



# Corporate Sustainability Reporting Directive (CSRD) disclosures

## What is the CSRD?

The Corporate Sustainability Reporting Directive (**CSRD**) is one of the EU initiatives to drive the transition to a sustainable economic environment by improving the **transparency on sustainability disclosures**. The CSRD requires comprehensive and granular disclosures on sustainability matters, for example about how sustainability issues affect a company's business development, performance, and position (an 'outside-in' perspective), as well as the impact the company has on sustainability matters, including environmental, social, and employee matters, respect for human rights, anti-corruption and bribery matters, and governance (an 'inside-out' perspective). This is called the '**double materiality**' approach. Furthermore, assurance will be required over these disclosures.



## Although the CSRD is an EU initiative, some non-EU companies will also be affected.

The CSRD will impact many more entities than are reporting under current EU non-financial reporting requirements, including certain **non-EU companies and their EU subsidiaries**.

By requiring more entities to provide mandatory sustainability disclosures, the CSRD is designed to **drive changes in company behaviour** and bring sustainability reporting on par with financial reporting over time.

Beyond compliance, this is an opportunity to think strategically about how to improve business

decisions, and differentiate from competitors.

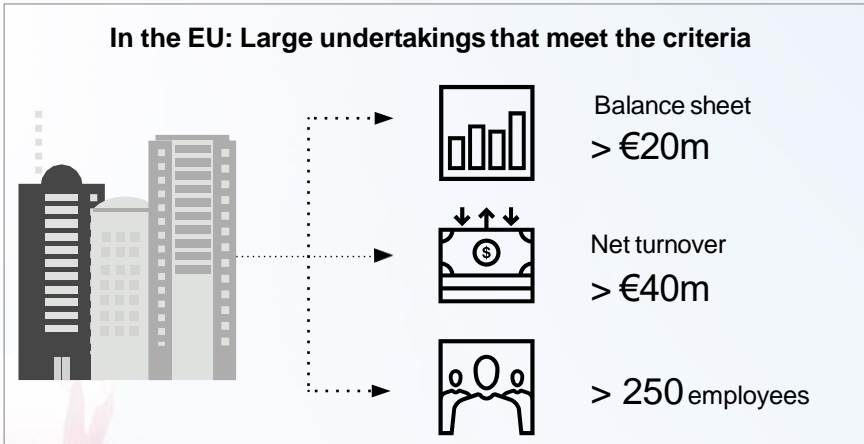
Through the CSRD disclosures, companies will get better insight in their sustainability performance, impacts, risks and opportunities. This drives ESG strategy development, innovation and growth potential.

Good sustainability results build brand reputation, attract customers and provide increased access to capital and investor engagement.



## The CSRD scope includes listed and large non-listed undertakings

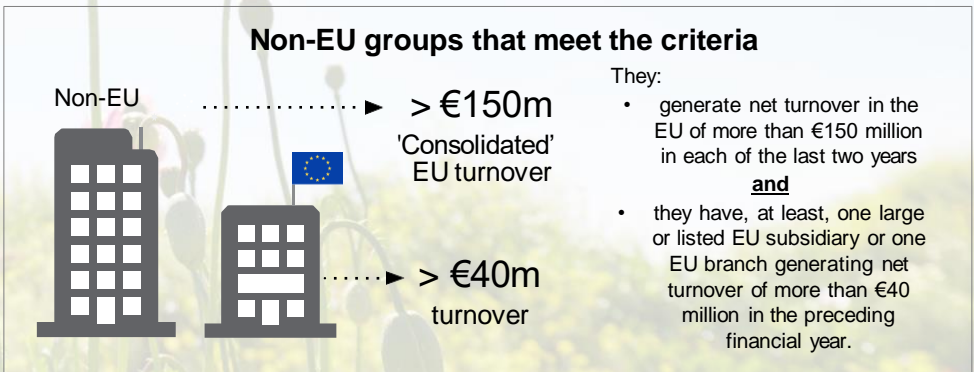
Under the Directive, all large EU undertakings (listed or not listed) will be subject to sustainability reporting requirements. This includes large EU undertakings with a non-EU parent company. Large undertakings are those which exceed at least two of the three following criteria:



## Non-EU groups will be also impacted by CSRD

The CSRD also intends to have an extraterritorial effect. This obligation will apply to:

1. All undertakings whose securities (equity and debt) are listed on a EU regulated market (except for listed micro-enterprises), including non-EU companies listed in EU markets; and/or
2. Non-EU groups will also be subject to sustainability reporting obligations if:



There could be cumulative cases where:

- a large EU undertaking with a non-EU parent company would have to publish sustainability reporting at the level of subsidiary entity (from 2026 based on FY 2025); and
- the same EU undertaking would have to publish consolidated sustainability reporting at the group level of the non-EU parent company (from 2029 based on FY 2028).

The actual analysis is complex, companies should review the rules carefully and assess the need for early involvement of its legal team.

## What reporting standards would an in-scope non-EU company apply?

Companies scoped into the CSRD will not all apply the same standards. Which of the three types of reporting standards would need to be applied depends on the circumstances:

- **European Sustainability Reporting Standards ('ESRSs')**: 12 standards have been adopted by the European Commission. Sector specific standards are under development.
- **Non-EU dedicated standards**: These are dedicated standards to be applied at a global consolidated level by certain companies in scope in countries outside the EU (e.g., China). These companies may also apply the ESRSs instead of the non-EU dedicated standards.
- **Simplified standards**: These are for use by certain small and medium-sized enterprises (SMEs), small and non-complex institutions, and captive insurance undertakings, as defined in EU regulation.


