link with sustainability. This could be achieved by including information related to the sustainability profile, for example the turnover generated by the company's sustainable products and services.

Graph 7

Overview of Governance sub-topics for listed and non-listed companies



Concluding Remark

KPMG found that all the companies analyzed for this study still have a lot to prepare in order to fully comply with the requirements of the CSRD. When looking at each ESG topic individually, one sees that governance is the most advanced topic. It was perceptible that the companies in this sample make a copious amount of effort into disclosing information on climate change. However, other environmental sub-topics such as pollution, water and marine resources, as well as biodiversity still require attention. Furthermore, companies need to be consistent with their reporting and kick-off their new reporting journey with a double materiality assessment and setting targets across all material topics. Companies also need to devote attention to the social standards and ensure that information is disclosed throughout the entire value chain.

Philips, DSM, and Ahold Delhaize showed the most mature CSRD-aligned reporting. They were the companies where most topics aligned or partly aligned with the disclosure requirements, and they had the fewest incidences where there was no disclosure in respect of the various topics.



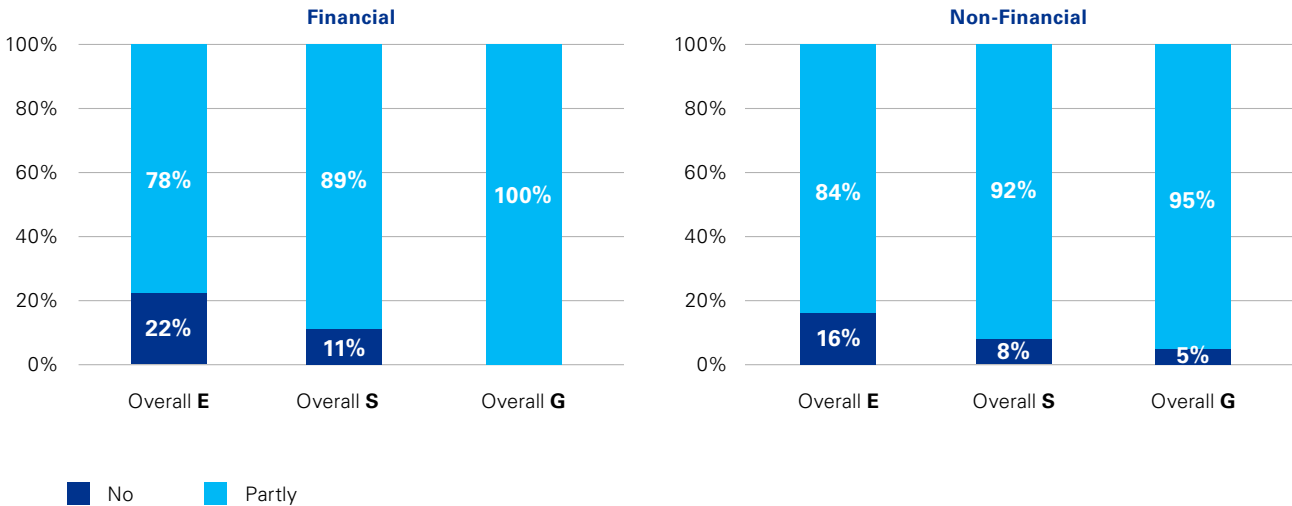
A woman in a white suit is walking away from the camera on a modern, elevated walkway. The walkway has a glass railing and is surrounded by tall, modern buildings with large glass windows. The scene is brightly lit, suggesting a sunny day. A large blue rectangle is overlaid on the left side of the image, containing the text 'Sector analysis' in white.

Sector analysis

Furthermore, the CSRD readiness has been analyzed across the financial and non-financial sectors to give an idea of where companies stand depending on their business sector. It was found that the non-financial sector scores slightly better across the environmental and social standards compared to the financial sector. This could be due to the nature of the business. The non-financial sector may be more advanced in environmental standards compared to the financial sector because its impact on the environment, also the environmental impact on the business, is easier to link to non-financial activities. For the governance standards, the financial sector scores better than the non-financial sector. This could be explained by strong regulations in the financial sector.

