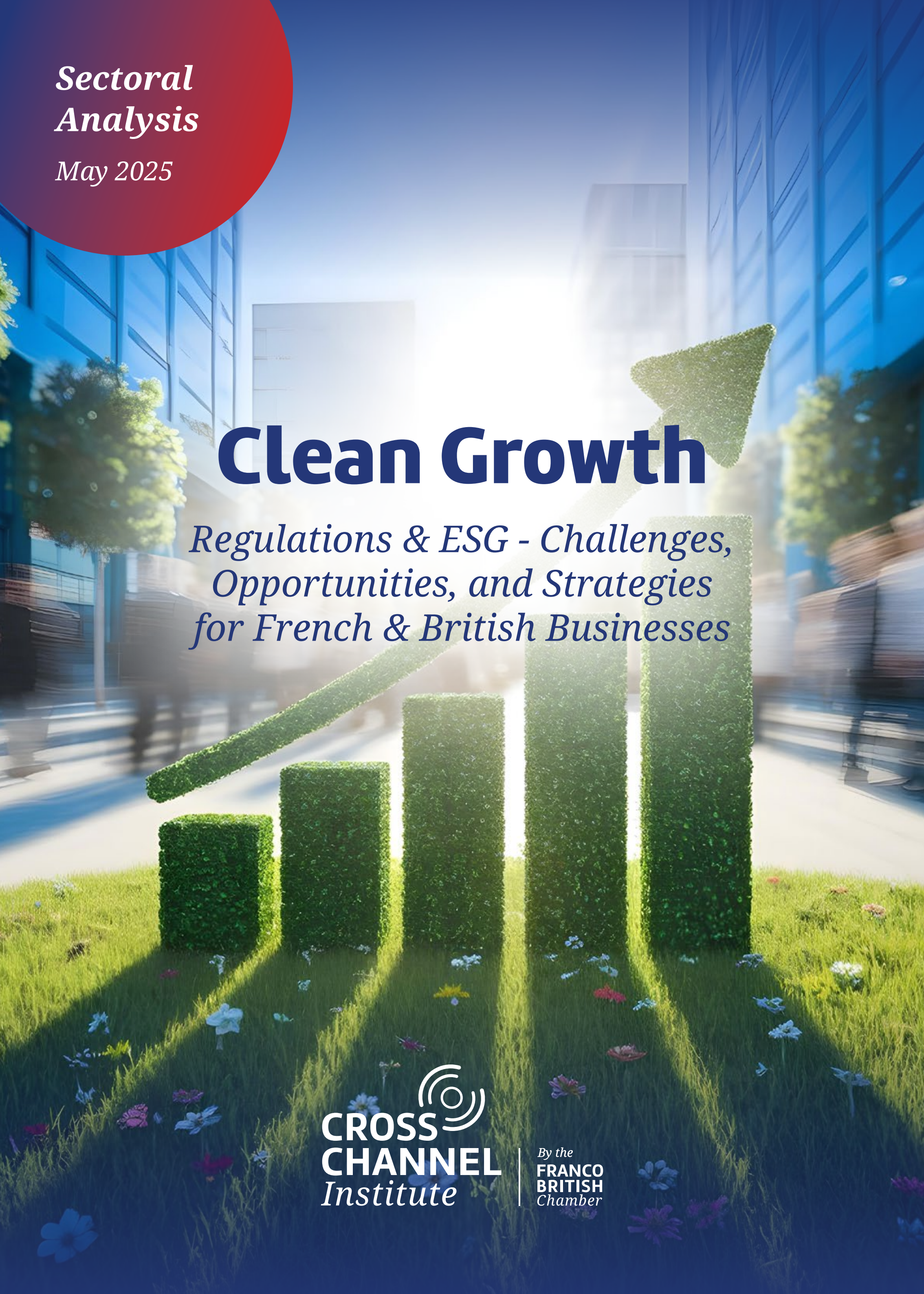
Sectoral Analysis

May 2025

Clean Growth

Regulations & ESG - Challenges, Opportunities, and Strategies for French & British Businesses



CROSS CHANNEL *Institute*

By the FRANCO BRITISH *Chamber*

Table of Contents

Avant-propos

Olivier Campenon,
Chairman, The Cross-Channel Institute

This white paper entitled “Clean Growth: Regulations & ESG - Challenges, Opportunities, and Strategies for French & British Businesses” is a sectoral analysis commissioned by the Cross-Channel Institute, the independent and apolitical think tank of the Franco-British Chamber.

