

# Navigating the European Union's sustainability mandate

How regulations from across the pond are creating waves throughout the globe



What can companies like yours do to make sure the new Corporate Sustainability Reporting Directive (CSRD) from the European Union (EU) doesn't swamp your compliance? Take a closer look at the CSRD's requirements, which kind of companies will be required to comply, and how you can help ensure smooth sailing toward compliance.

## From recommended to required: The changing currents of ESG reporting

A deep dive into ESG reporting shows that climate-related disclosures have shifted from voluntary gestures to key compliance obligations.

The move toward more authoritative ESG disclosures is fueled by the actions of multiple forces throughout the regulatory landscape, including:

### INVESTORS

**\$35 trillion** in ESG assets<sup>1</sup>

**82%** of asset managers leverage ESG<sup>2</sup>

### STANDARD-SETTERS

**New climate and sustainability drafts** from the International Sustainability Standards Board<sup>5</sup>

**Voluntary adoption of new ESG standards and frameworks** from the Greenhouse Gas Protocol, Global Reporting Initiative, and other organizations<sup>6</sup>

### REGULATORS

**SEC proposed climate change disclosure rules<sup>7</sup>**

**Mandated ESG disclosure rules** for companies within the EU

### CONSUMERS

**4,000+** companies are setting emission reduction goals<sup>3</sup>

**89%** of public companies are enhancing accountability<sup>4</sup>

**2,000+**  
US-based companies will have to address these reporting obligations— is yours one of them?



## Charting your compliance

This tide of oversight will apply to US-based organizations that have securities listed within the EU, including subsidiaries of US companies. As the impact of CSRD ripples across the globe, reporting companies would benefit from undergoing compliance readiness processes.

### A WORKFLOW TO EVALUATE YOUR CSRD APPLICABILITY<sup>8</sup>

Take these steps to assess your responsibility:

- Determine overall organizational structure**  
Identify any listed entities in the EU, their employee headcount, and combined net sales
- CSRD 2024 financial year reporting requirements**  
Organizations that are subject to the Non-financial Reporting Directive or a public interest entity
- CSRD 2025 financial year reporting requirements**  
Large subsidiaries in the EU meeting two of the three criteria:
  - 250 employees
  - €20M in total assets
  - €40M turnover in the EU
- CSRD 2028 financial year reporting requirements**
  - €150M of consolidated operations in the EU

## What's rocking the boat?

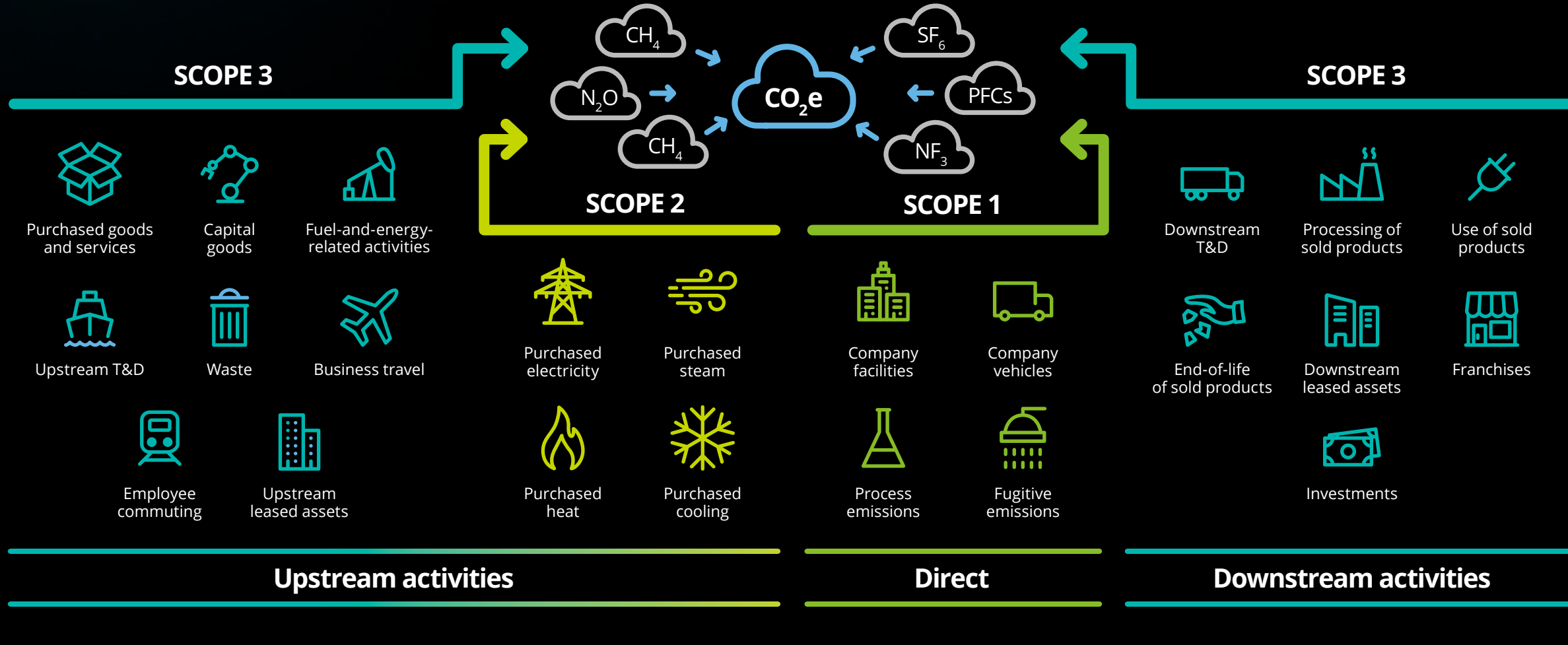
Results from our October 2023 DBriefs webcast poll revealed that one hardship is top of mind among leaders.

