



Are companies CSRD ready?

A European study on corporate
anticipation of **new ESG reporting
obligations**



www.bakertilly.fr



About Baker Tilly International

Global network of independent businesses and accounting firms



4,7
billion \$
revenue



145
territories



703
offices



41,000
people

9th
global
network

near
30 years
experience



Comprehensive
international skills



Cross-border
collaborative approach



Introduction

The Corporate Sustainability Reporting Directive (CSRD) is poised to significantly influence how companies incorporate ESG (Environmental, Social, and Governance) considerations into their business strategies.

As this study shows, taking ownership of these new disclosure requirements can be challenging, even for companies that are already advanced on sustainability reporting.

That is why four Baker Tilly firms (France, Spain, Italy & Netherlands) have conducted a European study on the readiness of companies for the CSRD. This is a first for our network!

This study is designed to help you gain a better understanding of the challenges the CSRD will pose.

At Baker Tilly, we view the CSRD as an opportunity. We have a key role to play to help companies to tackle the CSRD, not only ensuring compliance but improving our clients' social and environmental impact as well.



Laure Mounier
Managing Director,
Baker Tilly France

The implementation of the CSRD presents significant challenges. Companies, whether directly mandated to adhere to the standard or indirectly required to gather information across the value chain, will need to bolster their internal control systems for sustainability reporting. All this taking into account that in smaller entities the information collection systems are often at a very early stage. The challenge for companies will be to obtain an integrated control system, in the financial and non-financial fields.

Auditors will be expected to issue a specific certification, and they are therefore keeping a close eye on the evolution of the legislation at this stage. Of significant importance is the publication by the IAASB (International Auditing and Assurance Standards Board) of the consultation draft of the new principle International Standard on Sustainability Assurance (ISSA) 5000 - General Requirements for Sustainability Assurance Engagements - which, once approved in 2024, will be the new global reference standard for assurance assignments on sustainability disclosures. The goal is to boost the trust that investors, regulators and other interested parties place in this information.



Bruno Piazza
CEO, Baker Tilly
Revisa spa (Italy)

We can assist our clients by offering awareness training sessions to ensure they understand the upcoming expectations and their future ESG obligations. Additionally, we can provide support to help them prepare for the implementation of new laws and regulations, including the CSRD and the CSDDD.

Currently, we are working alongside a number of clients to help them prepare for their sustainability reporting, helping them prepare double materiality analysis and stakeholder validation, and helping them set out their ESG strategy, goals and future ambitions.



Ronald Hoeksel
Chairman of the board,
Baker Tilly Netherlands

At Baker Tilly we are well versed in adapting to new regulations and challenges.

Baker Tilly's multidisciplinary way of working allows us to coordinate knowledge from different areas such as ESG, accounting and the legal area. Three fundamental disciplines to develop a good CSRD strategy in companies.



David Martinez
Partner Advisor Area,
Baker Tilly Spain



We have a key role to play to help companies to tackle the CSRD, not only ensuring compliance but improving our clients' social and environmental impact as well.





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- Adaptation plan for the CSRD 40

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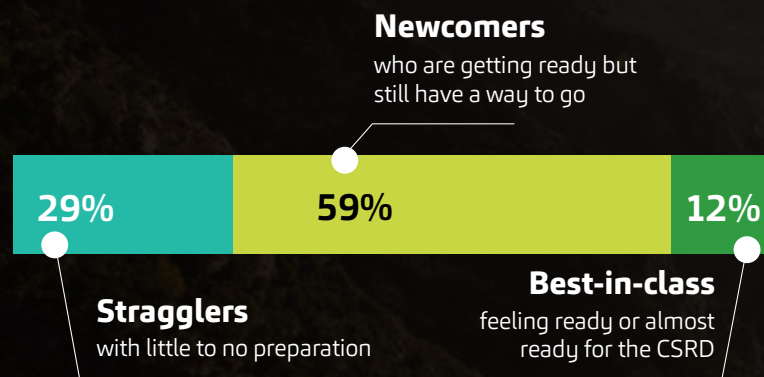


Executive summary

Entering into force from 2024 and targeting over 50,000 companies, the **Corporate Sustainability Reporting Directive (CSRD)** will completely redefine the corporate ESG landscape.

However, companies are not starting from scratch, and can **leverage existing ESG processes and politics** to address the **strategic challenges** arising from this new obligation. This study sought to assess corporate anticipation of the CSRD by identifying current best practices and weak spots on 5 key areas: ESG organization and governance, materiality assessment, sustainability reporting system, data communication and publication and adaptation plan for the CSRD.

3 types of companies



57%

of companies say they have little to no knowledge of the CSRD.

Only 21%

describe it as a « burden with little additional value », with other expectations ranging from structuring the organisation, increasing the available information, or improving company resilience.

Overall knowledge of the CSRD remains low, but companies see the value it can bring!

72%

have a documented ESG strategy

54%

say ESG topics are addressed within the Executive committee

81% use reporting frameworks, with as many as **29%** using multiple frameworks.

Maturity on topics that should be included in future ESG reporting varies, with as many as **64%** already having a carbon footprint calculated on scopes 1 & 2, and as little as **23%** having a risk prevention plan across the value chain.

Most companies have already implemented some form of ESG organisation.



Executive summary

The double materiality assessment will represent the biggest challenge for companies.

16%

Have already conducted a double materiality assessment.

31%

Have never identified their ESG risks and opportunities.

56%

Have never involved their stakeholders in identifying the relevance of ESG topics.

Companies' ESG reporting systems will need to evolve to keep up with the reporting obligations.

62%

still rely on Excel.

Only 7%

are confident in the reliability of their reporting processes.

Only 15%

have set ESG targets with a reporting system allowing them to monitor progress.

The main expectations of companies about their auditors:



72%

Ensure compliance with legal requirements



43%

Helping the company with its ESG policy



40%

Helping the company with risk analysis



39%

Ensure truthfulness of information



37%

Improve and strengthen the internal control process

Companies who already publish ESG information have a clear advantage going forward.

29%

of eligible companies have never published or communicated on ESG information.

62%

of companies that publish a sustainability report have had their report reviewed by an external party.

The CSRD will have a knock-on effect on all companies, even those that are not eligible.

37%

of eligible companies are considering or planning on creating new positions to take ownership internally of CSRD.

80%

plan on raising awareness on the CSRD.

Only 25%

of non-eligible companies expect the CSRD to change nothing for them.

1

What's at stake with the CSRD?

Setting the stage: the
European agenda on ESG
reporting

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The CSRD: bridging the
gap between corporate
sustainability and financial
reporting

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The gradual build and
application of the CSRD &
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The CSRD will require
companies to address 5
strategic challenges

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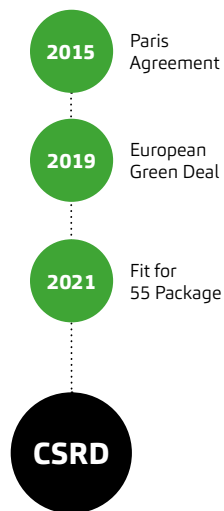
1 What's at stake with the CSRD?

Setting the stage: the European agenda on ESG reporting

After the **Paris Agreement in 2015**, the signatory countries committed to reduce their greenhouse gas emissions and strengthen their efforts to mitigate the effects of climate change, in order **to limit temperature** rise well below 2°C. Following this treaty, the European Union implemented the **European Green Deal**, which aims to transform Europe into a carbon-neutral economy by 2050.

To achieve this goal, the legislator needs **meaningful actions from companies on sustainability**, driven by quality ESG data. However, experience has shown that **current ESG reporting is far from reliable**, owing to an overabundance of reference frameworks, unequal reporting systems, and overall opacity of Corporate Social Responsibility (CSR) reports.

The "Fit for 55" package, adopted in June 2021, paved the way for **three key legislation** pertaining to ESG reporting: The European green taxonomy, the SFDR and the CSRD, pictured in the opposite diagram.



Inspired by the European Commission, How does the EU taxonomy fit within the sustainable finance framework?





1 What's at stake with the CSRD?

The CSRD: Bridging the gap between corporate sustainability and financial reporting

Published in 2022, the CSRD will provide a unified framework for corporate ESG reporting. It aims to increase transparency, comparability between companies, and the reliability of published data, gradually bringing sustainability reporting up to the standards currently required of financial reporting.

All the expected quantitative and qualitative information that should be found in a sustainability report are detailed in 12 ESRS (European Sustainability Reporting Standards).

It will require companies to publish a sustainability report with information on the governance, strategy, impact management, objectives and metrics of ESG information. They will therefore need to structure their ESG governance, strategy and data collection systems.

CSRD: what it will mean for companies



Broadening the scope:
From 10,000 to 50,000 eligible companies



Publishing a sustainability report
in the management report



Using a common language
requiring standardized ESG information (over 1,000 datapoints)



Using a new way of selecting key ESG topics
(double materiality)



Empowering governance bodies
on ESG topics



Having an external party audit the report

Resetting the ESG framework: the ESRS

Environment **E**

- Climate change mitigation and adaptation
- Pollution prevention and reduction – toxic substances
- Water and marine resources
- Biodiversity and ecosystems
- Circular economy

Social **S**

- Own workers of the enterprise
- Workers in the value chain
- Affected communities
- Consumers and end-users