In an era defined by climate urgency and economic transition, clean growth stands as a critical priority for both France and the United Kingdom. This study offers a macroeconomic and regulatory perspective on Franco-British approaches to clean growth, exploring how each country is adapting to evolving global standards, regulatory frameworks, and geopolitical shifts.

France and the UK have long-standing bilateral ties, not only as neighbours but as strategic partners committed to climate action. Focusing on key areas such as green energy policy, new regulatory models and ESG reporting obligations, the study addresses how companies can adapt to shifting frameworks. Particularly considering the recent European Omnibus Bill and ongoing developments in UK sustainability legislation. It also examines the extraterritoriality of ESG standards, their impact on foreign subsidiaries and how companies on both sides of the Channel are adapting to new reporting and compliance expectations.

Through case studies and business testimonials, this report underscores how ESG regulation is not merely a constraint, but a strategic lever for long-term resilience and competitiveness.

By highlighting both challenges and opportunities, we aim to provide actionable recommendations tailored to different business sizes and sectors. At a time of growing uncertainty, deeper Franco-British cooperation on clean growth has never been more essential.

In the face of rising protectionism, what are the challenges for Franco–British economic relations?

Anne-Sophie Alsif,
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Since the inauguration of American President Donald Trump on January 20, 2025, Europe has had to contend with an aggressive trade and military policy from the United States, calling into question the foundations of its relationship with the American ally that has been in place since the end of the Second World War. Confronted with this immense challenge, the European Union — the world's leading trading power — appears divided. Yet, the policy of increasing tariffs risks having a lasting impact on European trade.

The eurozone is experiencing a sharp slowdown in its economic growth

A modest recovery is expected, with a growth rate of +1% in 2025 and +1.4% in 2026, due to a gradual rebound in investment and private consumption. The eurozone is seeing a slight acceleration in growth, driven by the recovery in private consumption (+1.3% in 2025 and +1.5% in 2026), supported by a more restrictive fiscal policy and a slowdown in inflation. Growth is being sustained by domestic demand and a renewed increase in the investment rate, which is positive again in 2025 (+0.8% in 2025 and +2% in 2026). The unemployment rate remains contained (6.3% in 2025) due to the gradual recovery of economic growth. Monetary policy is expected to ease in response to the significant slowdown in inflation and in order to stimulate productive investment. The eurozone is also being affected by political crises (elections in Germany, the dissolution of parliament in France) and by the need to finance a “European defense” in the context of the United States’ military disengagement. In this environment, the United Kingdom and France play a key role due to their nuclear deterrent capabilities — the foundation upon which this new European defense should be built.

France

Growth *(expectation)*

+0,8 % 2025

+1 % 2026

Inflation

+1,6 % 2025

Nevertheless, the economic situation of both countries remains fragile. The French economy is expected to grow by 0.8% in 2025 and by 1% in 2026. Economic activity remains sluggish, notably due to a significant slowdown in investment and the political crisis stemming from the dissolution of the National Assembly. The growth rate is largely driven by household consumption, which is picking up again (+1.3% in 2025). It is investment — particularly from businesses — that is weakening significantly due to political uncertainty (falling to -0.5% in 2025). It is expected to recover in 2026, reaching +1%.External trade is marked by a stabilization of exports (+1.5% in 2025) and an increase in imports (+0.7% in 2025).

Inflation continues to moderate and is expected to reach 1.6% in 2025, thanks to the effectiveness of monetary policy and a sharp slowdown in energy prices. The unemployment rate is expected to rise from 7.4% in 2024 to 7.8% in 2025, due to tighter fiscal policy, slower economic growth, and ongoing political uncertainty. Public finances remain severely strained. France has passed a budget that remains highly in deficit and is under the excessive deficit procedure.

