Does the EU's Corporate Sustainability Reporting Directive (CSRD) apply to your business?

Not only will the European Union's Corporate Sustainability Reporting Directive (CSRD) directly impact the ESG reporting requirements of over 50,000 companies, but it will also have cascading effects for all entities that do business with these companies.

The CSRD requires disclosures based on double materiality — assessing impact and financial materiality — and also requires that companies adopt the European Sustainability Reporting Standards (ESRS). Third-party assurance will be required — limited assurance at first, followed by reasonable assurance in subsequent years.

The scope for the CSRD is farther reaching than previous EU directives — and companies may be surprised to find out they are required to comply. Furthermore, the level of information required by the CSRD means companies need to understand their compliance obligations now so they can start planning and allocating resources to ensure compliance and business continuity.

Use the checklist below as a guide to understanding the CSRD reporting requirements. To learn more about the expanded ESG reporting requirements through the CSRD, check out BDO's Q&A.
DOES THE CSRD APPLY TO MY COMPANY?

Is your company already subject to the EU’s Non-Financial Reporting Directive (NFRD), or is your company listed on an EU-regulated market, meets the “general scoping criteria*” for a large company and has more than 500 employees? If you check either of the boxes below, your company must begin complying with the CSRD in 2024. Your first report will be due in 2025.

☐ My company is already subject to the EU’s Non-Financial Reporting Directive (NFRD).

☐ My company is listed on an EU-regulated market, meets the “general scoping criteria*” for a large company and has more than 500 employees.

Does your company meet the “general scoping criteria*” for a large company and (1) is your company incorporated in an EU-member state (including EU-subsidiaries of non-EU companies) or (2) is your company a subsidiary of a parent company incorporated in an EU-member state? If you check either of the following two boxes, your company must comply with the CSRD in 2025. Your first report will be due in 2026.

☐ My company meets the “general scoping criteria*” for a large company and my company is incorporated in an EU-member state (including EU-subsidiaries of non-EU companies)

☐ My company meets the “general scoping criteria*” for a large company and is a subsidiary of a parent company incorporated in an EU-member state

Is your company listed on an EU-regulated market, and does it meet the “general scoping criteria*” for a large company and have less than 500 employees? If you check all three of the following boxes your company must begin complying with the CSRD in 2025. Your first report will be due in 2026.

☐ My company is listed on an EU-regulated market.

☐ My company meets the “general scoping criteria*” for a large company.

☐ My company has less than 500 employees.

*Does my company meet the “general scoping criteria*” for a large company? If your company meets two of the following three criteria, your company meets the “general scoping criteria” for a large company.

▷ My company has more than 250 employees

▷ My company has at least EUR 40m turnover

▷ My company has at least EUR 20m in total assets
BDO’s ESG Center of Excellence is following the CSRD and other developing regulations closely, including upcoming SEC reporting requirements, which are expected to be announced in late 2023. Our team can help support assessments, planning, and proactive strategies for ESG compliance. We can also work with you to identify value creation opportunities through your ESG program to position you for long-term, sustainable success.

Have questions or want to learn more? Contact us!