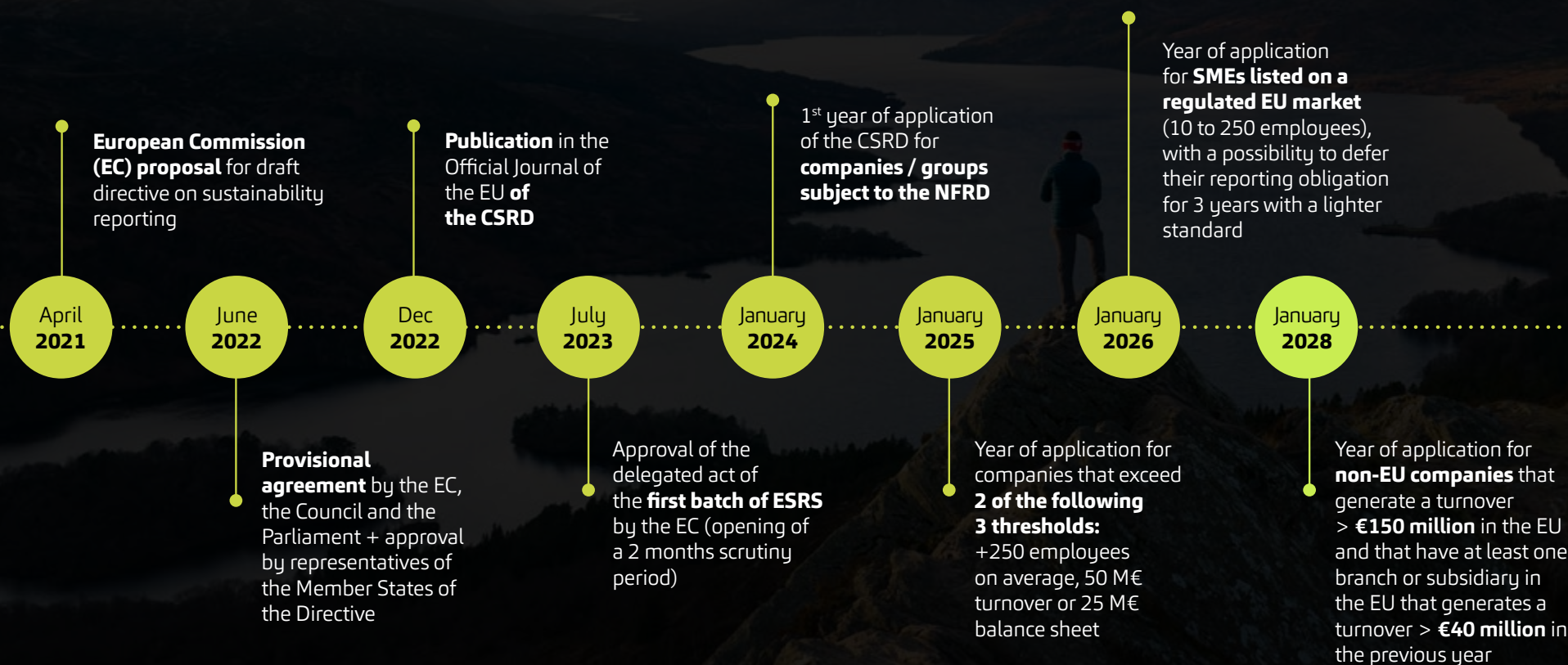
Governance **G**

- Conduct of business



1 What's at stake with the CSRD?

The gradual build and application of the CSRD & ESRS





1 What's at stake with the CSRD?

The CSRD will require companies to address 5 strategic challenges

1

Their governance and ESG strategy

The CSRD emphasizes the role of corporate governance on sustainability topics, echoing governance accountability on financial reporting. New requirements will build on the ESG organization that companies may have already implemented.

2

Their materiality assessment (impacts, risks & opportunities)

The CSRD gives detailed guidelines on several ESG topics and datapoints. However, companies are expected to report on the issues most relevant to their activities, i.e. topics identified as material. The materiality analysis is expected to be conducted according to a "double materiality" lens.

3

Their data collection process

The CSRD requires companies to have an operational data reporting system, that will ensure that sustainability information is relevant and reliable. Companies will be required to report on the operation of this system in the sustainability report.

4

The communication and data publication

The CSRD will require companies to publish annual sustainability reports, containing relevant information on their policies, actions, targets, and progress. These reports will be published with digital tagging for key information, and will have to be audited by an external party.

5

The adaptation plan towards CSRD

Whether in 2024 or 2027, over 50,000 companies will eventually fall under the scope of the CSRD. Many companies are considering or already implementing an action plan to comply with its requirements.

Purpose of the study

Given this new regulation and the future challenges facing companies, members of the Baker Tilly network decided to conduct a study for several reasons:

- Assessing **companies' preparedness** across five critical areas
- Pinpointing companies' needs for **external support** in order to comply with the CSRD
- Ascertaining whether CSRD could serve as a means for companies to **strengthen their commitment** to environmental, social, and governance responsibility by consolidating their ESG policies

2

Are companies ready?

Overview of current practices & trends

**Methodology and
acknowledgements**

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2 Are companies ready? Overview of current practices and maturity of respondents

Methodology and acknowledgements

This study was conducted **by member firms of the Baker Tilly network:** Baker Tilly France, Baker Tilly Spain, Baker Tilly Netherlands, and Baker Tilly Italy.

The results presented here come from:

- **An online survey**, distributed between June and July 2023
- **Interviews** conducted with ESG experts within eligible companies



305
Respondents

209
Eligible respondents

5
Interviews of eligible companies

Due to rounding, percentages may not always appear to add up to 100%. In the study, N refers to the sample size. In others words, N is the number of respondents of a question.

Study lead

Goodwill-management, a Baker Tilly France subsidiary (Helga Sallé, Arnaud Bergero, Claire Grandeau, Salomé Gama).

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External contributors

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Review & formatting

Emilie Restout, Elodie Vigneron, Valentine Smets.

We would like to thank all survey respondents and interviewed stakeholders for their time and contributions.

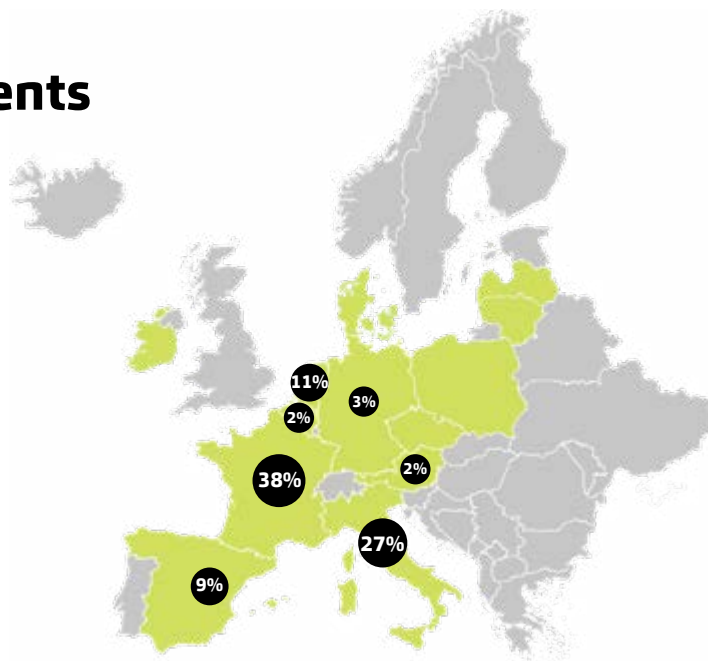


2 Are companies ready? Overview of current practices and maturity of respondents

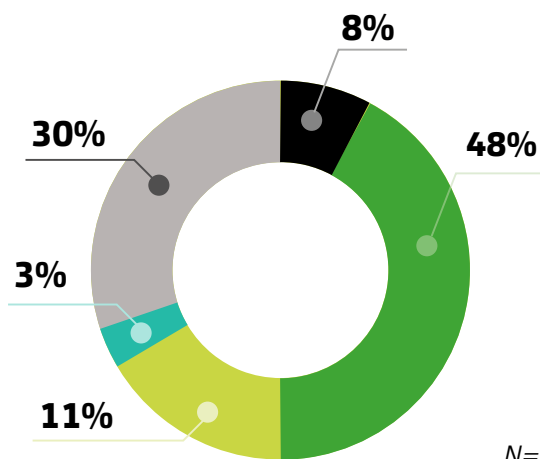
About the respondents

Where is the head office of the parent company located?

■ Respondent countries in the EU : 95%



Will your company be subject to the CSRD*?



N=298

- None of these situations
- Non-EU company with annual revenues generated in the EU > €150M and with either a major European or listed subsidiary or a European branch (generating > €40M in revenue)
- SMEs (between 10 and 250 employees) listed on an EU regulated market
- Company based in the EU, which exceeds 2 of the following criteria: > 250 employees, > €40M net turnover, > €20M balance sheet total
- Public Interest Companies based in the EU, already subject to NFRD, with >500 employees and > €20M total balance sheet or >€40M net sales

* The question was asked before the thresholds were changed so the respondents were surveyed on the old applicability thresholds.



305
Respondents



70%
Companies soon to be subject to the CSRD



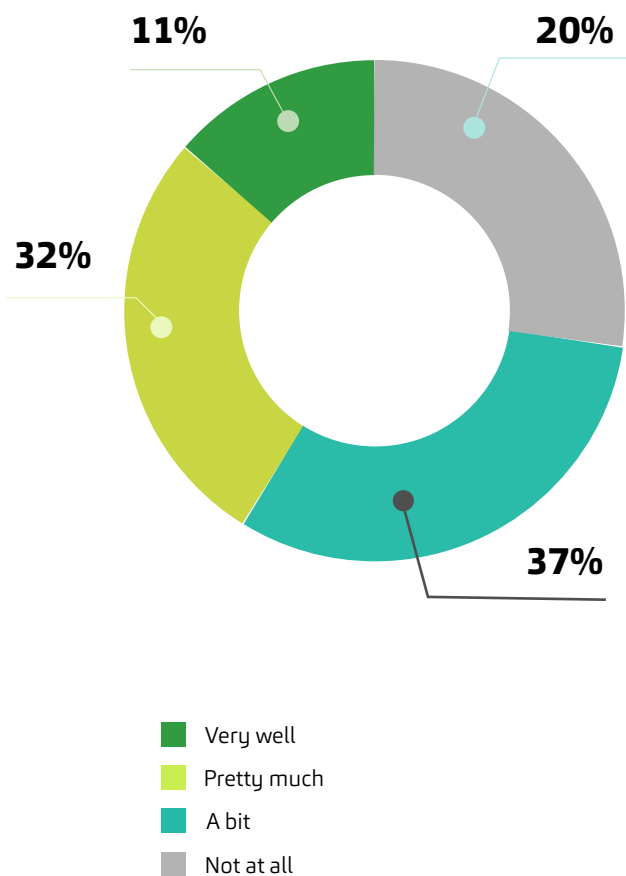
14
European countries represented



2 Are companies ready? Overview of current practices and maturity of respondents

About the respondents

Do you understand the expectations of the CSRD?

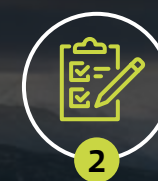


N=305

Top 6 expectations of companies in relation to the CSRD



1 Help structure internal processes to meet the expectations of the CSRD



2 Improve the level of information available



3 Require to mobilize significant human and financial resources



4 Make the company more resilient



5 An additional burden with little additional value



6 Give a competitive advantage to stand out in the sector

N=298

2

Are companies ready?

Overview of current practices & trends

ESG organization and governance

ESG organization and governance at a glance 17

The majority of companies have integrated ESG considerations into their business strategies 18

ESG is usually in the hands of the sustainability or finance departments, but is not always addressed at the top management level 19

No single right choice: different reporting frameworks answer to different needs 20

The lack of standardized publication requirements has led to wildly different maturity levels across ESG topics 21

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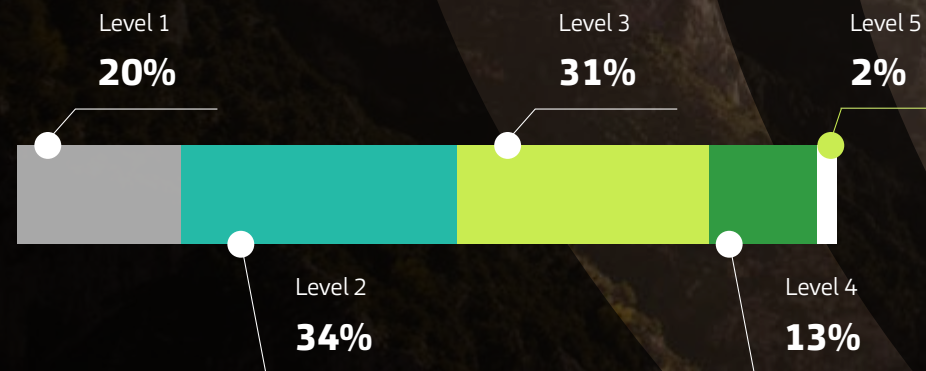
At a glance

15%

of companies deem their ESG organization and governance to be (almost) CSRD ready

On a scale of 1 to 5, how would you assess your ESG governance & organization according to the CSRD requirements & expectations?