United Kingdom

Growth *(expectation)*

+1,6 % 2025

+1,5 % 2026

Inflation

+2,2 % Oct. 2024

In the United Kingdom, the growth rate is expected to reach +1.6% in 2025 and +1.5% in 2026. For a long time higher than in most European countries, British inflation has significantly declined since the end of 2022, standing at 2.2% in October 2024 — lower than in the eurozone and very close to the 2% target. This performance is attributable to a more restrictive monetary policy compared to the eurozone, and to the historic decline in property prices that followed. With inflation now under control, the Bank of England has begun gradually lowering its key interest rate: it stood at 4.75% in November 2024 after two 0.25-point cuts, in August and November 2024. Three further rate cuts are expected during 2025, which would bring the rate down to 3.75%. These rate reductions should gradually support a rebound in investment, consumption, and growth. Subject to significant fluctuations, the unemployment rate is trending upward, standing at 4.3% in 2024, while job vacancies continue to fall. However, the labour market remains dynamic, buoyed by recovering demand. The autumn budget presented by Prime Minister Keir Starmer's government marks a break from the previous administration, with massive investment in public services financed through unprecedented tax increases. This budget could potentially support short-term growth.

In 2023, the United Kingdom remained France's leading trade surplus partner

The UK was France's top trade surplus country in 2023, with a surplus amounting to €10.8 billion, followed by Singapore (€4.9 billion). Despite Brexit, trade relations between the two countries remain strong. In 2023, France exported €36.8 billion worth of goods to the UK and €36.7 billion in services. That same year, imports from the UK amounted to €26.1 billion in goods and €29.4 billion in services. The UK and France are also mutual investors, with a total investment stock reaching €99 billion (an increase of 11% compared to 2017). **In 2023, the United Kingdom was the 4th largest foreign investor in France, behind the United States, Switzerland, and Germany.**

Intra-industry trade flows between France and the UK make up the majority of bilateral trade. Indeed, **the main goods exported include agri-food products, cars and automotive equipment, aeronautics, and machiner**y. The main goods imported from the UK also fall into these categories: agri-food and agricultural products, aeronautics, machinery, automobiles, and chemicals.

Brexit has had a significant economic impact

Three years after the United Kingdom's withdrawal from the European Union and the entry into force of the Trade and Cooperation Agreement (TCA), the UK's external trade performance has been modest. Between 2018 and 2023, the volume of goods traded declined by 7%, and **British exports are estimated to be 13% lower than they would have been in a no-Brexit scenario**. Since 2019, the UK's trade deficit has widened by 12%. However, the country has managed to maintain its status as a major services exporter, second only to the United States. As a result, thanks to the strength of its services sector, the United Kingdom is the fourth-largest exporter in the world — just ahead of France. Moreover, the new customs and regulatory border (BTOM) and the end of free movement of people continue to hamper goods trade and worker mobility in the country. The Office for Budget Responsibility has estimated that leaving the EU will lead to a 15% long-term decline in the UK's trade flows.

Despite Brexit, the European Union remains the United Kingdom's leading trading partner, accounting for 52% of goods trade in 2023. The EU maintains this position due to the UK's difficulties in securing trade agreements with non-EU partners. These challenges have become even greater since the arrival of D. Trump as President of the United States.

Since his rise to power and the growing need for Europe to establish its own defense capabilities, France and the United Kingdom — both home to leading defense companies — are well positioned to become key players in the development of a new European defense strategy. Indeed, companies such as BAE Systems (defense-related revenues of $29.8 billion in 2023), Rolls-Royce, Babcock, Serco, Atomic Weapons Establishment, QinetiQ, and Melrose Industries hold significant market shares in the sector. This new geostrategic landscape presents an opportunity for the United Kingdom to reforge strategic alliances with France and the European Union, in a world where the "regionalization of globalization" and the rise of protectionism are only just beginning.

The Lefebvre Group is deeply convinced that law, regulations and ESG (Environmental, Social, and Governance) criteria play a crucial role in fostering responsible business practices and building a sustainable economy. By integrating these elements, we ensure a vital balance between economic growth, human development, and environmental protection.

