KINSTELLAR

Status of CSRD transposition in Central and Eastern Europe and its legal implications

11 February 2025

Agenda

Introduction

Jan Lehký, Co-Head of ESG service line firm-wide

Status of CSRD transposition

Svilen Issaev, Bulgaria

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Jakub Rubáš, Czech Republic

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Introduction

Kinstellar in a nutshell

Kinstellar is a leading independent law firm in **Central** and **Eastern Europe (CEE)**, **Southeast Europe (SEE)** and **Central Asia**, with offices in **Almaty** and **Astana** (Kazakhstan), **Belgrade** (Serbia), **Bratislava** (Slovakia), **Bucharest** (Romania), **Budapest** (Hungary), **Istanbul** (Turkey), **Kyiv** (Ukraine), **Prague** (the Czech Republic), **Sofia** (Bulgaria), **Tashkent** (Uzbekistan), **Vienna** (Austria) and **Zagreb** (Croatia).

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Further experience

CSRD – Timeline

01/2023	6 July 2024	2025 For FY 2024	2026 For FY 2025	2027 For FY 2026	2029 For FY 2028
CSRD in force	Transposition deadline for member states	Reporting of listed companies	Reporting of large undertakings	Listed SMEs	Non-EU companies
	In 09/2024 EU Commission initiated infringement procedure with 17 member states for failing to fully transpose CSRD	▪ over 500 employees ▪ publicly listed or ▪ public interest entities	2 of 3 criteria: ▪ Over 250 employees ▪ Over €50 million net turnover ▪ Over €25 million total assets		

Assistance of Kinstellar

Implementation status

- Status of the transposition
- Status of goldplating
- Monitoring of legislation – legislation tracker

Applicability assessment

- In scope assessment
- Consolidated report application
- Particular legal issues
  - Report submission form and process
  - Language
  - Extent of information provided
  - Timing

Double materiality assessment

Policy development

- Revision of existing policies
- GAP analysis
- Drafting relevant policies to evidence the compliance with relevant ESG targets
- ESG trainings

Further legal advice

- Risk analysis on greenwashing
- Final review of reports
- Navigating through ESG reports
- Contracts review and amendment

Status of CSRD transposition

Central & Eastern Europe

Bulgaria

Svilen Issaev, Counsel

Bulgaria – Status of transposition

Amendments to the Accountancy Act

- **Adopted on:** 14 August 2024
- **Effective Date**: 6 July 2024 (retroactively)
- **Scope**: transposing CSRD (in respect of reporting requirements) and Commission Delegated Directive (EU) 2023/2775

Amendments to the Independent Financial Audit *and Assurance of Sustainability Reporting* Act

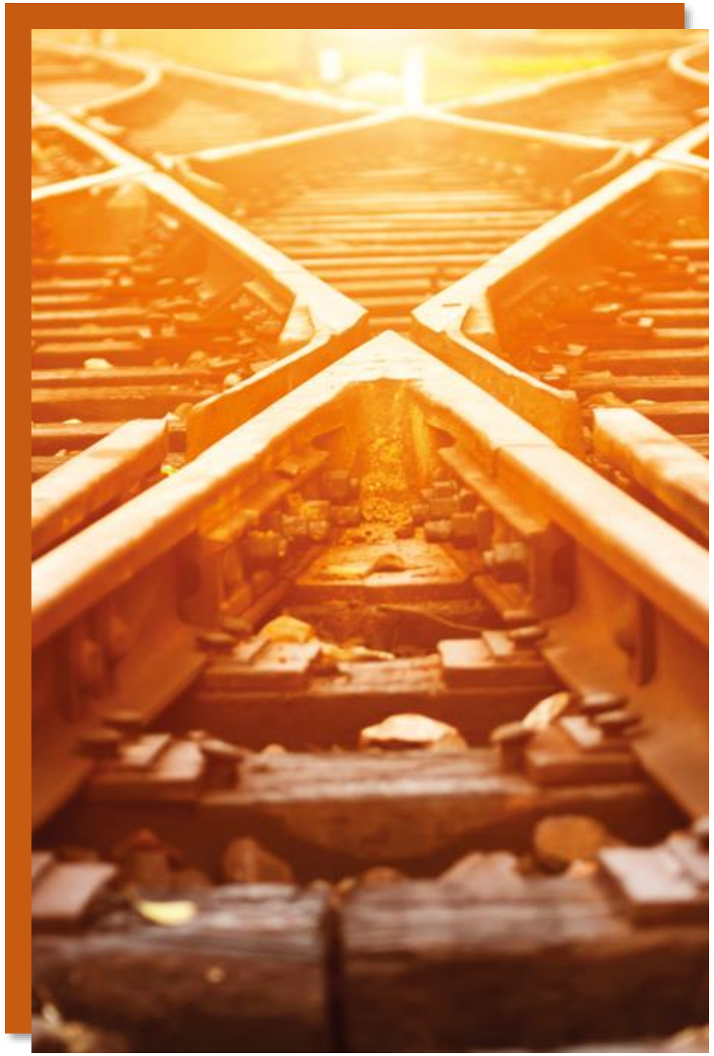
- **Adopted on:** 4 September 2024
- **Effective Date**: 20 September 2024
- **Scope**: transposing CSRD (in respect of requirements for auditors expressing sustainability assurance)