From this study, it can be said that companies in both the financial and non-financial sectors need to focus their attention on disclosing environmental and social information. This is even more pressing for the financial sector, given the challenge of linking activities with the environment. Both the financial and non-financial sector should also focus on disclosing information regarding workers throughout the value chain.

Graph 8
ESG topic breakdown per financial and non-financial sector



A woman with long dark hair, wearing a denim jacket, blue jeans, and white sneakers, is walking from left to right. She is carrying a dark backpack and pulling a silver rolling suitcase. The background is a modern building with large, arched glass windows that reflect the sky and surrounding environment. The windows are framed by a grid of white structural elements. The overall scene is bright and sunny, with a clear blue sky.

Steps to take from here



This study has found that none of the companies analyzed comply fully with EFRAG's draft reporting requirements. What would happen once we shift our perspective on the CSRD?



If we were to see the CSRD as guidance and a framework to move towards a sustainable company and to provide stakeholders with decent transparent reporting thereon, rather than being seen as something that needs to be complied with, we would start using it as it is intended.



If we were to see the CSRD as a tool that enables companies to transform their business if needed to not only be more sustainable for all its stakeholders, but also to become resilient and adaptive to climate, social or governmental changes, we would become stronger and more successful in the long run.



If this positive shift in mindset towards the CSRD is realized, the possibility to adjust to the upcoming shift towards ESG reporting with limited assurance will move much more smoothly than if it is not realized.



Increase of knowledge results in increase of awareness and guidance towards action. This will help all companies still needing to increase their efforts to move quickly towards compliance, but will also produce valuable information to measure progress and possibilities for improvement.



Overall results positively showed that ESG is on the agenda; we also can conclude that the CSRD improves the comparability of ESG reporting as this study shows the amount of diversity in current voluntary reporting. Negatively, we see too much hesitation to start using the CSRD as a useful framework rather than as a compliance list.



KPMG recommends that all companies start by embracing the CSRD as it currently is, using its knowledge and structure to move forward and to prepare for the operational and reporting changes ahead. With the current expected deadline, non-listed large companies have an additional year to prepare, but given that they also need to devote substantial effort, usually with not so many specialized and (dedicated) resources, the time to start is soon. In addition to that, be aware of the positive impact that preparing for CSRD reporting might have on the definition and execution of the ESG strategy and that it might be worthwhile starting soon to capture new business opportunities.

Appendix

List of companies assessed as part of the CSRD readiness assessment (presented in alphabetical order). The firms highlighted in light blue were excluded from the study because their Annual Report had not been published in time for this research.

Organisation

Aalberts N.V.	Brocef Groep N.V.	Just EatTakeaway N.V.	Pon Holdings B.V.
AbellioTransport Holding B.V.	Cargill B.V.	Koninklijke Ahold Delhaize N.V.	Randstad N.V.
ABN AMRO Bank N.V.	Coöperatieve Mosadex U.A.	Koninklijke DSM N.V.	Refresco Group B.V.
Achmea Zorgverzekeringen N.V.	Dura Vermeer Groep N.V.	Koninklijke FrieslandCampina N.V.	RELX PLC
Adyen N.V.	Enexis Holding N.V.	Koninklijke KPN N.V.	SHV Holdings N.V.
Aegon N.V.	Galapagos N.V.	Koninklijke Philips N.V.	TenneT Holding B.V.
Akzo Nobel N.V.	Heineken N.V.	Koninklijke Vopak	Unibail-Rodamco-Westfield
Alliander N.V.	Hoogwegt Group B.V.	LeasePlan Corporation N.V.	Unilever PLC
ArcelorMittal	IMC B.V.	Louis Dreyfus Company B.V.	VION Holding N.V.
ASML Holding N.V.	IMCD N.V.	Nederlandse Spoorwegen N.V.	Wolters Kluwer N.V.
ASR Nederland N.V.	ING Groep N.V.	NN Group N.V.	
Bankiva B.V.	Ingka Holding B.V.	Nouryon Coöperatief U.A.	
Bracamonte B.V.	Inter IKEA Holding B.V.	Optiver Holding B.V.	



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