Access to law and responsible innovation (including ethical artificial intelligence and cybersecurity) are at the heart of our approach. We believe that ESG standards – particularly the Corporate Sustainability Reporting Directive (CSRD) – provide a structured and reliable framework for identifying our impacts, risks and opportunities, and for strengthening our sustainable and responsible strategy.

Although the rigorous methodology required by ESG regulations may seem demanding, it promotes transparency and reliability of information. This not only enables companies to benchmark themselves using shared criteria but also encourages healthy and virtuous competition. By following these principles, I am convinced that it will help to create an ecosystem where businesses can thrive while upholding high ethical and environmental standards, thereby ensuring growth that benefits all.

Lefebvre

Julien Danne,
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For several years, the United Kingdom has been at the forefront of developing clean energy

It was the first major economy to legislate for a target for Net-Zero emissions by 2050 through the 2019 Climate Change Act. It is now recognised as a global leader in renewable energy, supported by industrial and academic capacity that continues to drive innovation and growth.

The new UK government has presented an ambitious vision to transform Great Britain into a clean energy superpower – one of its five key missions is to provide clean energy by 2030 and accelerate the transition to carbon neutrality. This mission is supported by numerous initiatives aimed at harnessing the full potential of renewable energy sources—wind, solar, waste, or biomass—and fostering a thriving clean energy sector. It will also be supported by a new Industrial Strategy which will include a significant commitment to growing green industries.

The rise of renewable energy and the challenges related to energy security have led the UK to seek a balance between energy security, economic competitiveness, and carbon neutrality, while remaining true to its liberal economic model but including increasing regulatory measures aimed at achieving sustainable and resilient economic growth. This regulation is reflected through several measures such as support through the Contracts for Difference (CfD) model, stricter control of the electricity grid with the establishment of the National Energy System Operator (NESO) in early 2024, and the creation of Great British Energy (GB Energy) in July 2024, a public company whose main missions are to accelerate the deployment of clean energy in the UK, strengthen the UK's energy independence, and ensure that British citizens benefit from national energy resources.

The European Union tends more towards a harmonised approach with initiatives such as the Green Deal, the Corporate Sustainability Reporting Directive (CSRD), or Fit for 55. The UK uses similar tools but retains the flexibility of its own market-oriented framework, aiming to make it a driving force in the energy transition. This framework revolves around several major axes such as strengthening nuclear power, major development of renewable energy sources, a gradual transition away from hydrocarbons, and significant investments in hydrogen, CO2 capture and storage, and energy storage.

The Industrial Strategy, which will be made public during 2025, will be clearly oriented towards major support for and development of carbon-free energy, as part of the UK's transition to a low-carbon economy. This strategic shift will be based on several economic, technological, and regulatory pillars aimed at strengthening the country's competitiveness while achieving its climate objectives such as decarbonising the UK's energy mix, developing electrically-operated use alternatives—including mobility and improving the energy efficiency of buildings to reduce emissions from the industrial and residential sectors through initiatives like Warm Homes or the reform of Energy Performance Certificates.

Additionally, the British government also offers access to numerous financial support mechanisms for businesses and green investors through tax incentives and public funding encouraging companies to invest in the development of sustainable energy. In parallel, the UK Emissions Trading Scheme imposes increasing costs on the most polluting industries, therefore encouraging the energy transition.

France is an essential partner in supporting the UK's clean energy efforts

French companies play a crucial role in various sub-sectors of the energy market in the UK, highlighting the deep commercial ties between our two countries. Since 2019, the majority of greenfield foreign direct investments (FDI) from France to the UK have been in the clean energy sector.

The UK and France both have ambitious visions to lead their economies towards the energy transition. Numerous joint initiatives have been established by our two countries, such as the strategic dialogue between UK Department for Energy Security and Net Zero (DESNZ) and French Direction Générale de l'Énergie et du Climat (DGEC), and the UK-France Business Forum, which continue to highlight the immense potential of the clean energy sector for both countries and the potential for Franco-British cooperation. This shared approach was materialised during the last Franco-British Summit in 2023, during which the UK-France Energy Partnership was at the heart of discussions. Looking ahead to the next Summit in 2025, we are optimistic about strengthening this partnership and achieving our shared ambition of secure and reliable economic growth which can respond to international challenges in energy security.