From 1, the lowest level, to 5, the highest level



The majority of companies have integrated ESG considerations into their business strategies

Only **24%**

of respondents have not covered any ESG consideration yet within their business strategy

ESG is usually in the hands of the sustainability or finance departments, but is not always addressed at the top management level

24%

of respondents do not have their sustainability issues represented and addressed at the governance level

No single right choice: different reporting frameworks answer to different needs

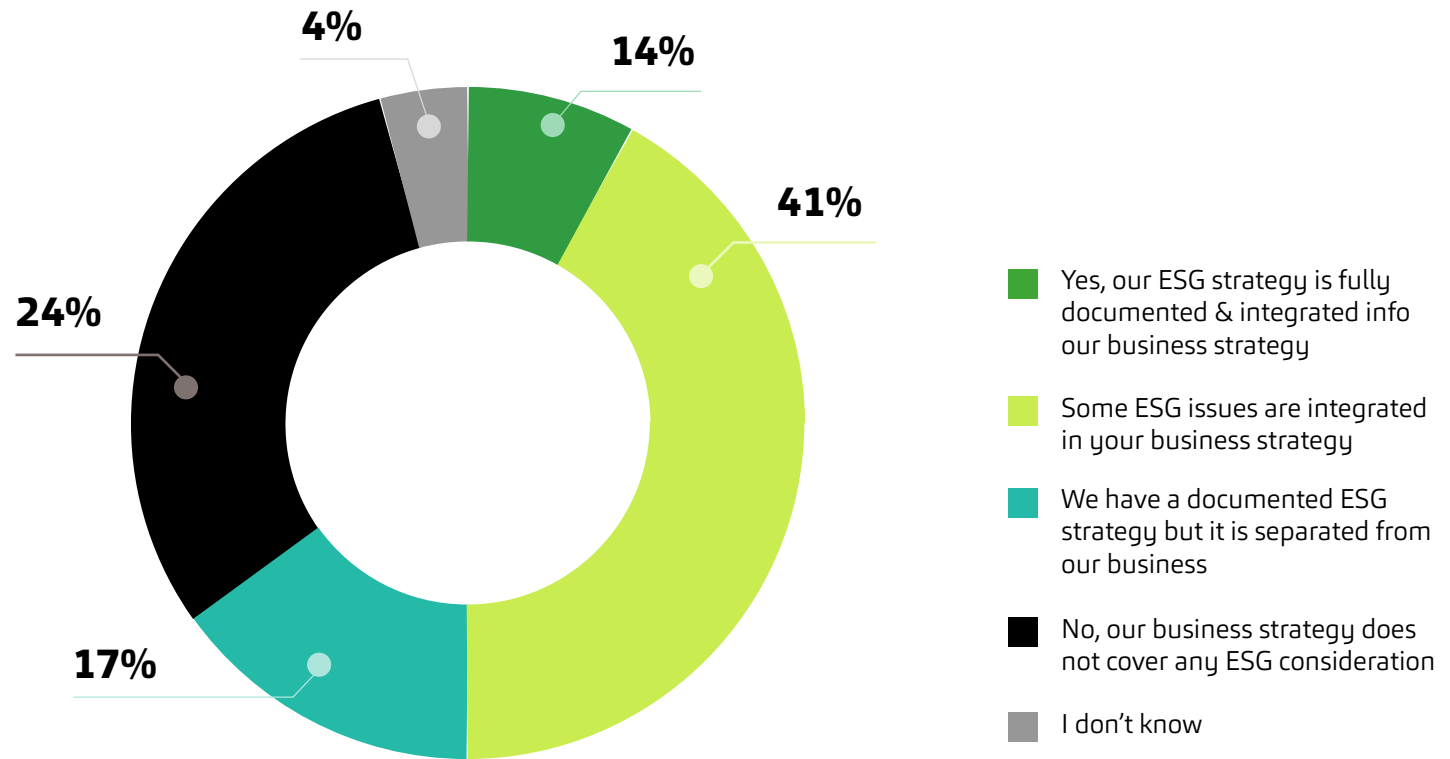
20%

of respondents use at least 2 ESG standards to report their data

The lack of standardized publication requirements has led to wildly different maturity levels across ESG topics

The majority of companies have integrated ESG considerations into their business strategies

Are ESG topics documented and integrated into the business strategy?



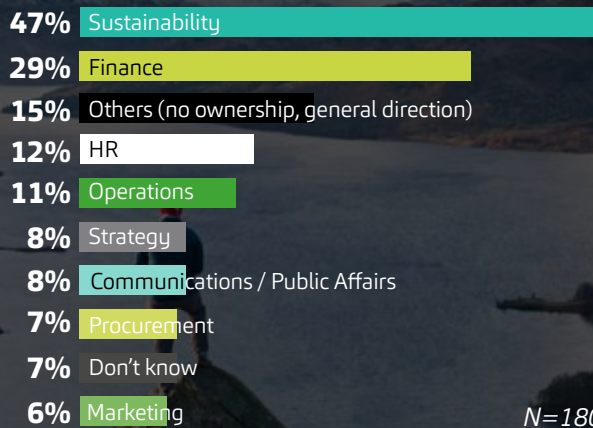
N=180



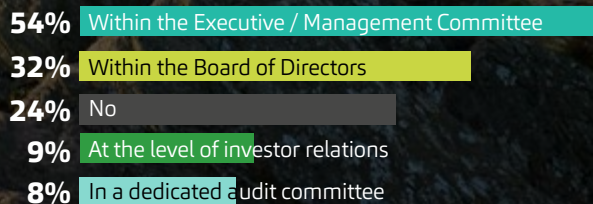
2 ESG organization and governance

ESG is usually in the hands of the sustainability or finance departments, but is not always addressed at the top management level

Which department has the ownership of sustainability topics within your company?



Are sustainability issues represented and addressed at Board level?



Governance is ubiquitous in reporting standards

The ESRS ask companies to report different levels of information on ESG governance.

- 1 ESRS 2**
General information companies must describe their governance and the way ESG topics are integrated.
- 2 ESRS G1**
Conduct of business companies must describe their policies and KPIs on corruption, lobbying, business ethics...
- 3 All other ESRS**
Be able to explain the governance for each of the material ESRS



2 ESG organization and governance

No single right choice: different reporting frameworks answer to different needs

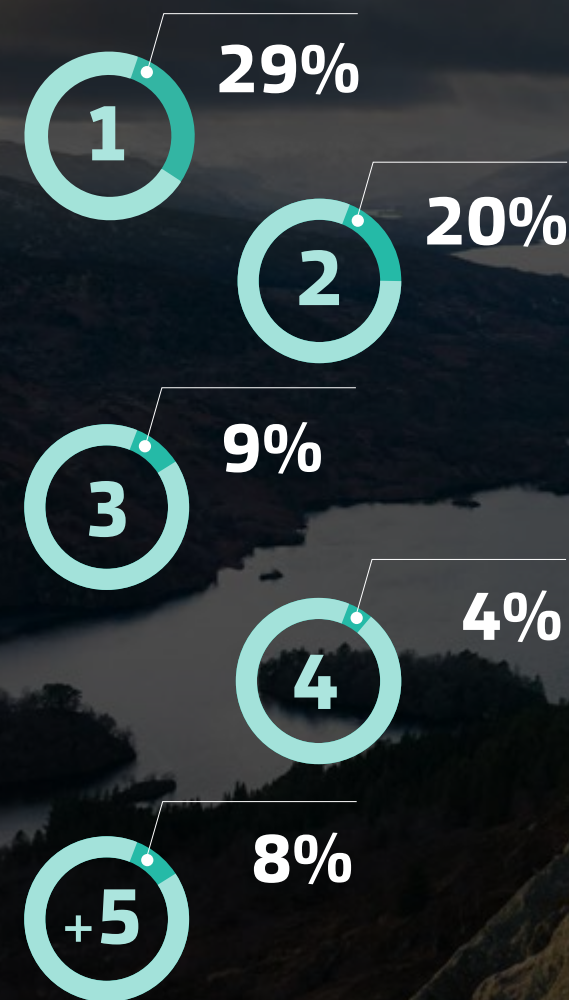
Which ESG standard(s) (and/or reporting) do you use?



N=135

* This illustration shows some examples of ESG rating agencies and ESG labels. This list is not exhaustive.

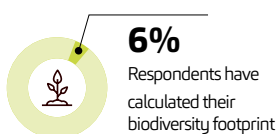
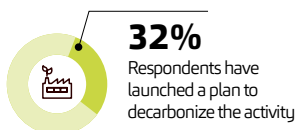
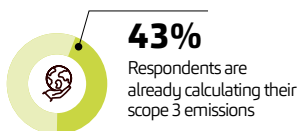
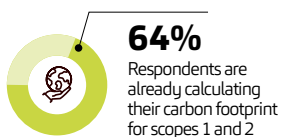
Number of frameworks used



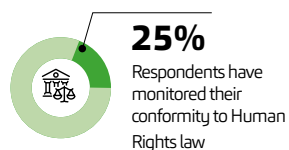
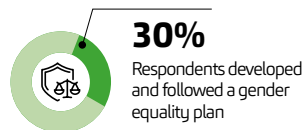
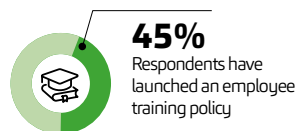
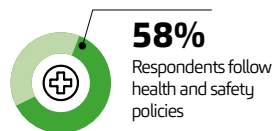


The lack of standardized publication requirements has led to wildly different maturity levels across ESG topics

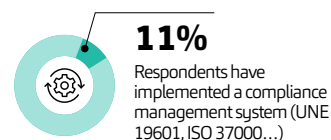
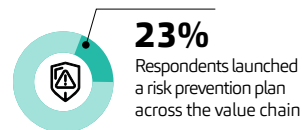
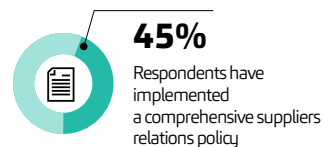
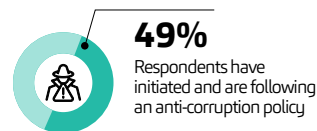
ENVIRONMENT



SOCIAL



GOVERNANCE



N=159



64%
of respondents carry out a carbon footprint (scopes 1 and 2)



23%
of respondents have a risk prevention plan on the value chain

Insights from The Zapi Group

About the Zapi Group

The Zapi Group is a prominent player in the biocidal industry, specializing in products designed to safeguard individuals from harmful pests in various settings, including homes, workplaces, and gardens. Their core activities encompass research, development, manufacturing, and the distribution of rodent and insect control solutions. Established in 2022, the Zapi Group is majority-owned, with an 80% stake, by Fumakilla LTD, a renowned Japanese corporation with a global presence. Fumakilla LTD is publicly traded on the Tokyo Exchange and is widely recognized by consumers for its popular product brand, VAPE.

How familiar are you with the CSRD?

Frankly speaking, at this moment, our top priority lies in the management of the merger. However, it is worth noting that we are beginning to delve into this area as well, as it appears that the timeline for implementation may be sooner than originally anticipated.