**62%** said collection of accurate data from both internal and external sources is their biggest concern about readiness.

### ADDITIONAL OBSTACLES IN ESG REPORTING:

- Manual data entry** could make audits difficult globally
- Timelines to adoption** can vary due to data gap and complexity
- New internal controls** to manage new reporting needs
- Insufficient tech capabilities** to automate data entry and deliver reports
- Input from multiple stakeholders** including legal, risk, and controllership
- Lack of clarity** on the new rule

### A LEADING CHALLENGE INVOLVES QUANTIFYING THE THREE SCOPES OF EMISSIONS:

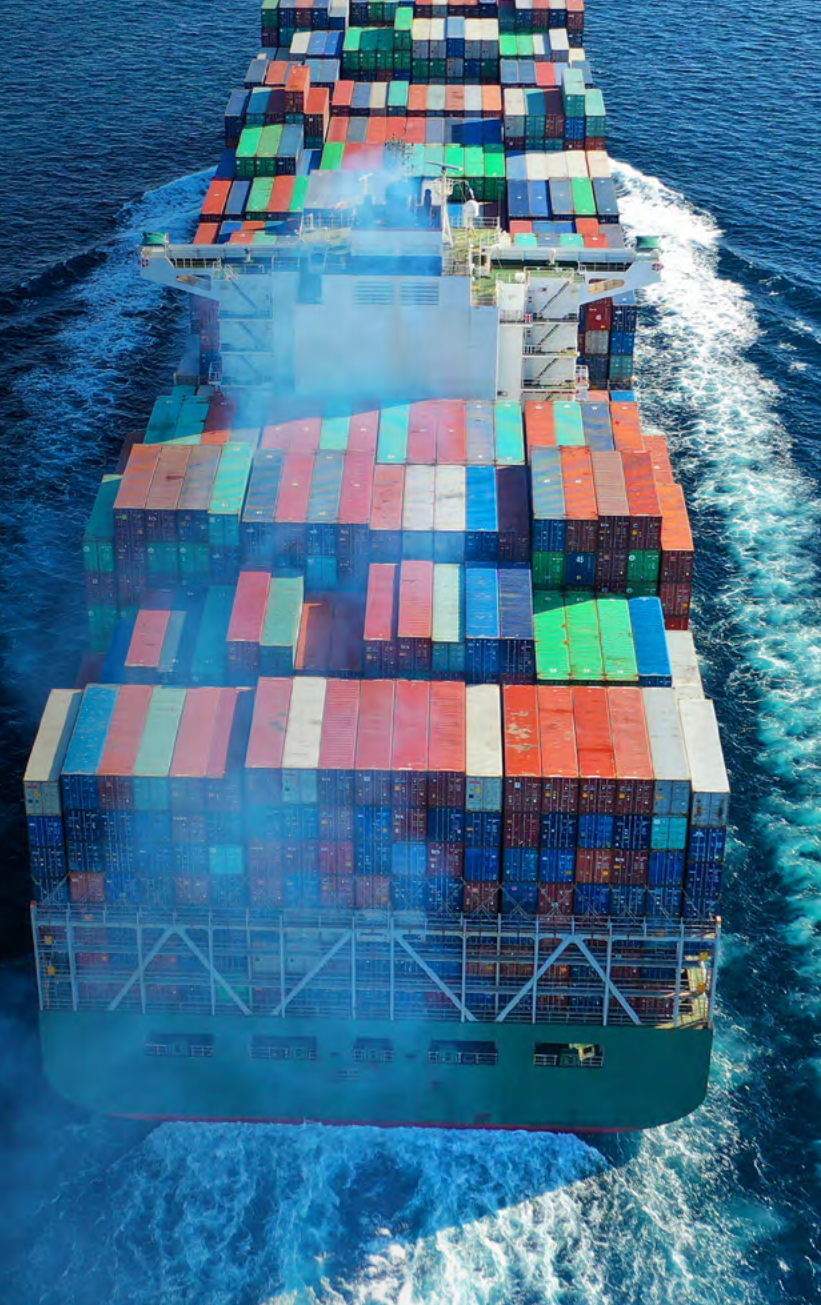


## Full steam ahead toward advantage

**Looking for the right people to guide your CSRD voyage?** Our professionals can help determine your level of obligation and map out tailored frameworks to drive accountability and transparency in your ESG reporting process. This two-phase approach can help your organization explore new streams of compliance value.