The energy sector is a strong axis of the UK-France relationship which promotes mutual progress towards energy security, carbon neutrality, and sustainable economic growth. Our collaborative efforts in clean energy will not only improve the resilience and reliability of our respective energy systems but also pave the way for a more sustainable future. By collaborating, leveraging their respective strengths, and encouraging innovation, the UK and France will maintain their roles as drivers of the energy transition, ensuring a prosperous and sustainable future for both nations.

Although ESG regulations represent a challenge for many companies, they also offer interesting opportunities for those who can strategically integrate them. This not only helps meet regulatory and societal expectations but also positions companies as leaders in increasingly demanding markets.

In Europe, the demand for Life Cycle Assessment (LCA) services is likely to be stimulated by the CBAM regulation, which introduces its own methods for calculating embedded carbon in products. Some clients may seek a general LCA, as this represents a relevant first step towards reducing emissions. The entry into force of the **CSRD** and the **Carbon Border Adjustment Mechanism (CBAM)** marks a turning point for all European industrial stakeholders. At **DriveKey**, we believe that these new regulations are not merely obligations but powerful catalysts for transformation.

Our approach is based on **rigorous environmental traceability**, notably through **Life Cycle Assessment (LCA)** of our products. This approach not only allows us to meet the transparency requirements imposed by the CSRD but also helps us better anticipate the financial impacts related to CBAM on our supply chains.

In this context, **E-VATplus**, through DriveKey, is committed to making **regulatory compliance a strategic lever** by integrating ESG criteria from the design phase and guiding its partners towards low-carbon mobility. Clean growth cannot be achieved without alignment between economic performance, environmental sustainability, and responsible governance.

E-VATPLUS

III

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Introduction

The CSRD (Corporate Sustainability Reporting Directive) is a major initiative of the European Union aimed at improving corporate transparency in matters of sustainability. This directive, which replaces the Non-Financial Reporting Directive (NFRD), significantly expands the scope and reporting requirements for companies.

The European Commission's Omnibus legislative proposal, introduced in February 2025, aims to simplify these requirements and reduce the administrative burden on companies. Among the proposed changes, approximately 80% of the companies falling within the scope of the CSRD would be exempt from reporting obligations. The reporting requirements would focus on the largest companies, with more than 1,000 employees. The Omnibus bill also proposes to postpone the application of reporting obligations for companies in "wave 2" and "wave 3" by two years.

The Omnibus proposal could introduce revised thresholds for non-European companies, which could impact UK companies depending on their exposure in EU member states.

Context and Objectives of the CSRD

The CSRD was published in 2022 and its first reporting standards, the ESRS (European Sustainability Reporting Standards), were defined. It quadruples the scope of ESG reporting and was expected to apply to nearly 50,000 medium-sized enterprises within the European Union starting in 2025. The main objectives of the CSRD are to strengthen corporate transparency regarding sustainability and to provide investors with greater insight into the sustainability of business models.

The aim of the Omnibus law is to reduce the administrative burden and give companies more time to prepare. At the end of March, Europe approved the implementation of a “Stop the clock” measure to avoid unnecessary costs for companies not subject to reporting. Thus, wave 2 companies will publish their first report in 2028 based on 2027 data.

The eligibility threshold would be raised and the CSRD would then apply to companies with over 1,000 employees (mandatory threshold) and either a turnover above €50 million or a balance sheet total above €25 million.

For non-European groups, notably those headquartered in the United Kingdom, the reporting period remains scheduled for 2029 based on 2028 data.

However, the application threshold would rise from €150 million in turnover generated in Europe to €450 million, in addition to the requirement that at least one of its European activities generates over €50 million or that one of its European subsidiaries meets the criteria of a large corporations.

This law also foresees a revision of the ESRS standards to allow for clarification and simplification in the publication of mandatory qualitative and quantitative data, as well as reduced reporting obligations related to the value chain; relief regarding the Taxonomy for company generating less than €450 million in revenue and for those with activities deemed immaterial; the removal of sector-specific standards that were expected in 2026; and in terms of auditing, the maintenance of limited assurance but the removal of reasonable assurance.