What are the main challenges you are expecting?

Our company is well-prepared to thrive in an increasingly sustainable

market, thanks to our specialized product portfolio. Our research and development processes are focused on sustainability, making it a core aspect of our operations. Therefore, our primary challenge lies in effectively translating our sustainable actions into formal, reportable information.

How are you preparing for the CSRD?

At present, we are closely monitoring the anticipated timeline for implementation within our company. It is important to note that our

company is part of a larger international group, which adds complexity to the implementation process.

Do you plan on soliciting external help?

Whenever we encounter something beyond our current knowledge, our practice is to seek assistance from external consultants. The challenge we anticipate facing is in identifying the most suitable consultants for the task, recognizing that the subject matter may also be new to them.



Our primary challenge lies in effectively translating our sustainable actions into formal, reportable information.



Pierpaolo Zambotto
Vice President & General Manager



Key figures:



Founded in **1970**



160 employees



€ 36M sales

2

Are companies ready? Overview of current practices & trends

Materiality assessment

Materiality assesement at a glance 24

Most companies have implemented a system to assess the relevance of ESG topics, but very few have already conducted a double materiality analysis 25

Most companies do not yet take their stakeholders into account in the analysis of ESG topics 26

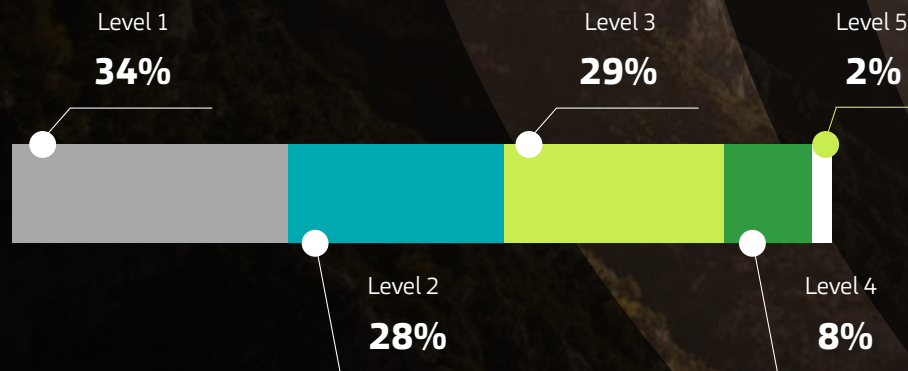
Insights from the CETIH Group 27

At a glance

10%

of companies deem their materiality assessment to be (almost) CSRD ready

On a scale of 1 to 5, how would you assess your materiality assessment processes according to the CSRD? From 1, the lowest level, to 5, the highest level



Most companies have implemented a **system to assess the relevance of ESG topics**, but very few have already conducted a **double materiality analysis**

Only **40%**

of respondents have started to conduct a materiality analysis

Most companies do not yet take their **stakeholders into account** in the analysis of ESG topics

Only **33%**

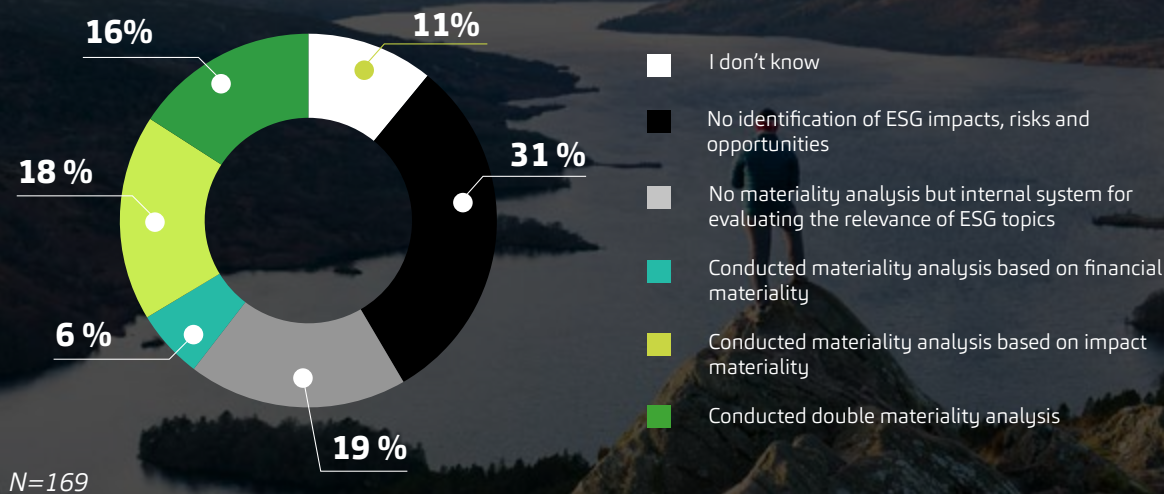
of respondents have started interviewing their stakeholders addressed at the governance level



2 Materiality assessment

Most companies have implemented a system to assess the relevance of ESG topics, but very few have already conducted a double materiality analysis

How familiar are you with the double materiality analysis?

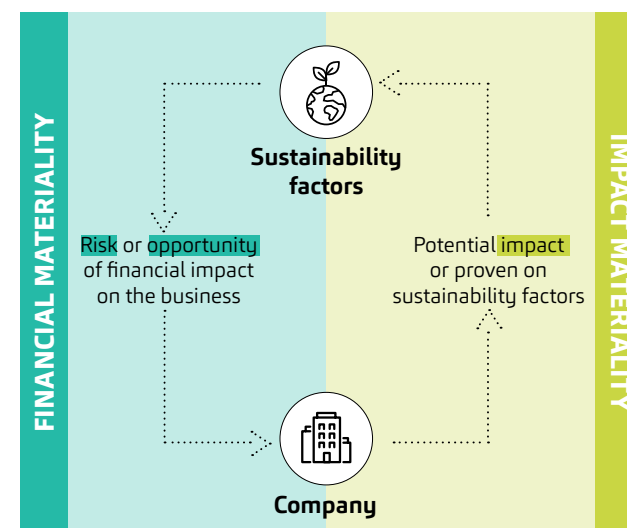


16%
of respondents have already conducted a double materiality analysis



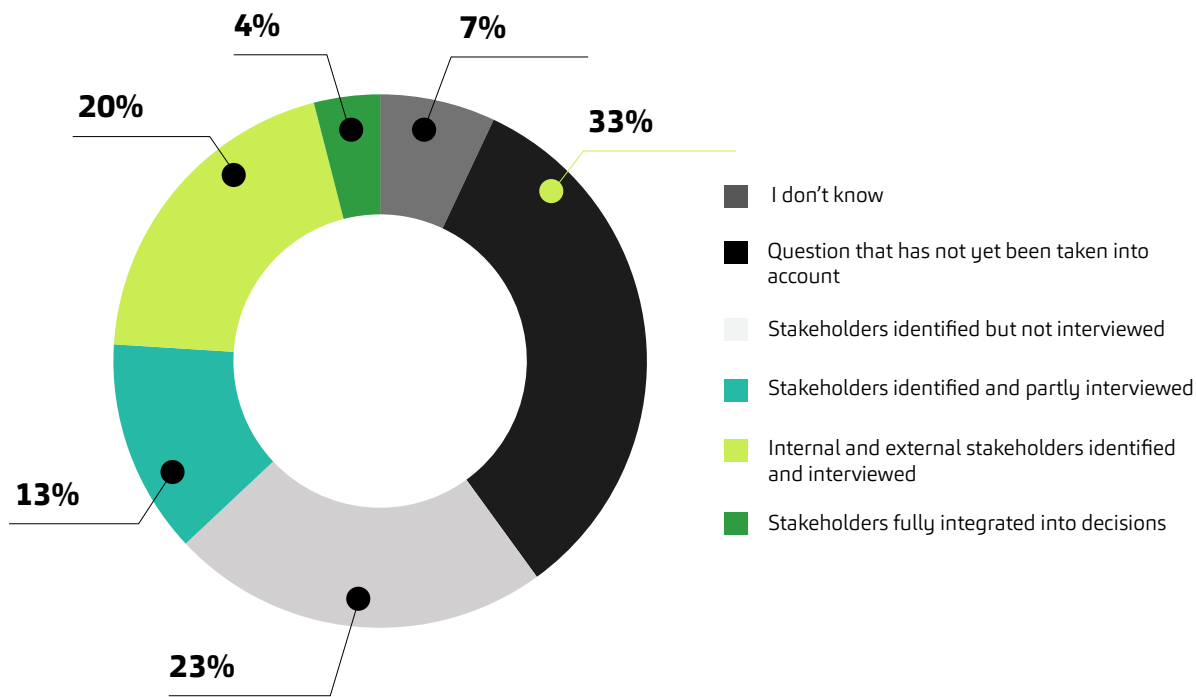
31%
have never conducted an analysis of their ESG risks

Double materiality will be the method used to prioritise ESG topics and identify which ones companies should report on. It will require companies to assess their relationship with sustainability topics on 2 levels: the impacts they have on ESG topics, and the impacts ESG topics can have on their financial performance.



Most companies do not yet take their stakeholders into account in the analysis of ESG topics

How involved are your stakeholders in identifying ESG impacts, risks & opportunities?



N=168

The ESRS define two types of stakeholders:

- **The affected stakeholders:** individuals whose interests are affected or could be affected (positively or negatively) by the company's activities and its direct and indirect **business relationships** across its **value chain**
- **The users of sustainability statements:** users of financial reporting (investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements (company's business partners, trade unions and social partners, civil society and non-governmental organizations, governments...)

As part of the double materiality analysis, stakeholder consultation is **recommended** but not required by the ESRS.

2 Materiality assessment

Insights from the CETIH Group

About CETIH

The CETIH Group is an independent French industrial company specializing in the home envelope and energy renovation sectors. Under the Bel'M, Ziltén, SWAO, CID, SYSTOVI, Neovivo, KOOV and KOBBLE brands, the group markets several ranges of entrance doors, windows, solar solutions, ventilation and insulation.

What is CETIH's CSR strategy?

We have a solid CSR strategy, characterized by a strong commitment on the part of the management. This approach is widely recognized and accepted by our employees.

Two years ago, we decided to become a mission-driven company. This enabled us to reorganize our CSR structure, making every member of the company a responsible player in this approach. This approach is structured around a mission coordinator, and is reflected in the monitoring of performance indicators, grouped together in a contribution matrix incorporating the most relevant indicators for assessing the company's contribution to ESG.

How did you hear about CSRD?

We heard about it through peer-to-peer exchanges within CSR and financial circles and networks. The company's shareholders also asked us about our CSRD maturity and taxonomy, in line with our regular exchanges on CSR.

What are the main issues and challenges for the Group in complying with the CSRD?

The challenge is to prepare to meet the deadlines set by these regulations. We are well aware that the countdown has begun, and we want to give ourselves the means to remain proactive on this subject. The main challenges and difficulties lie in the complexity of the issues to be addressed, in particular the 88 ESG issues to be taken into account in the materiality analysis. A great deal of information will need to be gathered.

The Group has never formalized a materiality analysis, which makes the exercise crucial to ensure that no important subject is overlooked. The drafting of the sustainability report also represents substantial work, with the addition of a communication layer to the mission report.

What are you doing to prepare?

