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THE CEE LAW FIRM

Widely-discussed new ESG rules for corporate sustainability reporting finally enter into force

As of 5 January 2023, the ambitious new rules of the **Corporate Sustainability Reporting Directive (CSRD)** entered into force. Its aims are to replace its predecessor, the Non-Financial Reporting Directive (NFRD), and to introduce more detailed reporting requirements than ever.

The new Directive (EU) 2022/2464 strengthens the transparency and accountability rules compelling companies to disclose sustainability information in their management reports according to mandatory European sustainability reporting standards (ESRS). Currently under development, the first set of standards is to be adopted by the Commission by mid-2023.

As mentioned in **our previous newsletter on ESG rules (see the article [here](#))**, the CSRD's reporting requirements extend the scope of ESG rules to all large companies and listed SMEs, including non-EU companies generating a net turnover of more than EUR 150 million and having a subsidiary in the EU.

Although in its final form the CSRD does not yet set out direct sanctions (to be later regulated under a separate Directive), the new mandatory provisions, such as external audit of the sustainability information that is reported and the due diligence processes in order to identify the impacts that a company has on the environment and people, are key elements to ensure the quality and relevance of the information disclosed.

Starting in 2024 (first reports in 2025), the CSRD implementation will first target EU public interest entities plus large, listed companies with 500 or more employees, and as from 1 January 2026 (first reports in 2027), EU small and medium-sized companies listed on EU-regulated markets ("SMEs").

Since the EU Member States will have to transpose the CSRD into their national legislation by 6 July 2024, the coming months will be marked by intense efforts and transformations for such companies as they transition to responsible operating models and transparency by complying with the new non-financial reporting requirements – ESG.

PETERKA & PARTNERS Romania remains at your full disposal to provide more information and any related legal assistance connected to this topic.

The article has been prepared by Alexandru Osochi, Senior Associate - PETERKA & PARTNERS Romania.

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