Publication Date

2023
- Adoption of the directive
- Gradual publication of ESRS standards

2024

2025

Relevant Fiscal Year: 2024
- First application for **listed companies and those subject to the NFRD**

2026

Relevant Fiscal Year: 2025

Application to **unlisted companies** if 2 out of 3 criteria are met:
- 250 employees
- Balance sheet over €25M
- Net turnover of €50M

2027

Relevant Fiscal Year: 2026

Application to **listed SMEs** if 2 out of 3 criteria are met:
- 10 employees on average
- Balance sheet of €350k
- Net turnover of €700k

2028

2029

Relevant Fiscal Year: 2028

Application to **non-European companies** operating in Europe:
- With a subsidiary in the EU
- Generating net turnover of €150M over two consecutive years in the EU

An Ambitious Implementation Timeline

The sustainability reporting introduced by the CSRD replaces the non-financial reporting (DPEF) previously required for companies under the NFRD.

Publication date

2023
- Adoption of the directive
- Gradual publication of ESRS standards

2024

Applicable Standards : ESRS (july 2023)

2025

Relevant Fiscal Year: 2024
- First application for **listed companies and those subject to the NFRD**

2026

2027

Applicable Standards : Revised ESRS

Relevant Fiscal Year: 2027

Application to **unlisted companies** if:
- >1000 employees (average workforce)

AND

- Balance sheet over €25M **OR** net turnover of €50M

2028

Relevant Fiscal Year: 2028

Application to **non-European companies** operating in Europe:
- With a subsidiary in the EU
- Generating net turnover of €450M in the EU

2029

A Revised Implementation Timeline (Omnibus Bill Draft)

- For countries that have already transposed the directive, local law continues to apply (as of now)
- For companies with <1000 employees: option to apply voluntary VSME standards.
- Taxonomy: relief measures also planned for companies with <€450M turnover.

What the CSRD and the Associated ESRS Standards Provide: Towards a Transformation of Business Models

Double materiality analysis is a key concept introduced by the European CSRD directive. It involves assessing both the impact of a company's activities on the environment and society (impact materiality), and the impact of environmental and social issues on the sustainability of the company (financial materiality).

The value of this analysis lies in its ability to provide a comprehensive and integrated view of the interactions between a company and its environment. By identifying the positive and negative impacts of its activities, a company can better understand the challenges it faces and the opportunities available. It also helps reinforce stakeholder transparency and trust by demonstrating a genuine commitment to sustainability.

By encouraging corporate transformation, the CSRD can prove to be a powerful value-creation tool. It allows for risk reduction, performance improvement, the fostering of innovation, and the acquisition of a competitive edge.

This momentum is particularly illustrated through the alignment of objectives and targets set by the company with its current and future financial situation. In fact, the ESRS standards encourage companies to be more transparent about sustainability-related expenditures and the investments they are able to mobilise to address the identified impacts, risks, and opportunities. This naturally raises the question of a company's ability to track investments and their past and future returns. Furthermore, this transparency exercise, already carried out by wave 1 companies, has highlighted governance issues, organisational and management challenges, operational process and quality issues, and data governance and security issues opening the way to many transformations within organisations.

In short, the CSRD and the ESRS standards offer companies the opportunity to reassess their business models in light of ESG issues. By integrating these criteria into their strategies, companies can not only improve their resilience and financial performance but also contribute to the transition towards a more sustainable and responsible economy.

Situation in France

In France, the CSRD was transposed into national law in 2023. French companies, although reluctant due to the complexity and cost of implementing the CSRD, recognise the necessity of this standard to ensure their long-term viability in light of today's global challenges. According to a survey conducted in November 2023, 72% of French companies report being engaged with the issue of sustainable transformation, but only 59% have already implemented concrete actions. The implementation of the CSRD in France is expected to generate an annual cost of €3.6 billion, in addition to €1.2 billion in one-off costs.

Situation au Royaume-Uni

The United Kingdom, although no longer a member of the European Union, remains strongly committed to sustainability initiatives. In 2024, the UK government announced the creation of two committees: the Technical Advisory Committee (TAC) and the Policy and Implementation Committee (PIC), to evaluate and approve the IFRS S1 and IFRS S2 standards issued by the IASB. These standards, once approved, will be integrated into the UK's sustainability disclosure standards (UK SDS).