- ### PHASE I: ASSESS AND DEFINE
1. Scoping
  2. Double materiality assessment
  3. European Sustainability Reporting Standards gap assessment
  4. Review data governance
  5. Assess and refine ESG strategy

- ### PHASE II: DESIGN
1. ESG KPIs and disclosures
  2. Enhancement management
  3. Risk management, controls, and audit readiness
  4. Data governance and tech needs
  5. Implementation roadmap and investment case
  6. Governance behaviors



## Call us before the storm hits



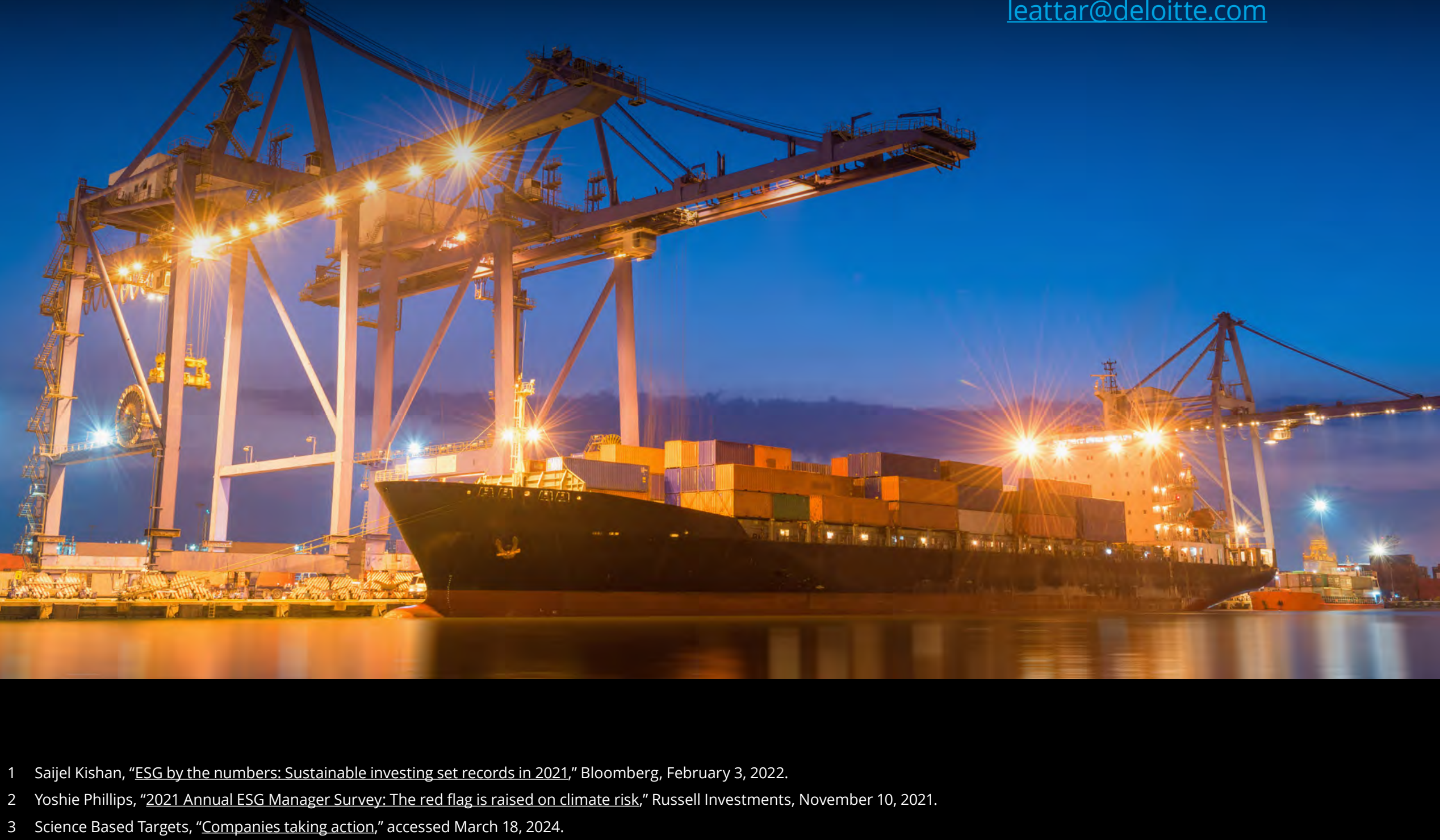
**Charles Carrington**  
Partner, Controllersh Services: Sustainability, Environment and Equity Reporting  
Deloitte & Touche  
chcarrington@deloitte.com



**Ivan Kukhnin**  
Partner, Risk Advisory (RA): Sustainability RA  
Deloitte Risk Advisory BV  
ikukhnin@deloitte.nl



**Leila Attar**  
Manager, Controllersh Services: Sustainability, Environment and Equity Reporting  
Deloitte & Touche LLP  
leattar@deloitte.com



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