We already structured our reporting through a specialized tool, which represents a major step towards professionalizing

reporting and decentralizing data collection.

It is planned to set up an audit committee to monitor the quality of financial reporting, processes and ESG.

The Group has based its CSR approach on a company-wide, cross-functional process approach, giving it solid processes and ensuring the sustainability of the approach. The people in charge will play an important role on the future Audit Committee.

The quality of CETIH's CSR reporting is already audited externally as part of the publication of the mission report. An independent assurance service providers (IASP) already verifies a selection of some fifteen indicators from the contribution matrix, which validates the sincerity of the results.

The commitment of the company's management is a facilitating factor, as we are recognized for our commitment to CSRD and set an example.



We have not formalized a materiality analysis in the past, which makes the current exercise crucial to ensure that no important subject is overlooked.



Anaël Le Goff
Mission coordinator



Key figures:



Founded in
1975



1,500
employees



€ 250M
sales

2

Are companies ready?

Overview of current practices & trends

Sustainability reporting system

Overview - Sustainability reporting system 30

Companies still rely on Excel to collect ESG data 31

Companies have not yet fully matured in their reporting processes. 32

One-third of companies have never established targets for their ESG indicators, and only a small fraction claim that their reporting systems enable effective monitoring of their actions. 33

Insights from Ampleon 34



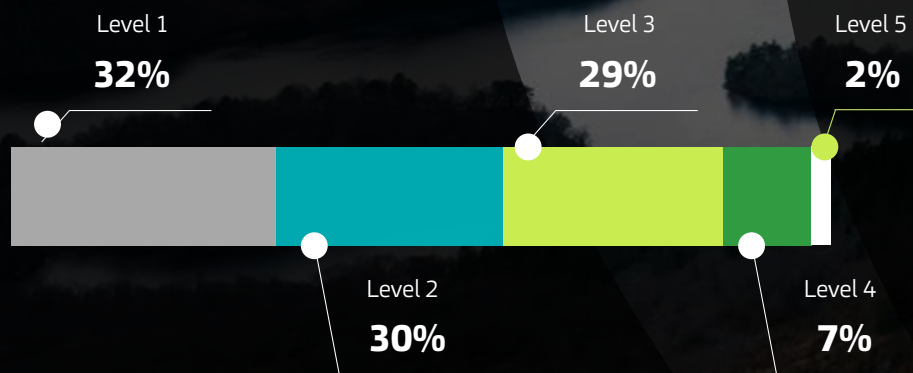
2 Sustainability reporting system

9%

of companies deem their sustainability reporting system to be (almost) CSRD ready

On a scale of 1 to 5, how would you assess your sustainability reporting system according to the CSRD?

From 1, the lowest level, to 5, the highest level



62%

of respondents **use Excel to collect their data**

Only 7%

of respondents have implemented a thorough, **comprehensive data collection process**

Only 15%

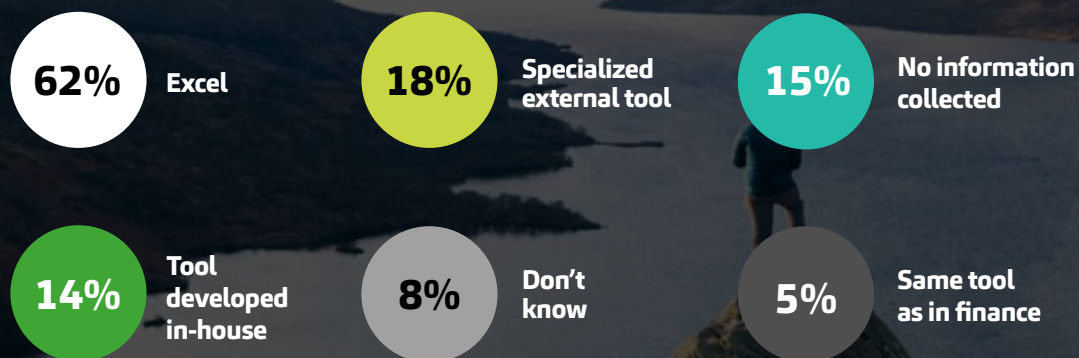
of respondents have **defined relevant targets associated with most ESG indicators**, with regular feedback that enables them to monitor their actions



2 Sustainability reporting system


Companies still rely on Excel to collect ESG data

What type(s) of tools do you use to collect your current sustainability data?



N=164

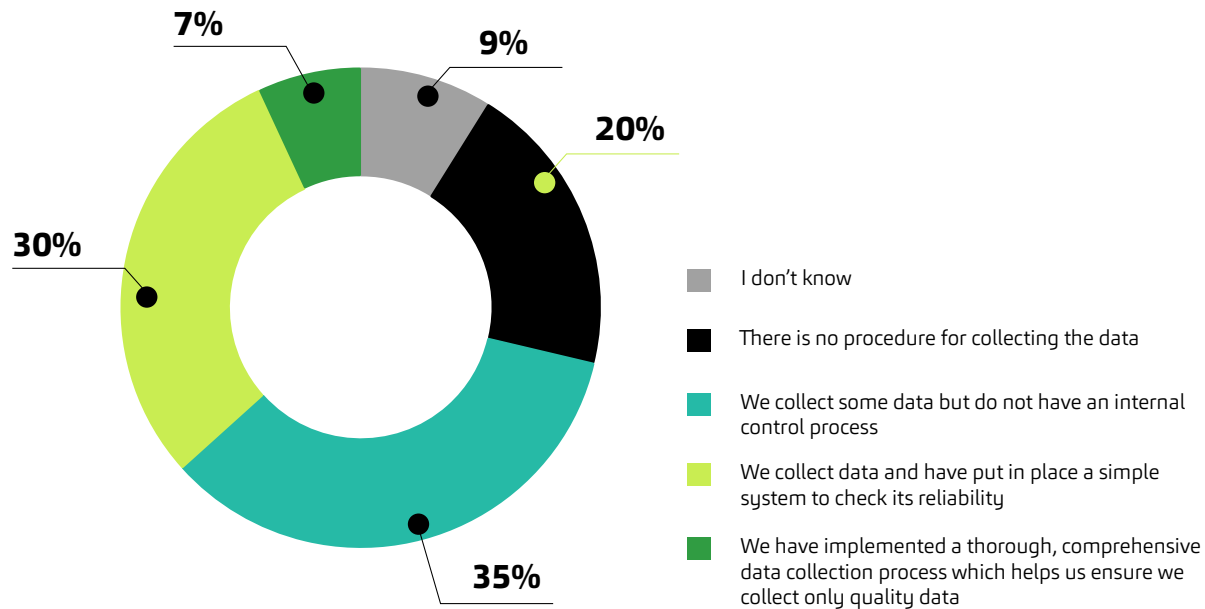
Why use a specific ESG reporting tool?

-  Easy interaction with other software
-  Managing rights and access to data and saving time
-  Compliance issue : easier justification of the audit trail (retention of supporting documents, identification of users, etc.)
-  Automation of presentations, reports, minutes, dashboards
-  Easier consideration of company developments (scope, modification of indicators, comparison with objectives, etc.)

2 Sustainability reporting system

Companies have not yet fully matured in their reporting processes

Do you have the necessary internal processes to track your data and ensure its reliability?



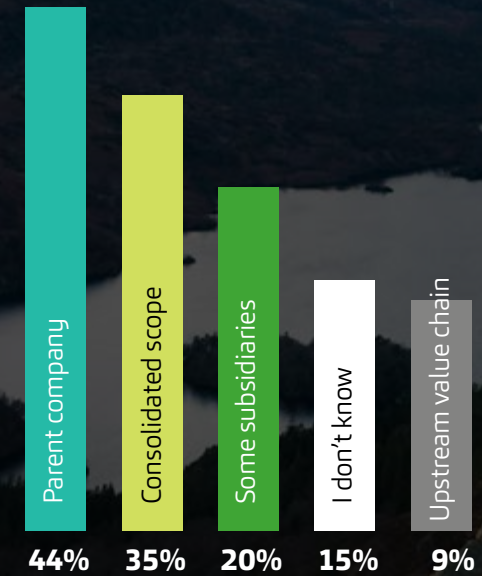
N=164



Only **7%**

say they are fully confident in the quality of the data they process

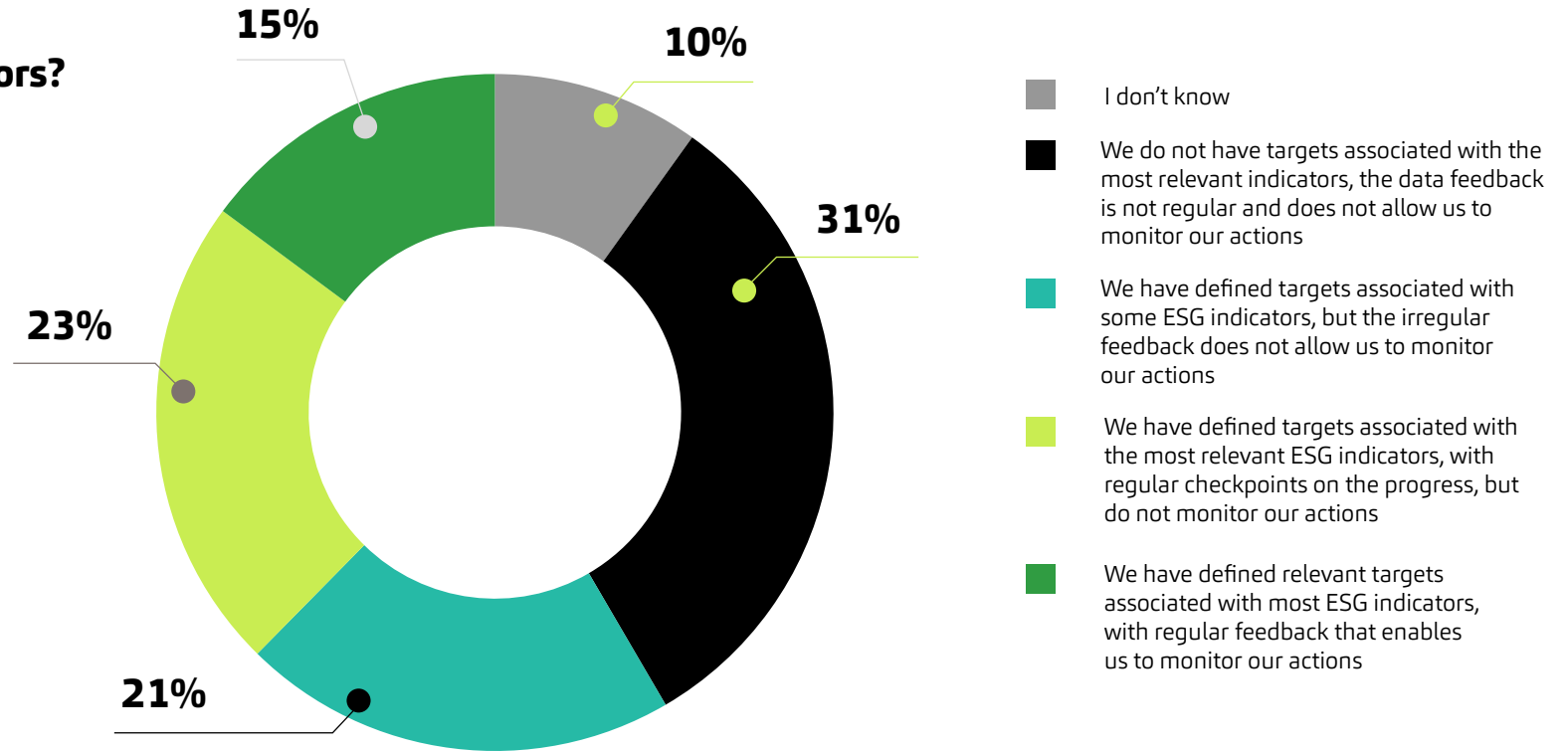
What is your scope of ESG data collection?



