



Corporate Sustainability
Reporting Directive

EU ESG Directive Explained

On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) has entered into force and is expected to affect approximately 50,000 companies across the EU. Under this directive, companies need to disclose their environmental, social and governance (ESG) practices and performance.

What is the aim of the CSRD?

The CSRD exerts pressure on companies to accelerate their sustainability efforts by requiring them to publicly report on their performance, targets and progress. It does not only focus on environmental efforts though, as the Directive expects transparency on corporate governance processes, business conduct, employee relations and human rights along the value chain, among others.

Which companies will be affected and when?

Report in:	2025	2026	2027	2029
	On 2024 data	On 2025 data	On 2025 data	On 2028 data
Affected companies	Public Interest Entities with over 500 employees	Large companies that meet two of the three criteria: • €25 million balance sheet total • €50 million revenue • Over 250 employees	SMEs of over 10 employees, listed on an EU regulated market	Non-EU companies with: • At least one branch or subsidiary in the EU generating turnover of over €40m in the previous year • Over 150 million turnover in the EU for the last two consecutive years



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What is expected to be reported?

- 1. Double Materiality Assessment:** Companies must identify and report on the impacts that sustainability issues have on the company's performance and how the company's activities impact the environment and society.
- 2. What to disclose:** Companies must report according to 12 European Sustainability Reporting Standards (ESRS), comprised of 82 disclosure requirements in total. However, apart from certain mandatory disclosure requirements common to all, companies are expected to report on issues that have been derived from the materiality assessment. Sector-specific ESRS are under development, but the implementation dates are unspecified.
- 3. Mandatory and voluntary disclosures:** Certain disclosures are mandatory for all companies, while selected data points may be omitted for the first years of reporting, depending on the size of the company and the nature of their business.
- 4. Mandatory external audit:** CSRD requires limited assurance by an external auditor for the first years of application, while from 2029, a higher volume of verifications will be required. The EU is expected to develop a standard for reasonable assurance within 2028.

How can we help?

Baker Tilly South East Europe can help you navigate the complexities of CSRD and ESG in general, through customized solutions:

- ☐ Double Materiality Analysis
- ☐ ESG reporting
- ☐ Gap analysis
- ☐ Strategy and sustainability targets
- ☐ Sustainability trainings

Who to contact:



Maria Christofide

Senior Manager, Environmental, Social & Governance

p: +357 22 458500

e: m.christofide@bakertilly.com.cy