Proposal to postpone the new obligations of the Accounting Act

- **Proposed on:** 17 January 2025
- **Status:** awaiting vote in plenary
- **Scope:** postponing reporting obligations for all three groups of companies by one year

Bulgaria – Gold-plating

- **Generally, aligned with CSRD**
- **Exemption for:**
  - funds for supplementary retirement insurance, payment funds and contribution payment centres under the Social Insurance Code;
  - Central bank (BNB) and postal operators carrying out postal money transfers;
  - AIFs and UCITS;
  - Inactive companies or companies in insolvency or liquidation;
- **Additional public-interest undertakings:**
  - Pension insurance companies/funds
  - Investment firms, collective investment schemes, asset managers, financial institutions (large undertakings)
  - Utility companies, gas companies (large undertakings) and Holding Bulgarian State Railways
- **Employees' representatives have to be informed and the sustainability information to be discussed with them**



Bulgaria – Sustainability Assurance and Sanctions

Sustainability assurance

- Auditors have to acquire additional qualifications by successfully passing exams and completing eight months of practical training
- Required registration in the register of auditors.
- The audit opinion, or audit conclusion, on sustainability should be expressed in a written report other than the auditor's report on the financial audit.

Sanctions

- **Failure to provide sustainability report (in the required format):** up to BGN 15,000 (€7,600)
- **Incomplete or incorrect information in the sustainability report:** up to BGN 5,000 (€2,550)

Croatia

Vedran Kopilović, Counsel

Croatia – Implementation of the CSRD in Croatia

Transposed into Croatian law on 27 July 2024 through amendments to three key acts:

- **The Accounting Act** (Zakon o računovodstvu)
- **The Audit Act** (Zakon o reviziji)
- **The Capital Markets Act** (Zakon o tržištu kapitala)

These amendments align Croatian corporate reporting requirements with **EU sustainability disclosure standards**, ensuring that businesses operating in Croatia meet the **ESRS.**

This marks a major shift from **voluntary or limited non-financial reporting** to a **comprehensive, mandatory ESG disclosure framework**, requiring **assurance and regulatory oversight**.

Key phases

- **2024**: Large public-interest entities (500+ employees, previously under NFRD)
- **2025**: Large companies (250+ employees, €50 million+ turnover, €25 million+ assets)
- **2026**: Listed SMEs (opt-out until 2028)
- **2028**: Non-EU companies (€150 million+ EU revenue)

Croatia – Penalties and compliance

Who is affected?	▪ Before the CSRD, only around **90** Croatian companies were required to report under the NFRD. However, with the CSRD's broader scope, the number will increase to around **1,300** companies.
Penalties	▪ HANFA ensures compliance ▪ Companies that fail to comply with reporting requirements may face penalties ranging from €660 to €13,270. ▪ Individual responsible persons (such as company directors or CFOs) may be personally fined €1,320 to €2,650. ▪ Non-compliance may also lead to legal consequences if reports are found to be misleading or incomplete.
Gold-plating?	▪ No. ▪ Croatia has adopted a direct transposition of the CSRD **without adding additional obligations**.

Croatia – Voluntary reporting and next steps

Voluntary reporting is encouraged

- Many SMEs **not legally required** to report may opt-in to enhance transparency and improve their access to financing.
- Investors and financial institutions are increasingly considering **ESG factors** when making investment decisions, making voluntary reporting beneficial.