N=164

One-third of companies have never established targets for their ESG indicators, and only a small fraction claim that their reporting systems enable effective monitoring of their actions

Have you defined targets associated with the sustainability indicators?



N=164

Insights from Ampleon

About Ampleon

Ampleon is a manufacturer and supplier of radio frequency (RF) power supplies. It was founded in 2015 and is located in the Netherlands. The company’s products include general-purpose wideband, UHF broadcast, pulsed radars, and mobile broadband which are distributed in three continents.

What do you know about the CSRD?

We will have to report about CSRD in 2026 on 2025 data. We have set up a project team consisting of employees of the finance and quality departments. The quality department is primarily responsible for the environmental topics while finance is in the lead for the social, corporate governance and general topics. We are currently in the preliminary phase of the double materiality assessment. We have identified the relevant stakeholders and we have prepared a timeline for the ESG project with the aim to finalize the project in Q4 2024.

What are the main challenges you expect regarding the CSRD?

The biggest challenge will be to obtain all information in a consistent, correct, timely and reliable way. There should be a clear trail. Our goal is first to finalize the double materiality assessment to have insights

in the applicable disclosure requirements. Hereafter we will make a decision about the tooling to monitor our ESG performance.

How are you preparing for the CSRD?

We have a core project team of 4 people (2 finance, 2 quality). This team has recurring meetings to discuss the progress and the next steps. These team members are attending ESG events to keep up to the date with the latest developments. In September 2023, we published our second (unaudited) sustainability report. This report focuses on the key sustainability challenges we face and the ways we are responding to them. It details our social, safety and environmental performance in 2022 and our endeavors to “Amplify a sustainable future”.

Are you planning to call in external help with this?

We want to do as much as possible on our own to ensure that we have proper CSRD knowledge in the organization. Last year, we conducted a gap analysis mainly focused on the Greenhouse Gas Protocol. In addition we are yearly participating in the Ecovadis Sustainability rating. As mentioned before we are regularly attending external events to increase our CSRD knowledge. Furthermore we are planning to involve our external auditor to perform a first review on our draft sustainability reporting somewhere in the second half of 2024.

We have gained a lot of knowledge by attending information meetings of advisors, it is very important for us to have knowledge in-house. We already have a database with indicators that are well reported internally (such as the male/female ratio).



The biggest challenge will be to obtain all of the information in a consistent way and to be able to generate them in a timely and reliable manner.



Coen Smiths
Vice President



Key figures:



Founded in **2015**



1,400 employees



Large company

2

Are companies ready? Overview of current practices & trends

Data communication
and publication

Data communication and
publication at a glance 35

Not all companies will start from
scratch 36

Auditors already have a key
role to play for the audited
companies: not only ensuring
compliance but improving ESG
processes as well 37

Insights from the IMA Group 38



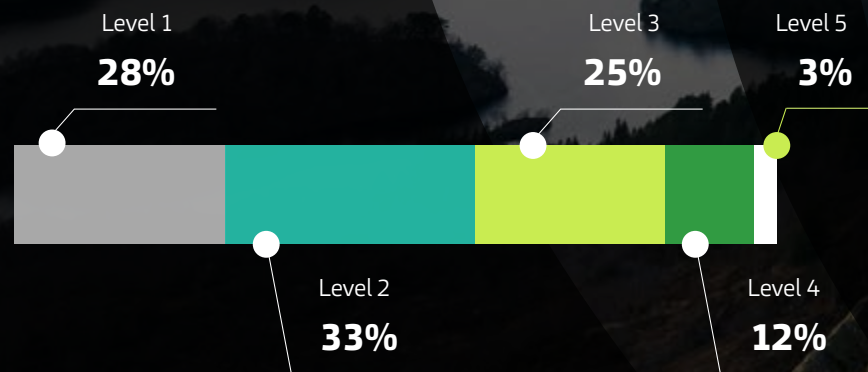
2 Data communication and publication

At a glance

15%

of companies deem their data communication and publication process to be (almost) CSRD ready

On a scale of 1 to 5, how would you assess your data communication and publication process according to the CSRD? From 1, the lowest level, to 5, the highest level



Not all companies will start from scratch: 3 out of 10 eligible companies already publish a sustainability report

29%

of respondents **do not publish or communicate** on any sustainability topic at all

Auditors already have a key role to play for the audited companies: not only ensuring compliance but improving ESG processes as well

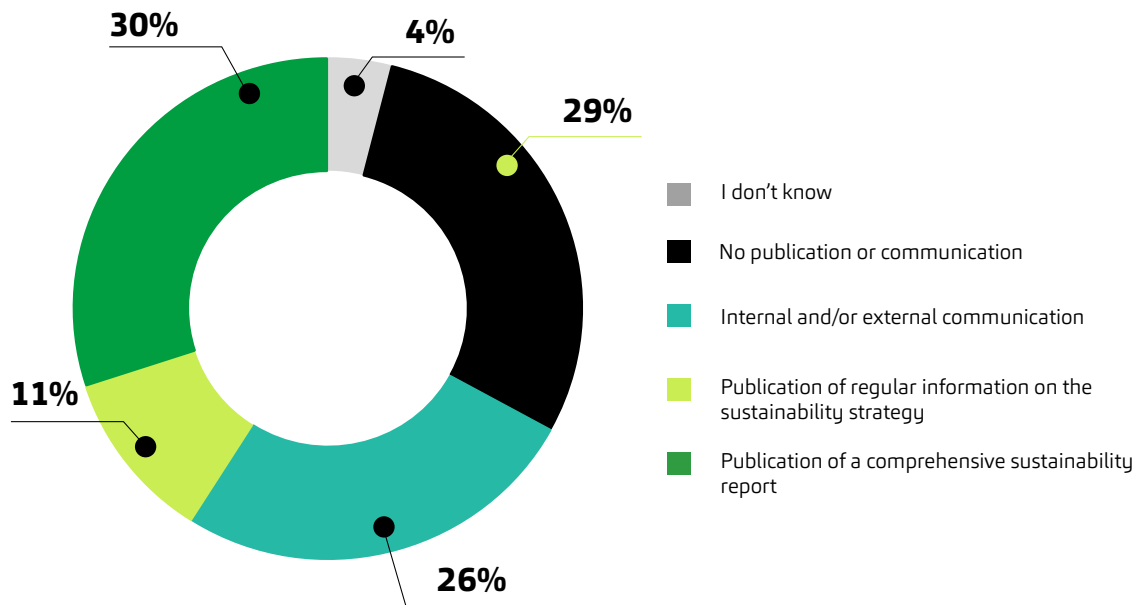
43%

of respondents believe **auditing their sustainability report will help them with their ESG policy**

2 Data communication and publication

Not all companies will start from scratch: 3 out of 10 eligible companies already publish a sustainability report

What do you already publish on sustainability topics?



N=159

The sustainability report will be published as a part of the company's yearly management report.

Management report

Sustainability report

General information	Social information
Environmental information	Governance-related information

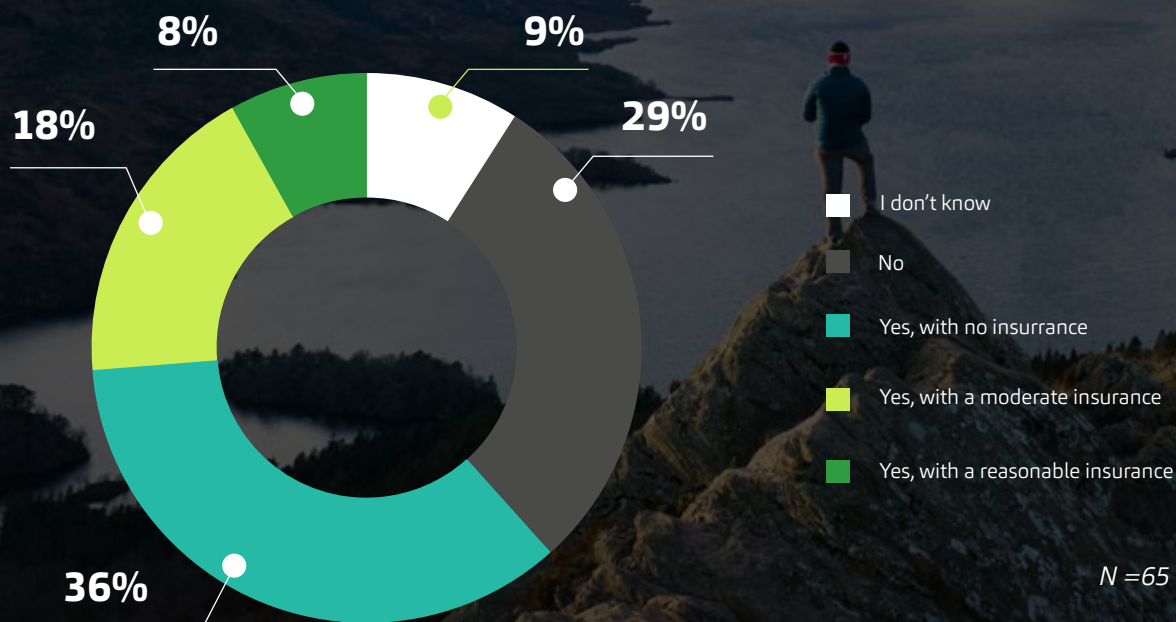
All data included in the sustainability report will need to be tagged using the European Single Electronic Format to provide easy digital access to the information.



2 Data communication and publication

Auditors already have a key role to play for the audited companies: not only ensuring compliance but improving ESG processes as well

For companies who already publish a report: has your sustainability report already been audited or reviewed by an external party?



What are the expectations of the auditor ?



72%
Ensure compliance with legal requirements



43%
Helping the company with its ESG policy



40%
Helping the company with risk analysis



39%
Ensure truthfulness of information



37%
Improve and strengthen the internal control process



2 Data communication and publication

Insights from the IMA Group

About the IMA Group

The IMA Group is a key player in the world of assistance and services. It designs, assembles and implements assistance solutions on behalf of its shareholders and partners. Its mission is to make the lives of its beneficiaries simpler and safer in the following areas: mobility, housing, health, well-being and legal.

What is the IMA Group's CSR strategy?

The group has been implementing a CSR strategy since 2011, but our current positioning was decided in 2020, when the group's shareholders decided to include CSR as one of the elements of the strategic plan. We assessed our CSR maturity, and called on the various business lines to see how CSR could emerge from and be applied to their activities. We then structured our strategy around 3 key areas: climate change and environmental protection, support for social and societal change, and value sharing. Today, we are aiming for a net-zero target by 2025 in France (2030 for the Group), and are preparing the transformation of our businesses to support our service providers and partners towards more sustainable practices.

