

# Is your data centre ready for the new CSRD regulation?



The Corporate Sustainability Reporting Directive (CSRD) is a new law in the EU that sets higher standards for how companies and data centres report their sustainability efforts.

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# What is the new CSRD regulation?

The European Union's Corporate Sustainability Reporting Directive (CSRD) is a significant legislative development that imposes tougher reporting obligations for a broad range of EU and non-EU businesses. The regulation applies to both private and public EU companies, as well as non-EU entities with a significant presence in the EU.

The CSRD will have major implications for data centre operations, driving the need for reliable data collection and analysis systems to ensure accurate and comparable reporting.

Proposed by the European Commission to enhance the quality, comprehensiveness, and consistency of sustainability reporting, the CSRD succeeds past directives like the Non-Financial Reporting Directive (NFRD) and the Accounting Directive.

In contrast to the NFRD, the CSRD specifies the disclosure format and standards companies must adhere to, emphasizing "double materiality" — requiring companies to detail both their impacts on the environment and the climate-related risks they face. Companies subject to the CSRD should begin preparing for their new reporting obligations by evaluating their current ESG practices, data collection systems, reporting frameworks, and assurance processes.

Our guide aims to help data centre operators understand the impact, timeline, reporting requirements, and strategies for ensuring their sustainability practices align with the new CSRD regulations.

# Will my business be affected, and when?

The CSRD significantly expands the reporting scope from approximately 11,000 entities under the NFRD to around 50,000 entities. Initial estimates by the European Commission suggest that over 10,000 non-EU firms meet the criteria for mandatory reporting, including over 3,000 American companies.

The CSRD, adopted by the European Commission in late 2022, will be implemented within the timeframe of 2024 to 2028 for the following companies:

## Effective from January 1, 2024 - reports due in 2025

- Large companies (with more than 500 employees) listed on an EU-regulated market and already under the purview of the Non-Financial Reporting Directive (NFRD).

## Effective from January 1, 2025 - reports due in 2026

- Large companies not currently subject to the NFRD (with more than 250 employees and/or €40M in turnover and/or €20M in total assets), and listed on EU-regulated markets.

## Effective from January 1, 2026 – reports due in 2027

- SMEs and other entities listed on EU-regulated market. SMEs have the option to opt-out until 2028, provided they have explained in the annual report as to why they have chosen to opt-out.

## Effective from January 1, 2028 – reports due in 2029

- Companies whose parent company is outside the EU but have a significant presence in the EU must report on the whole global group, including non-EU group companies.
- Specifically, this includes companies that generate a net turnover of more than €150M in the EU in each of the last two financial years and have at least one large subsidiary or a subsidiary listed on an EU-regulated market (or branch when there are no EU large or listed subsidiaries) with more than €40M net turnover.

# What are the reporting requirements?

The CSRD requires all companies subject to the regulation to provide all CSRD-related information within their annual or management report, within a clearly identifiable section. The requirement aims to ensure ESG and financial information are synchronised in their disclosure and considered as a whole, rather than two separate entities.

As part of this disclosure, companies must also tag their ESG information digitally to ensure it is available in the upcoming European Single Access Point (ESAP) database. All reports must also be machine-readable.

Companies subject to the CSRD will be required to publish ESG information that aligns with the European Sustainability Reporting Standards (ESRS).

Currently, ESRS contains 12 reporting sections:

## Cross-cutting Standards which apply to all sustainability matters

- ESRS 1 – General requirements
- ESRS 2 – General disclosures

## Environmental Standards

- ESRS E1 – Climate change
- ESRS E2 – Pollution
- ESRS E3 – Water and marine resources
- ESRS E4 – Biodiversity and ecosystems
- ESRS E5 – Resource use and circular economy

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## Social Standards

- ESRS S1 – Own workforce
- ESRS S2 – Works in the value chain
- ESRS S3 – Affected communities
- ESRS S4 – Consumers and end-users

## Governance Standards

- ESRS G1 – Business conduct

ESRS 1 provides basic principles for reporting, without setting specific disclosure requirements. ESRS 2 specifies essential information to be disclosed, regardless of the sustainability topic. All other standards and their specific disclosure requirements are assessed based on their relevance to the company, allowing them to omit information that is not relevant to their business activity. However, an explanation must be provided as to why it is not relevant.

## Double Materiality

Companies that fall under the scope of the CSRD look at their sustainability aspects from an outside-in and an inside-out perspective, also called “double materiality.” This two-way perspective requires businesses to report:

1. How its operations impact people and the environment
2. How social and environmental issues create financial risks and opportunities for the company.

CSRD places strong emphasis on evidence-based reporting, accurate measurement of greenhouse gas (GHG) data, and detailed disclosure of Scope 1, 2, and 3 ESG emissions. These requirements guarantee a comprehensive assessment of a company’s sustainability performance.

