



THE CSRD: WHAT CAN I DO WITH IT?

Advisory Handbook 2025



The Corporate Sustainable Reporting Directive (CSRD) requires large companies to report on their sustainability performance, covering not only their own operations but also their partners within the value chain. This means that even if your company is not directly subject to CSRD regulations, you may still encounter them through your chain partners, suppliers, clients, or your bank. For all parties, this represents a significant challenge, with the most important advice being: start taking the first steps on time. If you have not yet begun, the urgent advice is to start preparing now.

Europe aims for a climate-neutral, sustainable economy by 2050 to maintain a livable world for future generations. Various measures have been introduced to achieve this, including the new EU law, the Corporate Sustainable Reporting Directive (CSRD). While some view this as a burden, others see it as an opportunity. What is clear is that large companies can no longer get away with empty promises (greenwashing) and must be transparent about their sustainability performance – not only looking back but also with forward-looking, data-supported insights.

THE CSRD ELIGIBILITY CRITERIA

Your company is subject to CSRD requirements starting this financial year (2025) if it meets two of the following three criteria:

- At least 250 full-time employees (FTEs)
- A turnover of at least €50 million
- A balance sheet total of at least €25 million

REPORTING ACCORDING TO THE ESRS

If your company is subject to CSRD, you will need to report on your sustainability performance in line with the standards set by the European Sustainability Reporting Standards (ESRS). In total, there are twelve ESRS standards with nearly 1,200 data points.

Major companies such as Philips, Heijmans, and NS are already reporting according to CSRD. For the next group, this requirement applies from this financial year (2025). Although this may seem distant, experience shows that implementing CSRD can take one to two years, depending on your current level of sustainable development, degree of digitalisation, and available resources. Within the CSRD framework, there is significant emphasis on understanding risks and impacts, developing and making policies available, setting goals, and measuring progress. These standards are not limited to your own organisation; they also require you to collect and publish information about and from your value chain.

FROM A BROAD PERSPECTIVE TO FOCUS ON MATERIAL TOPICS

With approximately 1,200 data points available for reporting, you are not required to report on all of them. Through the double materiality analysis, you determine which ESG themes (Environment, Social, and Governance) are most relevant to your business operations and stakeholders. Each theme requires policies, action plans, goals, and performance metrics.

The double materiality analysis helps you focus on the sustainability themes that truly matter. This analysis works in two directions (hence the term 'double'):

- Impact materiality (inside-out perspective): How does your business affect the world? Examples include CO2 emissions, biodiversity loss, or noise pollution.
- Financial materiality (outside-in perspective): How does the world impact your business? Examples include location in a zero-emission zone, water scarcity or flooding, and staff shortages due to a tight labour market.

It therefore concerns both impact materiality (inside-out approach) and financial materiality (outside-in approach), where an ESG theme is considered material if it meets at least one of these two criteria.

WHO TO INVOLVE (AND WHO NOT)

To accurately map the broader perspective, it is essential to know who your stakeholders are and which themes these parties want to be informed about. Stakeholders include customers, employees, suppliers, banks, but also the local community, municipalities, media, or advocacy groups. You decide who to include in this process. The CSRD does not specify the number of stakeholders you must consult. However, it is important to include those stakeholders who are most affected by your business activities in your analysis.

Moreover, what you discuss with which stakeholders is also important. With employees, for instance, you might discuss work-life balance, safety, diversity and inclusion, and equal pay. With customers, topics might include product origin, child labour, animal welfare, options for addressing complaints or receiving support, and fair marketing and communication. You may choose to send out a survey to all stakeholder groups or organise an interactive session to review the A4 sheet of material topics (see below).

MATERIAL TOPICS VARY BY SECTOR

What is considered a material topic for one company may be entirely irrelevant for another. This depends on your business model, core activities, and the sector you operate in. For a construction company, 'fair trade' coffee in the coffee machine is, of course, a positive gesture, but it is not a material topic. In construction, the focus is on material passports for building materials, circular harvesting during renovation projects, CO2 and nitrogen emissions in new construction projects, and the safety and sustainable employability of employees. In contrast, for a company that produces and sells coffee, 'fair trade' coffee is undoubtedly a material topic.

Generally, the more complex the business, the more material topics there are, making it more challenging to report on them in line with CSRD requirements. The good news is that many companies already pay significant attention to sustainability aspects. If this is also true for your company, you are not starting from scratch.