Who prepares reports?

- Companies draft **own sustainability reports**
- Reports subject to **mandatory third-party assurance**
- **Limited assurance** must be conducted by **certified third-party** auditors

Ensures sustainability disclosures are **reliable**, **standardised**, and **verifiable.**

Conclusion

The **CSRD represents a major shift** in corporate transparency, requiring **thousands of businesses** across the EU, including Croatia, to integrate **sustainability reporting into their corporate governance practices.**

To ensure compliance and **avoid penalties**, Croatian companies should:

1) Assess **whether they fall under the CSRD's scope.**
2) Develop **internal ESG reporting mechanisms**.
3) Engage legal advisors and auditors **early** to ensure smooth assurance processes.

Czech Republic

Jakub Rubáš, Research Assistant

Czech Republic – Status of transposition

Two-phase approach

Phase One (Completed)

- **Act No. 349/2023 Coll.** („Consolidation package") amended the Accounting Act
- transposing CSRD provisions for **companies already subject to the NFRD**
- **Effective Date**: 1 January 2024
- **Scope**: Large companies + public interest companies + over 500 employees

Phase Two (Pending)

- Originally intended to be part of the **new Accounting Act**
- due to delays, focus shifted - transposition via **amendments** to the existing **Accounting Act** and **Act on Auditors**
- **Effective date**: proposed 1 January 2025 – estimated to be adopted in Q2 2025
- **Scope**: remaining large companies, listed SMEs and Non-EU companies

Czech Republic – Implementation

Gold-plating

- CSRD transposed within the essentially same scope
- Existing gold-plating arised from the general obligations applied to sustainability reporting
- Broader scope of public interest companies
  - an insurance or reinsurance company
  - a pension insurance company
  - a health insurance company
- Obligation to inform and discuss the report with employee representatives

Sanctions

- Responsible authority – Tax Authority
  - supervision of reporting
  - may impose fines
- Fines of up to 3% of the company's assets
  - if the report does not contain required information (under Accounting act and ESRS)
  - failure to communicate the sustainability report with employee representatives
- Fines of up to 3% of the consolidated assets
  - offences relating to preparation of consolidated sustainability reports
- Fines of up to 6% of the company's assets
  - offences relating to failure to prepare or publish the sustainability report

Czech Republic – Transposition outlook and its implications

Amendment to Accounting Act (Current Status)	▪ Adoption of obligations for 2025 reporting period remains stalled ▪ Amendment expected to be finalized in Q2 / Q3 2025 ▪ Companies should start collecting data per ESRS and current Czech legislation, assuming the amendment will be adopted as proposed
Work on New Accounting Act	▪ Alongside current CSRD transposition ▪ Fundamental shift in the approach to the accounting for Czech companies ▪ Simplified sustainability reporting (removing most gold-plating from the current Accounting Act) ▪ Revised process for preparing sustainability reports ▪ Adoption expected in 2026

Hungary

Mónika Frank, Of Counsel

Hungary – Regulatory landscape

I. Amendment of the Accounting Act (Act C of 2000 on Accounting)

- ESG Act amended the Accounting Act to include the sustainability reporting, fulfilling Hungary's obligation, to transpose the CSRD by defining the rules for sustainability reporting
- The staggered introduction, company size limits and the definition of the year of first reporting in the CSRD have been adopted unchanged in the Accounting Act.
- The turnover and balance sheet total values in EUR have been transferred to the Accounting Act at the exchange rate of 400 HUF/EUR.
- The sustainability report, together with the auditor's assurance opinion (the assurance report), must be filed at the same time as the annual accounts.
- The entrepreneur is also obliged to publish the annual report containing the sustainability report on his website, and if he does not have a website, he is obliged to provide a printed or electronic copy of the annual report free of charge upon request.

