EU-Directive on Non-Financial Reporting





In cooperation with our German partners from Go.Sustain.

Sustainability reporting often means a high administrative burden, especially for small and medium sized enterprises (SMEs).

However, an alignment with the materiality approach of the Global Reporting Initiative (GRI) enables organizations to exclusively focus on those aspects of their activities that have a *significant impact* on their sustainability performance.

CONNEXIS therefore offers:

- Focus on actually material sustainability aspects
- Efficient internal & external communication solutions
- Concentration on relevant stakeholders
- Critical, sector-specific analysis of results

Simplified Communication – Focus on Material Aspects

Focusing on those aspects of an organization that are actually relevant to its CSR performance allows us to substantially simplify ESG reports.

This focus does not only reduce the cost and burden for our customers. It also increases the value of the information to stakeholders, as their increasing demand for transparency can be serviced in a better and more targeted form.

ESG and ESG-reporting remain the No1 differentiator. **CONNEXIS**' materiality focus makes it more affordable and manageable.



EU NFRD Directive since 2017

The EU Directive on Non-Financial Reporting (NFRD) obliges all Public Interest Entities (PIEs) to report on their non-financial performance starting with the reporting year 2017. The NFRD defines PIEs as all

- Exchange-listed companies as well as
- Banks & insurance companies with
- >500 employees and
- >EUR 40 MM revenue (or >EUR 20 MM balance sheet)

International Standards applicable

The EU NFRD specifically allows the application of current international reporting standards such as the UN Global Compact (UNGC) or the Global Reporting Initiative (GRI).

Suppliers will be affected significantly

Under the EU NFRD PIEs will require large amounts of data from their suppliers. As a consequence, the EU NFRD will not only affect PIEs, but also indirectly affect a large number of SMEs. Many of these SMEs will face a serious challenge by the burden to supply specific & relevant CSR information to their PIE buyers in 2017.

EU Obligation to Report on ESG since 2017

The EU Directive (2014/95/EU) obliges all Public Interest Entities in the EU to increase the 'Transparency of the social & environmental aspects of their activities'.

As a consequence, around 6,000 companies in the EU have to publish ESG information starting with the reporting period 2017. These reports have to cover specifically the following aspects

- Protection of the environment
- Social & employee-related aspects
- Respect for human rights
- Measures to fight corruption
- Risks associated with the business activities and
- Measures to mitigate these risks

Over 5,000 Companies Affected in Germany alone

Estimates for Germany alone assume that more than 1,000 companies will be affected directly, with more than 5,000 companies (suppliers) affected indirectly by the new Directive.