Within the next two years, sector-specific standards are expected under legislation (EFRAG). In addition, proportional standards for listed SMEs will come into effect from the 2026 financial year (abbreviation: LSME). SMEs without a stock exchange listing can also voluntarily adopt these proportional standards (abbreviation: VSME).

Once the material themes have been determined, you must identify the risks and opportunities for each, describe policies and actions, set goals, and report on performance.

THE CSRD PROCESS – HOW DOES IT WORK?

The following process provides an overview for companies working towards CSRD compliance and for those wishing to voluntarily report on ESG performance.

Approach for CSRD-Compliant Clients



SEVEN SIMPLE STEPS TO QUICKLY START THE INVENTORY PROCESS

1. **Form a Team:** Given the broad scope of CSRD and the ESG impact resulting from various activities within your company, it is essential to assemble a team with a balanced mix of expertise and knowledge from different areas of the organisation. Additionally, appoint a colleague as the project manager for the CSRD project. This person must have sufficient authority and influence within the organisation. This is critical to drive the necessary changes to achieve CSRD compliance.
2. **Organise a Kick-Off Meeting:** Use this meeting to share knowledge and familiarise the CSRD team with the directive and the double materiality analysis. Ensure that CSRD is a regular item on management meeting agendas to maintain the involvement of the board and management team.
3. **Explore External Sources:** Review a few annual reports from organisations in your sector. A good source for these reports is duurzaamheidsverslag.nl. Pay attention to the double materiality analysis: which material topics frequently appear, and how are they reported (objectives, KPIs, and actions)? Industry associations often provide similar information, including insights into trends, legislation, and developments at a national or even global level. After this, start by inventorying your company profile, value chain, stakeholders, and current sustainability initiatives.
4. **Create a Company Profile:** Clearly define the value your company offers to stakeholders and society. This profile should describe your organisation and its areas of impact. It should include insights into your company's business model, the products you provide, the resources you need, the residual streams you generate, and ultimately, the value you add.

5. **Map the Value Chain:** The ESRS framework requires not only reporting on the impacts of your own activities but also on those that occur within the value chain. Develop a schematic representation of the value chain, starting with direct partners (suppliers, customers), and then extend the chain in both directions.
6. **Identify Stakeholders:** Know who your stakeholders are. You can gain a good understanding of this and the topics that concern them by gathering internal information. Use the ESRS framework as a discussion tool. Want to know what is happening in your sector or among competitors? Talk to your sales or purchasing teams. Want to understand employee concerns? Speak with HR. Curious about what banks and investors are looking for? Consult your financial director. Want to see how the media covers your sector or which sustainability themes keep appearing? Ask your marketing and communication staff. Decide which stakeholders to include in the double materiality analysis. Involving the right stakeholders in identifying relevant topics and priorities ensures that the interests of both your company and society are better represented.
7. **Take Stock of Current Sustainability Initiatives, Including Certifications:** These certifications often have a direct link to the standards of the CSRD, the European Sustainability Reporting Standards (ESRS). Consider ISO 14001, the CO2 Performance Ladder, and Lean & Green, for example, under ESRS E1 Climate Change. Analyse which topics are already covered by certifications.

After completing these steps, you are ready for the next phase in the CSRD reporting process: the double materiality analysis.

Example of a Double Materiality Analysis: National Railways (NS)

NS has re-evaluated its material topics in the [2023 annual report](#) with stakeholders and subsequently enriched them with concrete goals and results.

TURN IT AROUND: CSRD – WHAT CAN I DO WITH IT?

Of course, complying with CSRD is a significant task, but it is inevitable, and it is not going away. Once you embrace CSRD, you will see that it genuinely adds value to your business. For instance, it provides a broader understanding of what is happening in your sector by engaging with various stakeholders with different interests.

Moreover, where you may have hesitated with sustainable investments because they seemed to increase costs compared to competitors, the transparency that CSRD ensures can actually generate new business. There is ample evidence from industry leaders who have already developed a profitable sustainable business model. In fact, these companies find it easier to secure financing (at favourable rates), have highly motivated staff, and maintain a strong reputation with their suppliers and customers. They know how to demonstrate their relevance and offer better chances for business succession.

So, turn it around and see it as an opportunity: CSRD – here is what I can do with it!

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