II. Amendment of the Act of LXXV of 2007 on the Hungarian Chamber of Auditors, Auditing Activities and Public Supervision of Auditors

Hungary – Regulatory landscape

III. ESG Act (Act CVIII of 2023 on the Provisions for Corporate Social Responsibility Taking into account Environmental, Economic and Social Considerations Aiming to Foster Sustainable Financing and a Single Corporate Responsibility Regime and on the Amendment of Other Related Regulations)

- adopted by the Hungarian Parliament on 12 December 2023
- introduced due diligence obligations for companies for sustainability purposes
- outlines the main rules of ESG reporting, which is separate from sustainability reporting and focuses on the company's sustainability due diligence from the previous financial year
- sets different deadlines for preparing and submitting the ESG report based on the classification of the undertakings

IV. Implementing regulations / detailed rules have been enacted by Government Decrees, Ministerial Decrees and the Supervisory Authority for Regulatory Affairs (SZTFH) Decrees

- specifying the content and formal requirements of preparation of the ESG report
- rules for ESG certifiers, ESG consultants, ESG consultant training institutions and companies distributing and producing ESG software

Hungary – Commonalities and differences with the CSRD

ESG reporting is not the same as sustainability reporting under the Accounting Act. The sustainability report required by the CSRD is equivalent to the sustainability report specified by the Accounting Act.

In summary, the sustainability report has a broader application, with lower thresholds for large undertakings , and its content is clearly defined under the Accounting Act in alignment with CSRD requirements.

In contrast, the ESG report targets a more specific subset of entities, including those with higher employee thresholds for certain categories, and its content and formal requirements are established by the SZTFH Decree.

Consequently, it is our understanding that the preparation of a sustainability report cannot be a substitute for ESG reporting.

Hungary – Commonalities and differences with the CSRD

	2024	2025	2026
Thresholds under the Accounting Act	Undertakings that are public-interest entities, and a parent company that is a public interest entity that prepares consolidated financial statements, which, at the balance sheet **date in the two financial years preceding the financial year**, exceed the limits of at least two of the three following criteria: a) balance sheet total: HUF 10,000 million b) net turnover: HUF 20,000 million c) average number of employees during the financial year: 250. + the average number of employees in a given financial year exceeds 500.	Undertakings and a parent company that prepared consolidated financial statements which, at the balance sheet **date in the two financial years preceding the financial year**, exceed the limits of at least two of the three following criteria: a) balance sheet total: HUF 10,000 million b) net turnover: HUF 20,000 million c) average number of employees during the financial year: 250	An undertaking, other than a micro-entity, whose transferable securities are admitted to trading on a regulated market of any Member State of the European Economic Area
Thresholds under the ESG Act	Large undertakings that are public-interest entities, which, at the balance sheet date in the financial years preceding the financial year, exceed the limits of at least two of the three following criteria: a) balance sheet total: HUF 10,000 million b) net turnover: HUF 20,000 million **c) more than 500 employees.**	Large undertakings, which at the balance sheet date in the financial years preceding the financial year, exceed the limits of at least two of the three following criteria: a) balance sheet total: HUF 10,000 million b) net turnover: HUF 20,000 million **c) more than 250 employees.**	Medium and small undertakings that are a public interest entity, which at the balance sheet date in the financial years preceding the financial year, exceed the limits of at least two of the three following criteria: **a) balance sheet total: EUR 4 million** (small undertakings max. EUR 4 million) **b) net turnover: EUR 8 million** (small undertakings max. EUR 8 million) **c) more than 50 employees** (small undertakings max. 50 employees)**.**

Any organisation not covered by the above list that voluntarily or contractually undertakes to provide ESG data under the ESG Act should also follow its provisions.

Hungary – Due diligence obligations for sustainability purposes

Due diligence obligations for sustainability purposes under the **ESG Act**:

1. setting up a risk management system;
2. forming an internal responsibility strategy and regime;
3. carrying out risk analyses regularly;
4. determining preventive and corrective measures within the undertaking's sphere of business and against its direct suppliers;
5. fulfilling the obligation of disclosure of ESG information; and
6. requesting direct suppliers to declare their perspective regarding potential risks.

Content of the ESG report:

- ✓ Sustainability Due Diligence process.
- ✓ Risk Identification of social & environmental risks, breaches, if any.
- ✓ Actions & Outcomes: Steps taken to prevent, mitigate, or remediate risks.
- ✓ Evaluation of implemented measures.
- ✓ Conclusions for future actions.
- ✓ Stakeholder & CSR Details.
- ✓ Questionnaires: ESG-related fact sheets & emission targets.

Disclosure exception: Sensitive business information may be omitted if justified.