As part of this initiative, the European Union’s Research Centre for Energy Efficiency is transitioning the European Code of Conduct for Data Centres into an Assessment Framework. This framework will mandate reporting on data centre energy efficiency under the CSRD, providing crucial information for assessing a company’s impact on people and the environment.

# What KPIs should data centres measure and report on?

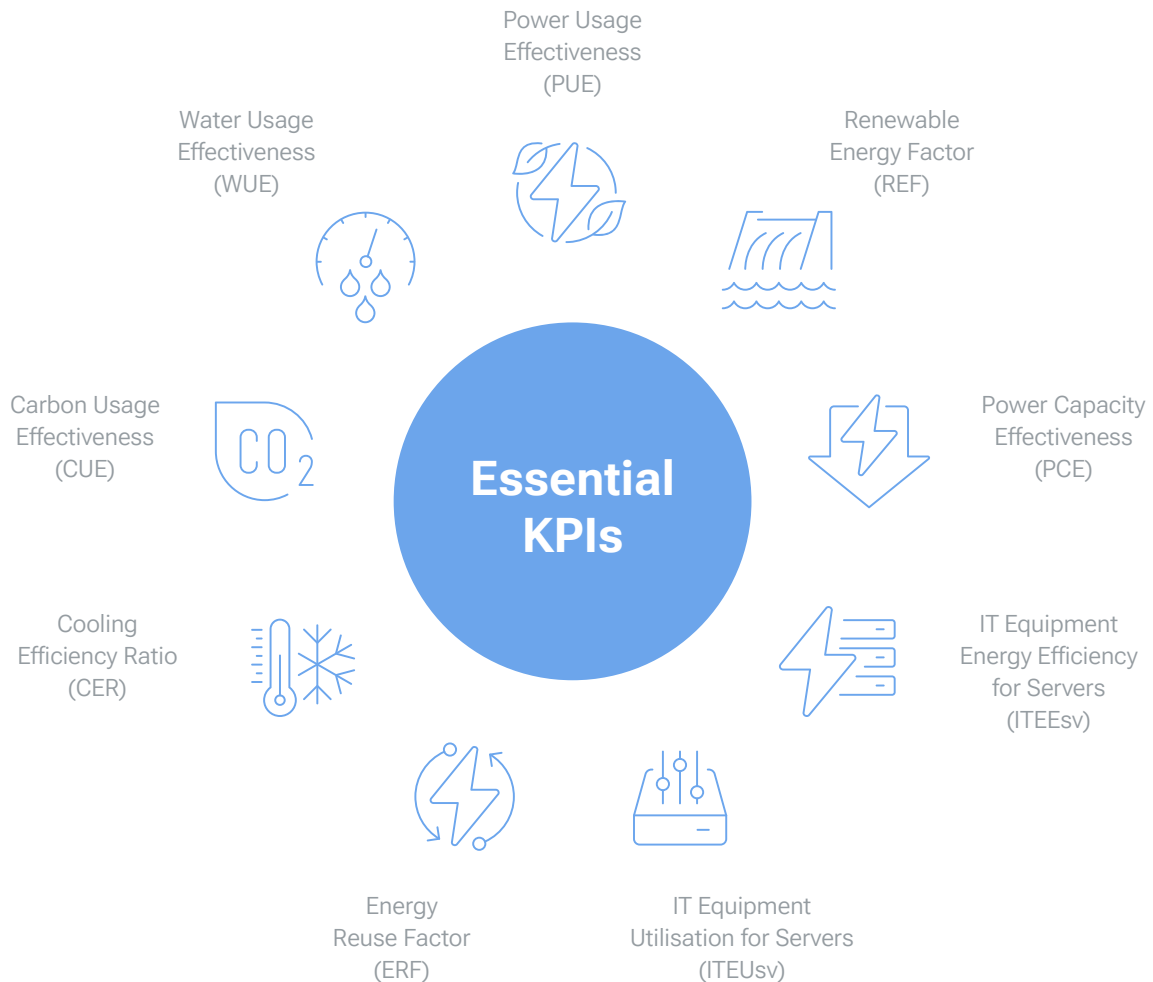
Amidst the requirements of the CSRD, data centres are tasked with measuring and reporting on key metrics that reflect their commitment to ESG principles, particularly in Scope 2 and Scope 3 areas. The International Standards Organisation (ISO) introduced a globally standardised set of KPIs within the ISO/IEC 30134 series.

