

# Understanding the European Union's Corporate Sustainability Reporting Directive (CSRD)

Preparation for new sustainability and ESG reporting requirements starts now. Find out how – and when – this will impact your organization.

The European Union (EU) has approved the landmark [Corporate Sustainability Reporting Directive \(CSRD\)](#), which governs how in-scope companies domiciled or operating in the EU are required to report on their environmental, social and governance (ESG) performance. This includes both public and private companies that meet certain criteria, a key differentiator from other regulations. As shown in the timeline below, there is a very low bar for companies doing business in Europe to be in scope. And even if your company has no European presence, you may be impacted if you are included in the [scope 3 value chain](#) of a larger, global company.

CSRD compliance will require cross-functional insight, collaboration, and reporting – from legal to accounting to procurement.

Learn more about the expanded ESG reporting requirements through CSRD with [BDO's Q&A](#).

## CSRD ENTITIES IN SCOPE AND TIMELINE

Organization Type	2024	2025	2026	2027	2028	2029
Entities already subject to the Non-Financial Reporting Directive (NFRD)						
Entities listed on an EU-regulated market, which are a large entity* and have more than 500 employees						
All other large entities* (includes EU-domiciled entities and an EU-domiciled subsidiary of a parent company)						
Entities listed on an EU-regulated market, which are a large entity* and have less than 500 employees						
Listed SMEs**, small credit institutions and insurance undertakings						
Non-EU Groups***						



Financial Reporting Year



Reports Due

\* The CSRD defines large entities as those that meet two of the following three criteria: 250 employees, EUR 40m turnover, EUR 20m assets  
 \*\*Listed companies that do not meet the large entity criteria  
 \*\*\*Companies that have an operating presence in the EU despite not being incorporated in an EU member state and not being listed on an EU exchange. To be in scope, these companies must have at least EUR 150m turnover in the EU in two consecutive fiscal years at the consolidated level and have a branch in the EU with at least EUR 40m turnover and/or a subsidiary in the EU that meets the large entity criteria.

## MANDATORY DISCLOSURE REQUIREMENTS\*

### Assurance Over CSRD Reporting

Initially, limited assurance is required, with reasonable assurance to come at a later date.

### Double Materiality Assessment

The process and findings of both impact materiality and financial materiality assessments to identify which sustainability matters are most material to the overall organization and its stakeholders.

### Company's Business Model and Strategy

Business strategy and business model, and the interaction with material impacts, risks and opportunities, including the strategy for addressing them.

### Oversight of the Company's Sustainability Matters

Governance processes, controls and procedures to monitor and manage sustainability matters.

### Sustainability-linked Performance Incentive Programs

Sustainability-linked performance incentive programs, including incentives offered to members of the administrative, management and supervisory bodies.

### Due Diligence

Due Diligence process regarding sustainability matters in their operations, their value chain and the principal actual or potential adverse

effects connected thereto, including actions taken to address them.

### Metrics and Targets

Policies, actions and targets pertaining to the material sustainability matters.

### Taxonomy

Alignment with the EU Taxonomy Regulation (Reg. 852/2020, Art. 8).

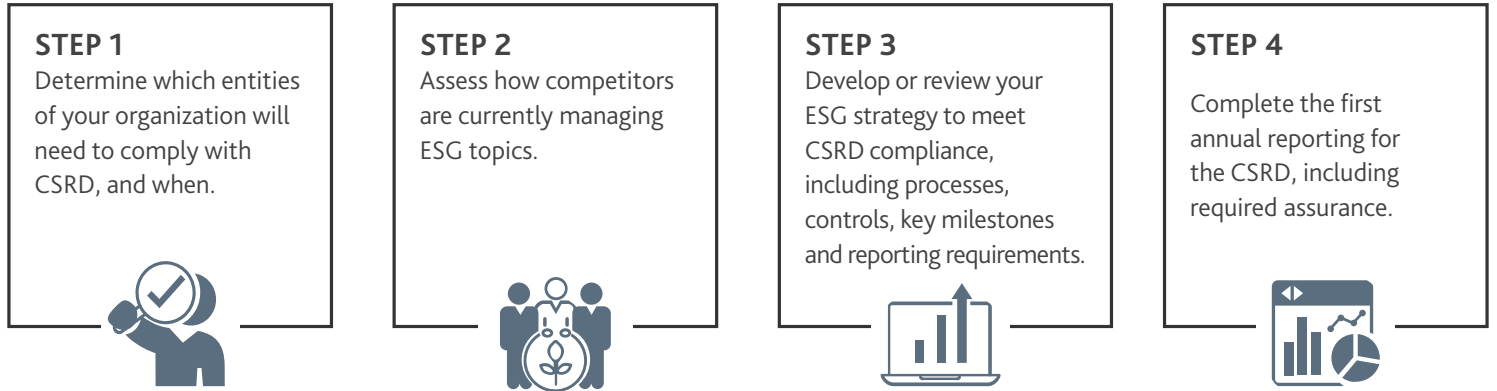
**\*The European Sustainability Reporting Standards (ESRS) provide the rules on what companies will be required to report under the CSRD. The ESRS are currently in proposed form and are subject to the EU Commission consultation and approval process.**

## HOW WE HELP

BDO closely monitors the CSRD, as well as other regulation and reporting requirements in the U.S., the EU, and around the globe. Our Sustainability and ESG leaders combine deep strategy experience with vast knowledge of program development, assurance and reporting to ensure ongoing compliance for your organization.

## ESTABLISHING A PLAN FOR THE CSRD

We will tailor our approach to meet you where you are in your ESG journey. Whether you are just starting out or you have already started monitoring your ESG impact, we will guide you to navigate the complexity of the CSRD.



## THE BDO DIFFERENCE

### Pragmatic Approach

No nonsense and no surprises. We clarify complexity and develop practical solutions with demonstrable results.

### Stakeholder Relationships

From regulators, to investors, to internal stakeholders, we track what's top of mind for everyone involved in your ESG initiatives.

### Holistic View

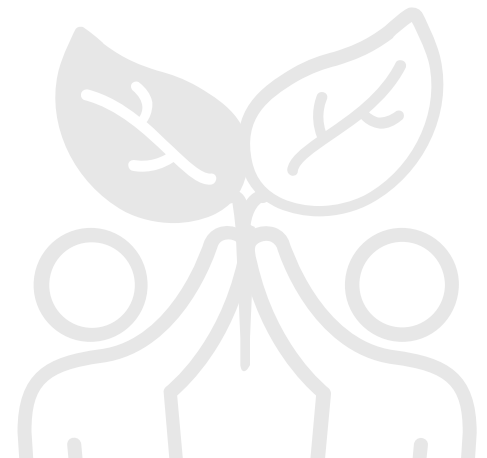
We approach every ESG initiative as a component of your overall business strategy, working to accelerate value creation while achieving and maintaining compliance.

### Industry Insight

With a deep bench of industry leaders, we help you identify the ESG risks and opportunities unique to your sector.

## WALKING THE TALK

Embracing ESG-linked opportunities and addressing our material ESG risks makes BDO a stronger business and a better advisor to our clients. Like you, we work to make everything we do more sustainable. We apply the lessons and best practices we've learned along our own sustainability journey to best serve your needs. Find more information on BDO's sustainability journey by reading our recently issued [Sustainability Report](#).



At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes — for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

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