Hungary – Due diligence obligations for sustainability purposes

The ESG report shall be submitted **in Hungarian** and **in PDF format** to SZTFH **within 6 months from the end of the financial year** of the undertaking.

The ESG report shall be signed or stamped and time-stamped with an advanced electronic signature by a person authorised to represent the undertaking.

Pilot program – no fines in the first two years

An exception is the procedural fines. If an inspection is obstructed, SZTFH may impose a fine of up to 1 million forints for self-caused non-compliance.

Hungary – Direct suppliers

Once the ESG reporting and due diligence obligations become applicable to an undertaking, it will need to fulfil all the requirements outlined above which include conducting a **screening of its direct suppliers**.

The undertaking should conduct **a materiality test** by asking the direct supplier questions selected from the questionnaire annexed to the SZTFH Decree (the "**Questionnaire**"), as specified in the SZTFH Decree.

The Questionnaire addresses a broad range of environmental, social, and governance topics.

The undertaking has the option of using two levels of risk analysis, with a pre-qualification in the first level. Based on the materiality test, all suppliers are included in the due diligence process. If pre-qualification is conducted, its results will identify those direct suppliers that are deemed higher risk from an ESG perspective for inclusion in the ESG due diligence process.

Romania

Carmen Mazilu, Senior Associate

Romania – Timeline of the transposition process

January 2024 – the transposition of the CSRD into Romanian through **amendment of the Accounting Regulations**. The national law is structured in line with the CSRD, including the companies' reporting obligation under Art. 1 of the CSRD Directive, following the transposition rules under Art. 5 of the CSRD.

During 2024 – adoption of specific regulations for entities falling under the supervision of the Financial Supervisory Authority and the Romanian National Bank

End of 2024 – adopted guidelines for Art. 3 on the **Audit Directive**.

However, Romania has yet to adopt guidelines for Art. 2 of the CSRD on **Transparency Directive**; a draft law is still pending at the Chamber of Deputies for approval.

- due to this failure to fully transpose the CSRD provisions into national law within the legal deadline, the European Commission decided to open infringement procedures against Romania, alongside 16 other Member States

In addition, the **Romanian Sustainability Code** was adopted in November 2023 – comes as a guidance to all companies, whether they are subject to the CSRD Directive or not (voluntary compliance).

Romania – National transposition specifics

In principle, the scope of application included in Order 85/2024 is aligned with that set out in the CSRD, requiring specific sustainability disclosures in the directors' report, as part of the annual financial statements.

However, it should be noted that the Romanian law provides for **lower size criteria** when defining the entities subject to CSRD reporting – **under the European regulations small undertakings are equivalent to the Romanian large and medium-sized undertakings → the range of companies subject to reporting obligations has been significantly expanded**

No express sanctions were established by national law for breaches related to sustainable reporting obligations.

- In the absence of express sanctions, general accounting rules providing for fines up to RON 40,000 (approx. €8,000) for failure to comply with reporting obligations.

Scope of reporting and audit

Undertakings are required to prepare their sustainability information in accordance with the ESRS or in a manner equivalent to these standards and in a digital format.

The sustainability report **needs to be audited**, if the annual financial statements of the company are audited, by virtue of the law or voluntarily, the law allowing:

- a statutory auditor or audit firm, other than the one performing the statutory audit of the financial statements, to express an assurance opinion on the compliance of sustainability reporting.
- the option that independent assurance services providers express an assurance opinion.

Practice in Romania

In anticipation of the new reporting obligations, Romanian businesses started consulting expert opinions for building **CSRD compliance.**

However, considering that 2024 financial statements are due by end of May by the specific envisaged entities (large and medium sized PIE), we are not aware at the moment of any filed reports specifically regarding CSRD regulations.

