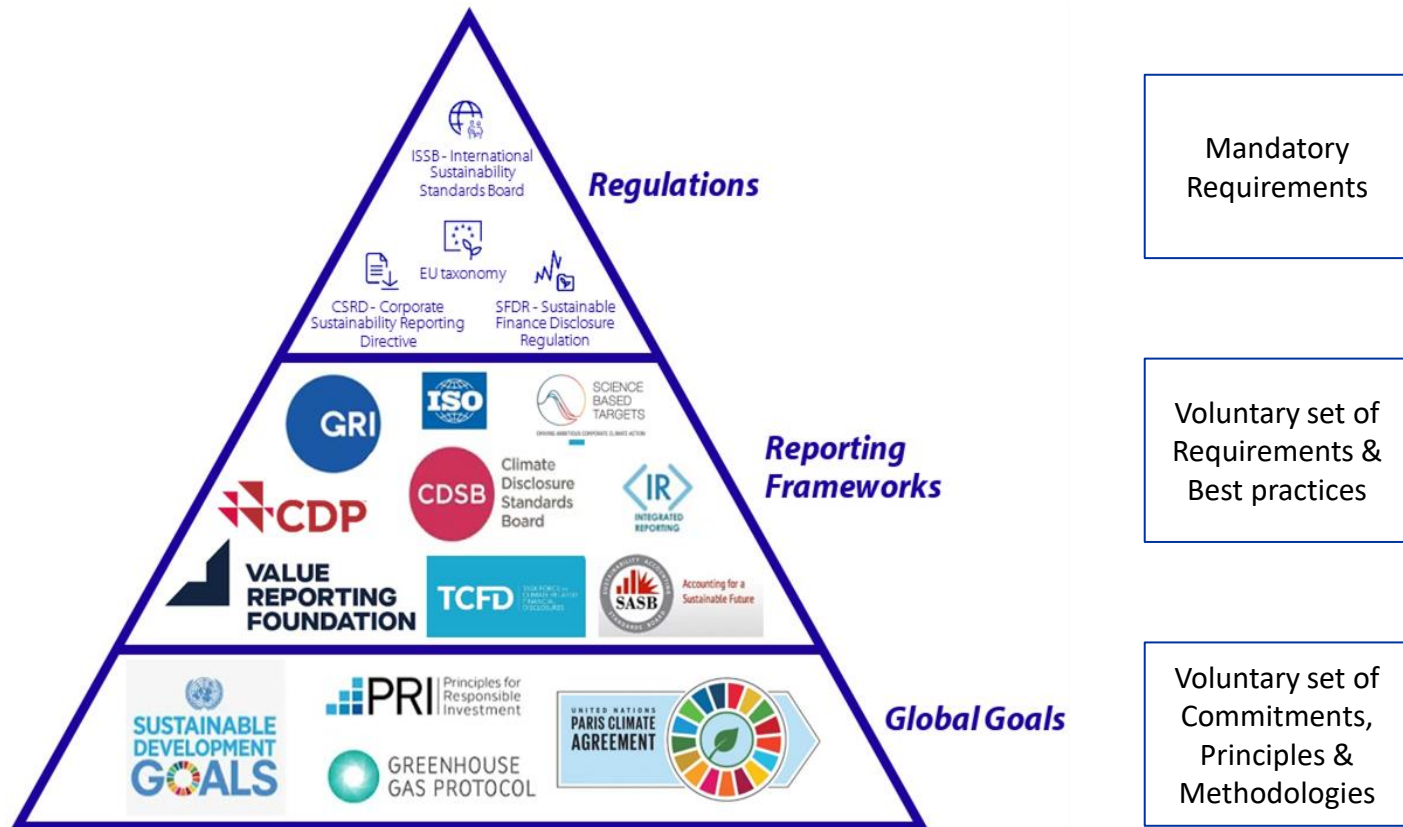


As a leader in sustainable finance and corporate accountability, the EU has established comprehensive ESG regulations, such as the **Non-Financial Reporting Directive (NFRD)**, **EU Taxonomy**, **Sustainable Finance Disclosure Regulation (SFDR)**, and the forthcoming **Corporate Sustainability Reporting Directive (CSRD)**. These regulations influence how businesses manage and report ESG matters.

These EU directives are an extension of existing reporting frameworks, like the **Global Reporting Initiative (GRI)** and the **Sustainability Accounts Standards Board (SASB)**. These voluntary frameworks, based on collective global objectives, serve as best practice guidelines for corporate sustainability. Some key examples of these global objectives are the **UN Sustainable Development Goals (SDGs)** and the **UN Principles for Responsible Investment (UNPRI)**. Please see below for an image representing the current landscape of EU regulations:



Source: <https://economics.rabobank.com/publications/2022/february/an-introduction-to-the-sustainability-reporting-landscape/>



#### Non-Financial Reporting Directive (NFRD)

- **When?**
  - Currently active, being phased out for CSRD
- **Who is affected?**
  - Covers **11,600** companies, which includes listed firms, banks, insurance companies with 500+ companies
- **What is it?**
  - Requires basic disclosure like regular environmental, social, and governance information
  - These rules remain in force until companies must apply the new rules of the Corporate Sustainability Reporting Directive

#### Corporate Sustainability Reporting Directive (CSRD)

- **When?**
  - Phased in for 2024 FY (companies covered by NFRD) and 2025 (companies now covered by extended CSRD scope)
- **Who is affected?**
  - **49,000 companies**, applies to listed US companies with European operations, large EU companies, and non-European companies with €150 M EU net turnover
- **What is it?**
  - Requires more detailed ESG reporting, including **1,144** data points and uses a “double materiality” review – the dual perspective of how business impacts ESG and how ESG impacts business

#### EU Taxonomy

- **When?**
  - Currently active
- **Who is affected?**
  - It is mandatory in market participants offering financial products (EU SFRD), market participants under scope CSRD. It is voluntary for SMEs
- **What?**
  - The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities (activities that make a contribution to at least one of the EU’s six environmental objectives while doing no significant harm)
  - We cover this in further detail in a post specifically on the EU taxonomy, you can find it on our website [here](#)

#### Sustainable Finance Disclosure Regulation (SFDR)

- **When?**
  - Currently active
- **Who is affected?**
  - Applies to FMPs such as investment firms, pension funds, asset managers, insurance companies, banks, venture capital funds, credit institutions offering portfolio management, or financial advisors with more than 500 employees
- **What?**
  - Requires all financial market participants in the EU to report Environmental, Social and Governance (ESG) disclosures, with additional requirements for products that promote ESG characteristics or that have sustainable investment objectives.



Understand How ESG Weighs into Investor Considerations to Make Your Next Engagement More Successful.

[ESG Roadshows](#)

[Data-Driven ESG Strategy](#)

## What ZMH Can Do for You

*Our Proprietary **ESG Engagement Dashboard™** allows you to leverage technology and data to optimize your shareholder interactions.*

**ZMH Advisors LLC.** is a technology-based shareholder and ESG advisory firm. We combine two decades of corporate governance and investor engagement experience with next-gen data analytics to deliver customized solutions for clients ranging from pre-IPO to S&P 500 companies. Our data-driven approach is powered by a proprietary **ESG Engagement Dashboard™**, which provides unique insights on investors with \$50T AUM.

Know what could be asked during an engagement

Stay up to date on investor's ESG priorities

Access to 1000+ case studies & detailed analysis

Understand how investors will vote on your ballot

Gain access to 7M NPX voting records & governance policies

Contact information & key players at each firm

CONTACT US TO SCHEDULE A DEMO

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