Below, you'll find the essential KPIs outlined to guide data centres in their reporting:

1. **Power Usage Effectiveness (PUE):** PUE measures the efficiency of a data centre's power usage by comparing the total energy consumption to the energy consumed by IT equipment.
2. **Renewable Energy Factor (REF):** REF quantifies the proportion of renewable energy sources used in powering a data centre, reflecting its commitment to sustainable energy sources.
3. **Power Capacity Effectiveness (PCE):** PCE assesses the efficiency of utilising available power capacity within the data centre infrastructure, optimising resource allocation and reducing energy waste.
4. **IT Equipment Energy Efficiency for Servers (ITEEsv):** This KPI evaluates the energy efficiency of servers within the data centre, focusing on reducing energy consumption per unit of computing power.
5. **IT Equipment Utilisation for Servers (ITEUsv):** ITEUsv assesses the utilisation rate of IT equipment, helping optimise resource allocation and minimise energy wastage.
6. **Energy Reuse Factor (ERF):** ERF measures the extent to which waste energy from data centre operations is reused or recycled, promoting resource efficiency and minimising environmental impact.

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7. **Cooling Efficiency Ratio (CER):** CER evaluates the efficiency of cooling systems within the data centre, aiming to minimise energy consumption associated with temperature regulation.
8. **Carbon Usage Effectiveness (CUE):** CUE quantifies the carbon emissions generated per unit of IT workload, providing insight into the environmental impact of data centre operations.
9. **Water Usage Effectiveness (WUE):** WUE measures the efficiency of water consumption in data centre cooling systems, helping to reduce water waste and environmental footprint.





# How do I prepare my report in accordance with CSRD?

The following list outlines the recommended steps to be taken well in advance of the report's deadline:

1. Outline which sections of the value chain are within the scope of the report.
2. Perform a double materiality assessment on the relevant sections of ESRS.
3. Conduct a data gap analysis to ensure all relevant data will be collected.
4. Collect data on relevant topics.
5. Prepare report according to ESRS requirements.
  - a. The report should be machine-readable, digitally tagged, and separated into four distinct sections: General, Environmental, Social, and Governance. Each section should contain subsections for each relevant ESRS section.
6. Verify that the report aligns with the qualitative characteristics of information.
  - a. The report must be: relevant, accurate, comparable, verifiable, and comprehensible.

# How can businesses proactively align their data centre practices with the CSRD?

The CSRD will incentivise data centre operators towards the adoption of sustainable practices and technologies, such as renewable energy sources and circular economy models.

An action that operators can take immediately to improve the sustainability of their data centres and the collection of their data is integrating Hyperview's Data Centre Infrastructure Management (DCIM) tools into their operations.

Here is how Hyperview can help your data centre on its sustainability journey:

## **Modelling and predictive analytics tools**

Incorporating modelling and predictive analytical tools within operations empowers data centre managers to forecast future energy needs accurately. As data centre capacity expands, this forecasting capability becomes indispensable in optimising operations for maximum efficiency. It allows proactive planning, ensuring that energy consumption aligns with actual requirements, preventing unnecessary resource allocation and further supporting sustainability objectives.

## **Real-time visibility into energy usage**

Real-time visibility into energy usage allows operators to discern patterns and identify areas of energy waste, thereby facilitating precise interventions to eliminate inefficiencies. The real-time insights offered by Hyperview's DCIM platform not only enhance operational efficiency but also align seamlessly with emissions reduction goals, contributing to a more sustainable and environmentally conscious data centre landscape.

## **Cooling, power provisioning, and asset utilisation**

Hyperview's innovative DCIM tools drive higher efficiency in crucial areas such as cooling, power provisioning, and asset utilisation. By optimising these facets, data centres can significantly reduce their overall energy consumption. This multifaceted approach ensures that the data centre operates at peak efficiency, minimising unnecessary energy expenditure and subsequently reducing its environmental impact.

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### **Optimal temperature tools**

By ensuring critical components operate at optimal temperatures, the risk of overheating and system failures is mitigated. This not only improves the overall performance and lifespan of the equipment, but also prevents energy wastage associated with the consequences of operational failures.

### **Benchmarking and auditing tools**

Hyperview enables customers to benchmark energy performance across data centres in their portfolio and prioritise energy efficiencies. The right solution provides benchmarking and auditing tools to evaluate and verify the compliance of data centres with environmental standards and regulations, such as the CSRD.

### **Metrics tracking and renewable energy integration**

Hyperview's DCIM platform is essential for data centres to measure their environmental impact by tracking metrics such as power usage effectiveness (PUE), carbon usage effectiveness (CUE) or water usage effectiveness (WUE). Hyperview facilitates the integration of renewable energy sources, such as solar panels or wind turbines, into the power supply and distribution of these green data centres.

### **Data collection and analysis**

Hyperview's integration with AI and ML enables the collection and analysis of large amounts of data from various sources, such as sensors, devices, applications and users, and provides insights into the performance, health and behaviour of the data centre infrastructure. This streamlined approach not only enhances the ease of data collection and analysis but also ensures accountability in producing a sustainability report aligned with CSRD regulations.

### **Ready to explore in detail?**

Book a personalized demo of Hyperview's DCIM platform by visiting [go.hyperviewhq.com/book-a-dcim-software-demo](https://go.hyperviewhq.com/book-a-dcim-software-demo)