Slovakia

Roman Oleksik, Partner

Slovakia – Implementation

Status of transposition

- CSRD transposed to Slovak law by the amendment to Act No. 431/2002 Coll., Accounting Act and other acts
- Effective Date: 1 June 2024
- Scope: large undertakings, public interest entities and listed SMEs
- CSRD expected to cover approx. 650 - 700 companies in Slovakia
- Implementation of sustainability aspects as a separate section of the annual report (“Assurance report on sustainability reporting”)

Gold-plating

- Non-material discrepancies in terms of the identification of the entities, which do not qualify as gold-plating
- Thresholds must be met for 2 immediately preceding accounting periods

Sanctions

Responsible authority - Tax Authority

- supervision of reporting
- may impose fines

Fines of up to 2% of the company's assets (up to €1,000,000)

- failure to provide assurance on the reporting of sustainability information
- failure to appoint / recall auditor to verify the assurance on the reporting of sustainability information

Fines up to €100,000

- violation of other legal obligations

Slovakia – Thresholds

Category	2025 (in respect of the FY2024)	2026 (in respect of the FY2025)	2027 (in respect of the FY2026) and beyond
Banks, insurance companies and reinsurance companies	Employees > 500 in **FY2024** **and** assets > €25 million **or** net turnover > € 50 million in **FY2023** **and** assets > €20 million **or** turnover > € 40 million in **FY2022**	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250	A. Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250 B. Small and non-complex institutions (Art. 4 (1) para (145) of the Regulation No 575/2013) captive insurance companies captive reinsurance companies
Banks, insurance companies and reinsurance companies - listed	Employees > 500 in **FY2024** **and** assets > €25 million **or** net turnover > € 50 million in **FY2023** **and** assets > €20 million **or** turnover > € 40 million in **FY2022**	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €450,000; b) net turnover > €900,000; c) employees > 50
Companies	**N/A**	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250
Companies – listed	Employees > 500 in **FY2024** **and** assets > €25 million **or** net turnover > €50 million in **FY2023** **and** assets > €20 million **or** turnover > €40 million in **FY2022**	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €25 million; b) net turnover > €50 million; c) employees > 250	Two of the following conditions in each of the two immediately preceding financial years: a) assets > €450,000; b) net turnover > €900,000; c) employees > 50

Slovakia

Slovakia made use of exemption under Article 1 (4) para 3 of the CSRD: For the first three years of the application of CSRD in Slovakia, and in the event that not all the necessary information regarding its value chain is available, the undertaking shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.

Audit of the Assurance Report

- Implementation of sustainability aspects as a **separate section** of the annual report (“*Assurance report on sustainability reporting*”) published in the Register of financial statements *
- Assurance report can be issued by the statutory auditor or other auditor with “ESG licence” registered in the List of auditors maintained by the Auditing Oversight Authority Slovakia **

*Available here: https://www.registeruz.sk/cruz-public/domain/accountingentity/simplesearch
**Available here: https://udva.sk/zoznamy/zoznam-statutarnych-auditorov/?auditor-list-page=1&auditor-list-order=%7B%22column%22%3A%22licence.number%22%2C%22direction%22%3A%22dsc%22%7D)

ESG regulatory updates

in the region

Serbia

Sara Ostojić, Senior Associate

Serbia – CSRD alignment

Existing Serbian laws aligning with CSRD

Accounting Law includes elements of non-financial reporting, providing groundwork for CSRD compliance.

- Large companies in Serbia (>500 employees) are required to submit non-financial reports as part of their annual business reports. These reports must cover key ESG aspects, including environmental protection, social and workforce issues, human rights, anti-corruption, and bribery. They should include a brief description of the company's business model, relevant policies, risk management, and key non-financial performance indicators. If a company does not implement measures on any of these topics, it must explain why.
- Commercial offense and fine prescribed as penalty in case companies fail to draft the non-financial report (up to approx. €25,000).
- Non-financial reports are delivered to the financial register maintained by Serbian Business Registers Agency electronically.

Environmental reporting obligations in Serbia

- Under the **Law on Climate Change**, companies operating in Serbia submit a verified GHG emissions report to the Environmental Protection Agency for the previous calendar year, if their business activity is related to production, for example steel and aluminium business.
- While this aligns with CSRD principles, a key limitation is that company-specific reports and data are not publicly available, reducing transparency and stakeholder access to critical climate information.

Serbia – CSRD alignment

Serbian companies with strong ESG practices

- MK Group (diversified holding company operating in agriculture, banking, and tourism): ESG strategy for green transition and social impact.
- NIS (Serbian oil and gas company): First Serbian company with global-standard sustainability reporting
- Raiffeisen Bank: ESG investment funds, sustainable banking products; Banca Intesa: €160 million green financing for SMEs; UniCredit Bank: Comprehensive sustainability strategy integrated into operations.