What are the main issues and challenges for the IMA Group in complying with the CSRD?

First and foremost, we feel it is essential to comply with the law if we are to deploy our CSR policy

consistently. What's more, the Group's shareholders (companies linked to the insurance sector, including MACIF, MAIF, Matmut, etc.) have high expectations in terms of CSR issues, as they themselves will be subject to certain obligations (CSRD, BEGES).

Today, we want the CSRD to be useful to us, and to provide us with a real steering tool for our responsible strategy. The work required to achieve this involves both the collection of quantitative information (clarifying calculation rules, the collection system, consolidation, etc.) and the production of qualitative information. We need to be ready to publish our sustainability report in 2025, but would like to carry out a blank exercise next year to make progress on the indicators, tools and procedures to be put in place.

One of the obstacles we've identified is the time it takes for texts to be published: the deadline for publication is fixed on our side, but the ESRS and transposition take time to arrive, which limits our visibility.

What are you doing to prepare?

We have set up a committee to steer this project, comprising the Accounting and Asset Management, CSR and Press Relations, Decision Support Information Systems and Legal Affairs departments. We will also be working with representatives from the Risk and Internal Audit Departments.

In addition, we have called on a consultancy firm, Goodwill-management to support us in this area. We have built up a relationship of trust with them that will enable us to mobilize the right contacts and move the subject forward. Their role will be to lead and advise the committee.



Today, we want the CSRD to be useful to us, and to provide us with a real steering tool for our responsible strategy.



Anne-Céline Philippot
CSR & Partnerships Manager



Key figures:



Founded in
1981



5,400
employees



€ 1,006M
Sales (2022)

2

Are companies ready? Overview of current practices & trends

Adaptation plan for the CSRD

Adaptation plan for the CSRD at a glance 40

The CSRD will lead companies to rethink their ESG organization 41

The majority of companies are contemplating seeking assistance to ensure compliance with the CSRD. 42

Mixed feelings: a third of companies are worried about the CSRD, but they mostly feel curious about this new regulation 43

Even non eligible companies expect the CSRD to bring changes due to their stakeholders' ESG expectations 44

Insights from Industrias REHAU 45



2 Adaptation plan for the CSRD

At a glance

The CSRD will lead companies **to rethink their ESG organization**

37%

of respondents are considering or planning, in the next two years, to **create one or more new positions** to take ownership of the CSRD in their company

Mixed feelings: a third of companies are worried about the CSRD, but they mostly feel curious about this new regulation

51%

of respondents **feel curious** about the CSRD

The majority of companies are contemplating seeking assistance to ensure compliance with the CSRD.

64%

of respondents are considering contacting or have already **contacted external parties to get help to comply to CSRD**

Even non eligible companies expect the CSRD to bring changes due to their stakeholders' ESG expectations

47%

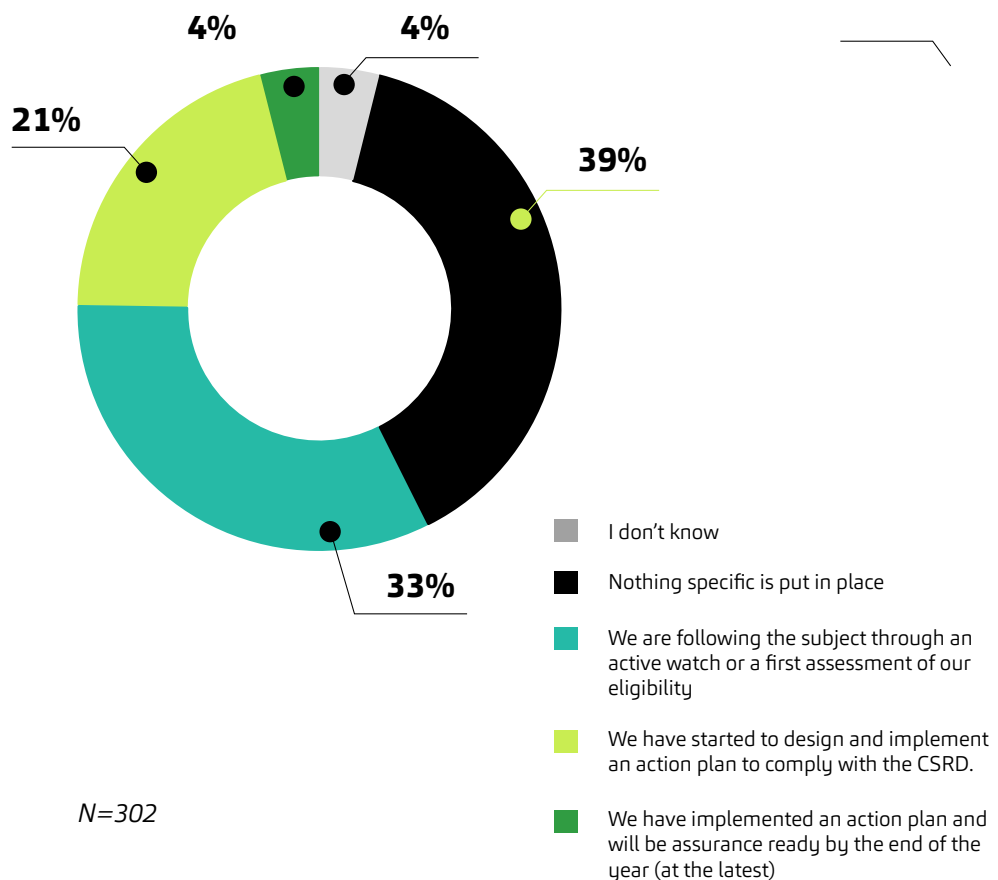
of respondents think they might **have to implement an ESG strategy now**



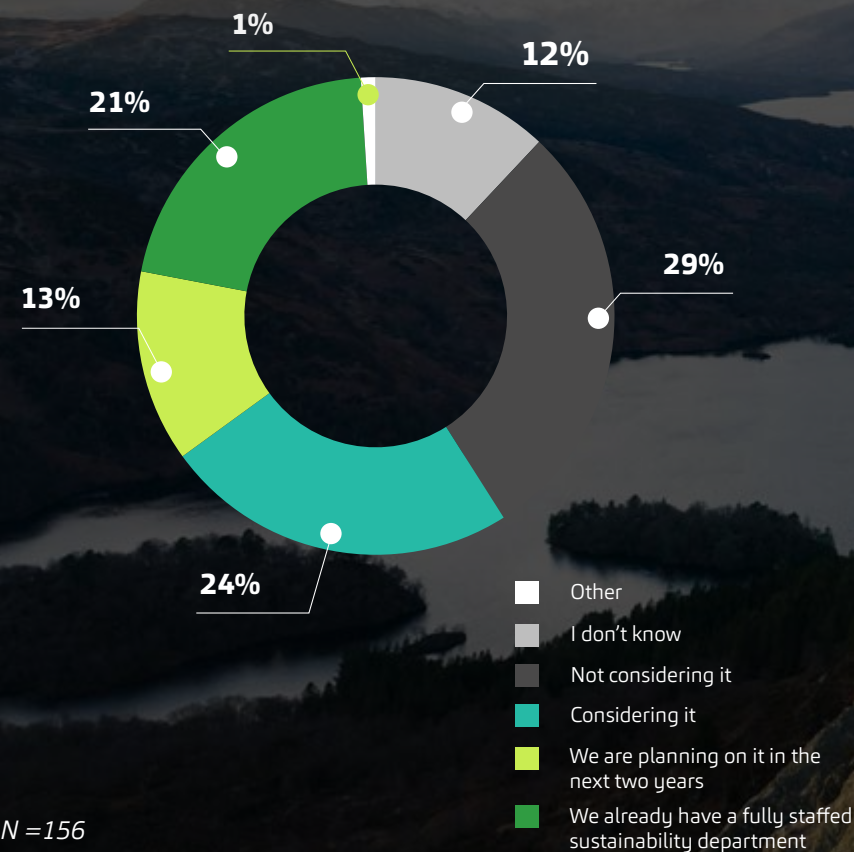
2 Adaptation plan for the CSRD

The CSRD will lead companies to rethink their ESG organization

What have you already implemented to prepare for the CSRD?



Are you considering the creation of one or more new positions to take ownership of the CSRD in your company?

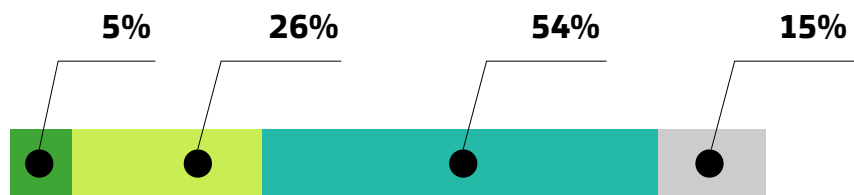




2 Adaptation plan for the CSRD

The majority of companies are contemplating seeking assistance to ensure compliance with the CSRD

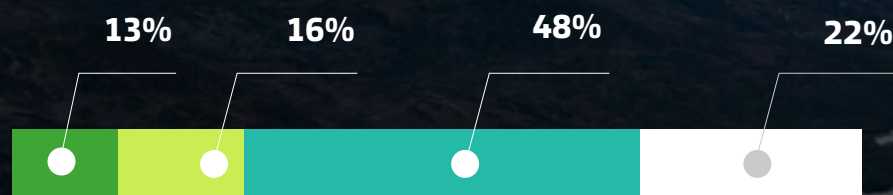
Do you plan to raise awareness/train your internal teams on CSRD?



- Already ongoing
- Have planned to get help externally
- Will be done internally
- No

N = 156

Do you plan to get support to comply with the CSRD?



- Already ongoing
- Have contacted external parties
- Considering help from external parties
- No

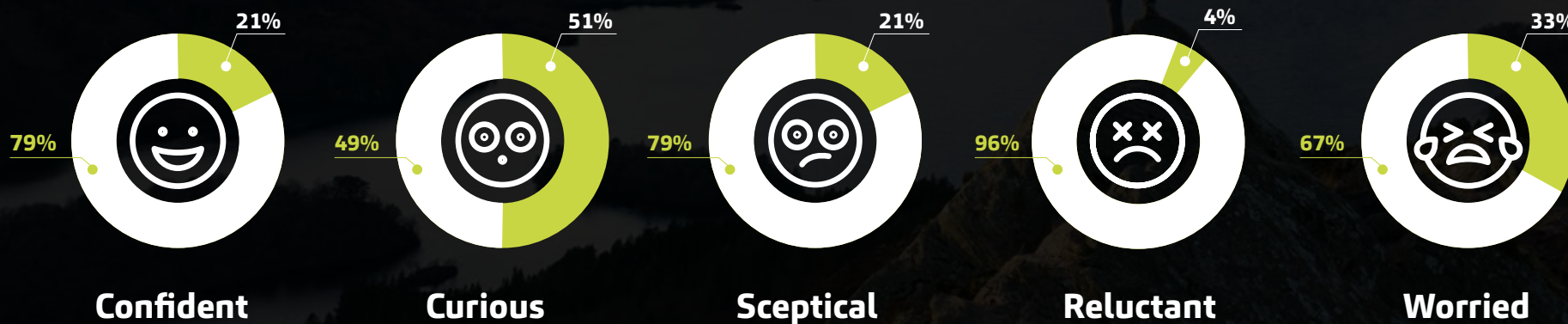
N = 156



2 Adaptation plan for the CSRD

Mixed feelings: a third of companies are worried about the CSRD, but they mostly feel curious about this new regulation

As far as the CSRD is concerned, you are rather...