## Key requirements of the ESRS

The ESRSs consist of 12 Standards focusing on sustainability disclosures covering a company's ESG strategy, targets and progress, products and services, business relationships, incentive programmes, and value chain – requiring customer and supplier data.

It covers a broad range of environmental, social and governance issues as depicted on the right, mandates numerous performance metrics,

and is coherent to the Sustainable Finance Disclosure Regulation ('SFDR') and the EU Taxonomy Regulation.


The disclosures in these standards will assist stakeholders in assessing a company's focus on sustainability. These are interlinked with the company's consideration of its business model and strategy to provide a picture of how the company fits into and contributes to society more broadly.

**General standards** 


1. General requirements
2. General disclosures

**Standards on environment** 

1. Climate change
2. Pollution
3. Water and marine resources
4. Biodiversity and ecosystems
5. Resource use and circular economy

**Social standards** 

1. Own workforce
2. Workers in the value chain
3. Affected communities
4. Consumers and end-users

**Governance standards** 

1. Business conduct

## What can I do now to become future-ready?

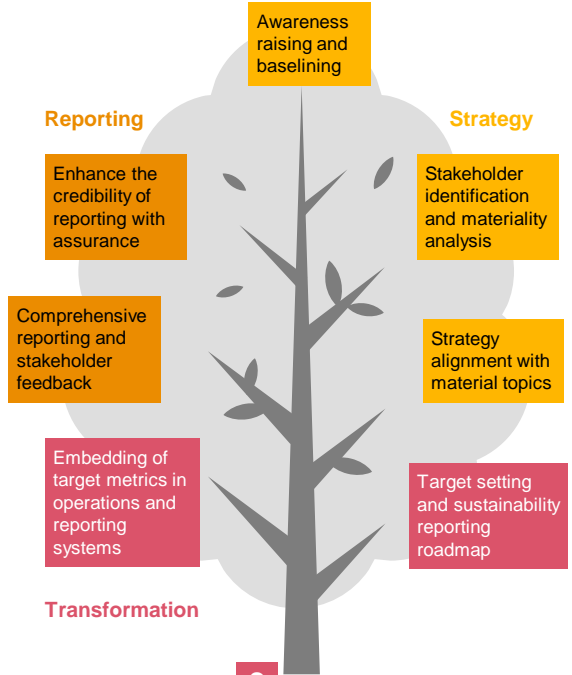
- **Identify what's in scope**: whether an entity is in-scope and the level at which sustainability reporting is needed can be complex. It affects not only the reporting structure, but potential legal entity structuring and tax implications.
- **Perform an impact assessment**: identify the material ESG topics, material impacts, risks and opportunities for the company to focus on.
- **Refine the company's detailed ESG strategy**: assess existing ESG initiatives, growth strategy, governance, operating model, compliance and reporting functions to identify value-creating opportunities as well as any gaps to meet sustainability disclosure requirements.
- **Develop an implementation roadmap** to ensure timely compliance and to get up to speed with the EU regulations: the CSRD requirements are comprehensive and may require an understanding of other EU (sustainability related) regulations such as the SFDR and EU Taxonomy.
- Implementing the Task Force on Climate-Related Financial Disclosures (TCFD) framework can be a stepping stone.

## How PwC can help you

### Your sustainability reporting journey

We can support you in building your ESG strategy and preparing a roadmap to ensure compliance with the CSRD, taking into account the key sustainability issues for your company with regards to environmental, social, and governance matters following the double materiality analysis.

We can also help to strengthen your control environment around sustainability, so that you are adequately equipped to face the new requirements impacting your organisation and at a later stage to face an external audit.



#### 1 Readiness assessment

- Assist you in the implementation of a sustainability reporting strategy responding to the new regulatory requirements;
- Identify your key stakeholders and expectations;
- Identify your ESG risks and opportunities;
- Define your key material topics;
- Define and integrate KPIs into the decision-making process;
- Identify missing new regulatory requirements and define actions.

#### 2 Implementation

- Refine your current sustainability report
- Enhance the design of your ESG governance structure, process and internal control framework;
- Integrate ESG risks into the enterprise risk management framework;
- Improve the quality of your environmental and social data from the collection, computation to the reporting process;
- Assess data relevance, completeness and accuracy and review KPIs for alignment.

#### 3 Providing Assurance

Implement an Attestation report under the revised International Standard Assurance on Engagements 3000 Revised ("ISAE 3000") with limited or reasonable assurance on the information reported to increase your credibility towards your key stakeholders.



## Contacts



**Qing Ni**  
ESG and Sustainability Markets Lead Partner, PwC China  
+86 (10) 6533 2599  
qing.ni@cn.pwc.com



**Loretta Fong**  
ESG and Sustainability Managing Partner, PwC Hong Kong  
+852 2289 1314  
loretta.wh.fong@hk.pwc.com



**Cyrus Cheung**  
Partner, ESG Disclosure and Consulting  
PwC Hong Kong  
+852 2289 1709  
cyrus.lk.cheung@hk.pwc.com



**Cindy Ngan**  
Partner, Financial Services Sector  
PwC Hong Kong  
+852 2289 2749  
cindy.ky.ngan@hk.pwc.com



**Xiu Mei Chen**  
Senior Manager, Sustainable Finance  
PwC Hong Kong  
+852 2289 5687  
xiu.m.chen@pwc.com



**Daniel Zhang**  
Senior Manager, Climate and Sustainability  
PwC China  
+86 (21) 2323 3419  
daniel.cb.zhang@cn.pwc.com