Conclusion & next steps

- While some of EU directives are adopted into Serbian law, CSRD is not yet fully transposed into Serbian law, therefore it is expected that CSRD will impact Serbian companies as EU integration progresses.
- Businesses should align with current ESG frameworks to stay ahead.
- Final thought: ESG compliance is not just regulatory—it's a business advantage.

Turkey

Şeyma Olğun, Senior Associate

Turkey – Key sustainability reporting standards

In force legislation: **Türkiye Sustainability Reporting Standards (“TSRS”)**	▪ Entered into for on 1 January 2024 ▪ Based on IFRS S1 and IFRS S2 developed by the International Financial Reporting Standards Foundation (“IFRS Foundation”) and issued by the International Sustainability Standards Board (“ISSB”); ▪ Main objectives: reporting ESG performance of the companies more transparently and accountably ▪ Mandatory for companies within the scope; voluntary application possible ▪ First reporting in 2025
Upcoming legislation: **Green Taxonomy**	▪ Expected to be enacted in 2025 ▪ In line with the EU Green Taxonomy ▪ Main objectives: promote the flow of financing to sustainable investments and prevent greenwashing in the market ▪ Voluntary reporting until 31 December 2026 ▪ Mandatory reporting as of 1 January 2027 for the companies in scope

Turkey – TSRS scope and reporting

Standards

- *TSRS 1 (based on IFRS S1) - General Requirements for Disclosure of Sustainability-related Financial Information*
- *TSRS 2 (based on IFRS S2) - Climate-related Disclosures*

Exceptions

- *Scope 3 Carbon Emission Reporting is not required for the first two reporting period*
- *Presenting comparative information is not mandatory for in-scope companies during the first reporting period in which they apply the TSRS standards*

Reporting deadlines

- *Together with the financial reports*
- *Exception for the first year; after the financial reports are published - at the latest within nine months after the end of the first annual reporting period*

Assurance auditing

- *All sustainability reports are subject to independent assurance auditing by independent auditors*
- *Independent auditors are to be accredited by Public Oversight, Accounting and Auditing Standards Authority*
- *Scope of auditing limited at the time being*

Turkey – TSRS timeline

29 December 2023	1 January 2024	2025 for FY 2024
TSRS enacted	TSRS entered into force	Reporting of listed companies
	▪ companies subject to the regulation and supervision of the CMB (e.g. portfolio management companies) ▪ businesses subject to the regulation and supervision of the BRSA (e.g. banks, factoring companies) ▪ Other listed institutions	Except for banks, 2 of 3 criteria (for two consecutive terms): ▪ >250 employees ▪ Over an annual net sales revenue of TRY 1 billion (€27 million) ▪ Over TRY 500 million (€14.5 million) total assets

Ukraine

Olena Kuchynska, Managing Partner

Ukraine – Alignment with sustainability legislation

1. **Strategy for the introduction of corporate sustainability reporting**, Order of the Cabinet of Ministers of Ukraine dated 18 October 2024	Ukraine has not implemented the relevant EU rules on corporate sustainability reporting, which hinders Ukraine's fulfilment of its obligations in relation to the EU membership.
2. Law of Ukraine **"On Amendments to Certain Legislative Acts of Ukraine on the Restoration of Monitoring, Reporting and Verification of Greenhouse Gas Emissions"** dated 08 January 2025, effective since 01 February 2025	Obligations of operators to monitor, report and verify greenhouse gas emissions have been re-introduced, which is important for the EU membership of Ukraine
3. Law of Ukraine **"On Integrated Prevention and Control of Industrial Pollution"** dated 16 July 2024, enters into force on 08 August 2025	Implementation of integrated licensing for majority of industries and gradual transition to modern technologies
4. **Technical regulations on the safety of chemical products**, Resolution of the Cabinet of Ministers of Ukraine of 23 July 2024, entered into force on 26 January 2025	Developed on the bases of the EU REACH Regulation

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BUCHAREST | ROMANIA
BUDAPEST | HUNGARY
ISTANBUL | TURKEY
KYIV | UKRAINE
PRAGUE | CZECH REPUBLIC
SOFIA | BULGARIA
TASHKENT | UZBEKISTAN
VIENNA | AUSTRIA
ZAGREB | CROATIA

KINSTELLAR