■ Yes ■ No

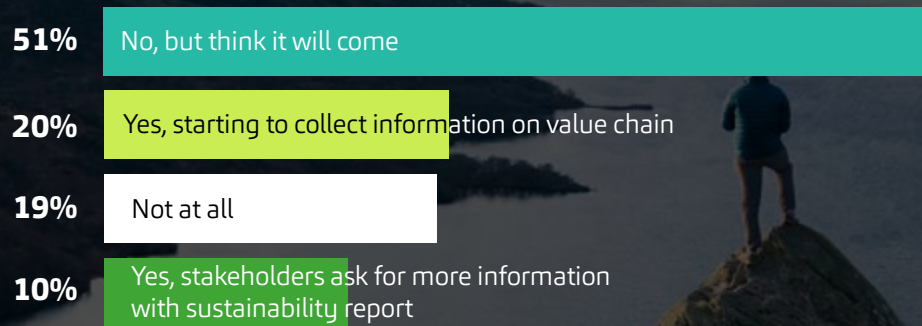
N = 156



2 Adaptation plan for the CSRD

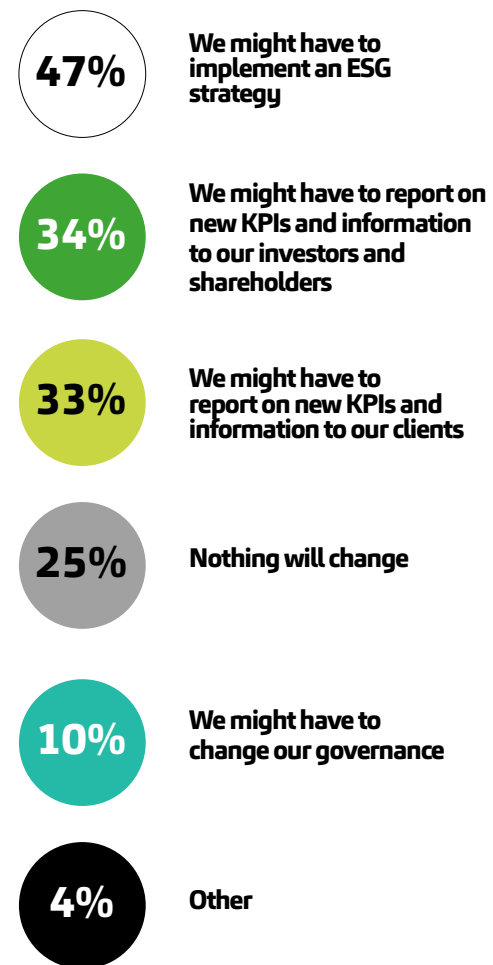
Even non eligible companies expect the CSRD to bring changes due to their stakeholders' ESG expectations

Do you see new expectations regarding ESG from stakeholders?*



* Question for non eligible companies
N=83

What do you expect the CSRD to change for your company?*





2 Adaptation plan for the CSRD

Insights from Industrias REHAU

About the Industrias REHAU

Industrias REHAU is a Spanish firm belonging to the international REHAU Group, engaged in the wholesale commercialization of polymeric articles, as well as in the manufacture of polymer products. The company was established in 1986, although its presence in the Spanish market dates back to 1981. The company has a local workforce of 329 employees, two sales offices and a modern production site in Tortosa. For customers, suppliers and partners, the REHAU brand stands for high quality performance, innovative strength and design competence.

Are you aware of the new CSRD requirements?

During the last few months, we have received several communications from the REHAU Group as well as from consultants, associations, etc. reporting us about the publication of the new CSRD. We are aware we must adapt our non-financial status report (mandatory sustainability report in Spain from 2019 for organizations with more than 250 employees) to the requirements of this new Directive but, for the moment, we have not analyzed in detail its specific requirements.

What are the main challenges your organization faces in implementing CSRD?

The CSRD will certainly help to increase the organizations transparency and the comparison of data. We see this point as particularly interesting and necessary for companies listed on stock exchange or large firms. **For medium-sized organizations, such as Industrias REHAU, it**

seems to us to be a bit overkill. Reporting requirements set by CSRD are very ambitious and the sector in which we operate forces us to reduce costs and manage the company efficiently. Industrias REHAU does not have a specific Sustainability Department; its functions are assumed by the Financial Area. **Undoubtedly, it will be a challenge to adapt our data collection and reporting system to comply with CSRD.**

How is your organization preparing for CSRD compliance?

As Industrias REHAU has more than 250 employees, we are not required to report according to the CSRD until 2026 (2025 data). During 2023 we are focused on responding to several new legal requirements that have been published in Spain this year in relation to sustainability. **For instance, we are referring to the implementation of an internal reporting system to manage the communications received in relation to regulatory non-**

compliances (Whistleblowing Directive) or the application of a new tax on the use of plastics.

Once we comply with these new obligations, Industrias REHAU will tackle the challenge of adapting to the CSRD.

Are you planning to rely on external support?

Yes, of course we are. During the last few years we have had the support of Baker Tilly for the preparation of the non-financial report required by the Spanish legislation. Our will is to keep this support to advise Industrias REHAU in the adaptation of the sustainability report to the CSRD, to guide us in those points that we should take into account and to review all the work done. Having specialized external professionals is a great help for organizations like ours.



Undoubtedly, it will be a challenge to adapt our data collection and reporting system to comply with CSRD.



Pere Carreras
Financial Director



Key figures:



Founded in
1986



329
employees



3

Preparation: **Transforming obligation into impactful action**

Companies exhibit a relatively low level of maturity concerning compliance with the CSRD requirements.

47

Preparing for the CSRD: transforming the obligation into an opportunity for strategic management

48

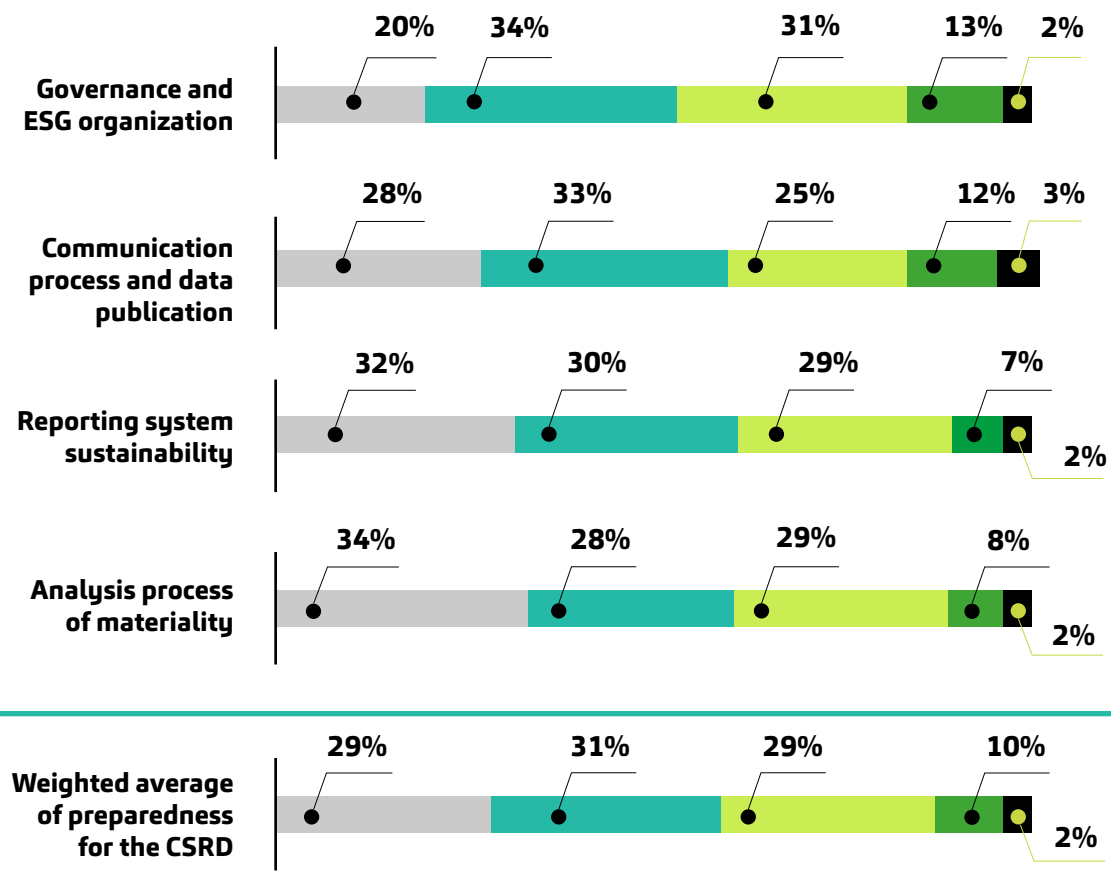


3 Recommendations and conclusion

Companies exhibit a relatively low level of maturity concerning compliance with the CSRD requirements.

On a scale of 1 to 5, how do you rate your maturity on these 4 subjects regarding the CSRD?

From 1, the lowest level, to 5, the highest level



Only **12%** of respondents feel ready for CSRD



29% of respondents feel completely unprepared



Preparing for the CSRD: transforming the obligation into an opportunity for strategic management

1

Determine if, when, and how
the business is included
in the CSRD

See **calendar**
in the introduction

2

Take stock of current
sustainability reporting
and its links to financial
reporting

- Understand the **requirements**
- **Review** the current report
- Collaboration between **finance** and **sustainability** departments
- Robust and consistent **data collection**
- **Consolidation** methodology
- **Internal** and **external** control

3

Conduct a double-materiality
analysis of sustainability
impacts, risks and opportunities

Analysis of **financial** and **impact**
materiality on all of the requirements

4

Identify relevant indicators
(gap analysis)

- Identify **stakeholders**
- List of potential **ESG indicators**
- Assessing **relevance** and **materiality**
- Prioritizing **ESG indicators**

5

Structure and strengthen your
reporting system, with a focus on
interconnectivity and reliability

- **Identifiable section** in
the management report
- **Four identifiable** parts : general
information, environment,
social, governance

Conclusion

With just 13% of eligible companies feeling adequately prepared for or nearly ready to comply with the CSRD, the upcoming reporting seasons present a daunting prospect.

It's evident that companies historically engaged in CSR and ESG reporting will possess a significant advantage in addressing these new requirements, which represent the next phase in an extensive series of reporting expectations. They will have the capability to leverage their existing ESG processes and initiatives to brace for the changes brought about by these new obligations.

For other companies, **it's imperative to take swift action to implement relevant processes** in anticipation of their eligibility, aiming to proactively address the obligation whenever feasible. Doing so will enable them to utilize this obligation as intended: **a tool to drive meaningful change and prompt ESG action in a world that cannot afford further delays.**

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