In 2024, the UK government announced the creation of two committees, an independent Technical Advisory Committee (TAC) and a Policy and Implementation Committee (PIC)—to contribute to the evaluation and approval of IFRS S1 and IFRS S2 published by the IASB, as well as any UK Sustainability Disclosure Standards (UK SDS) derived from them.

The TAC's role was to determine whether the standards are "fit for purpose" in the UK, and the committee unanimously voted in favour of recommending approval of IFRS S1 and IFRS S2 in December 2024. Only a few minor modifications to IFRS S1 and IFRS S2 were proposed for the future UK SDS. The proposed changes are as follows:

- Removal of the transitional relief in IFRS S1 allowing entities to delay publishing their first sustainability-related financial disclosures within nine months of the end of the reporting period.
- Extension by one year of the permission to disclose only climate-related risks and opportunities, applicable during the first and second years of reporting.
- Amendment of the requirement to use the Global Industry Classification Standard (GICS) to disaggregate financed gross emissions in IFRS S2, allowing the use of a different classification system aligned with existing regulatory or financial disclosure frameworks.

The PIC will be responsible for the next steps—the government is expected to launch a consultation on the draft exposure of the UK's sustainability reporting standards in the first quarter of 2025.

- The FCA will then use these standards to introduce reporting requirements for UK-listed entities through a consultation process, which will also include transition plan reporting under the TPT (Transition Plan Taskforce) framework.
- The government will also decide on the requirements for entities not regulated by the FCA. This decision is expected in the second quarter of 2025.

UK Companies Covered by the CSRD

A number of UK companies will also fall within the scope of the CSRD requirements; however, the extent of exposure remains uncertain due to the revision of the CSRD and the upcoming introduction of the Omnibus package, which could introduce revised thresholds for non-European companies in scope. When a UK company falls within the scope of the CSRD, the requirements may differ depending on the transposition of the CSRD by the EU member state in which the UK company is exposed (e.g., through listed securities in that member state or through large EU subsidiaries).

Interoperability Between France and the United Kingdom

Interoperability between the UK and French sustainability reporting frameworks is crucial for companies operating in both jurisdictions. The ISSB and the European Financial Reporting Advisory Group (EFRAG) have issued joint guidance to help companies understand the differences and align their climate disclosure requirements. These guidelines highlight significant alignment between the climate-related disclosures of IFRS S2 and the European Sustainability Reporting Standards (ESRS), helping to reduce duplication and unnecessary reporting burdens.

Projections and Uncertainties for the United Kingdom

As of February 2025, the UK government has not yet launched the consultation on the adoption of the UK SDS. Therefore, the adoption timeline and the companies that will be affected remain uncertain at this stage. There is also no clarity on the application of any mandatory assurance requirement for sustainability disclosures. However, it is expected that the adoption will follow a phased approach, where mandatory requirements will first apply to a limited number of public companies before being extended to large private enterprises.

Conclusion

The implementation of the CSRD in France and the United Kingdom presents both challenges and opportunities for businesses. The European Commission's Omnibus legislative proposal aims to simplify these requirements and reduce the administrative burden on companies.

Interoperability between the sustainability reporting frameworks of both countries is essential for companies operating in both jurisdictions. The projections and uncertainties for the United Kingdom show that the adoption process of the UK SDS is still underway, with potential implications for UK businesses.

At CIC, we are very committed to ESG standards and support our clients when possible. Here are a few examples:

- We helped a French company which was bringing an ecological solution for the treatment of organic waste (to the HRC industry) to market, find business partners engaged in Industrial kitchen Installation and waste management disposal. Out of the 21 companies that were approached, 3 showed interest in working with our client.
- The team has also been able to assist a company specialising in designing and integrating industrial solutions (for example, designing turbine handling tools for major companies) in the energy, aerospace and railway sectors. Our office provided a market research report of the Renewable Energy Sector which enabledthe company to gain a better understanding of the sector's unique characteristics and its key players.

Our analysis enabled us to identify a number of prospects, which allowed the company to get in touch with 4 Key Players interested in developing new technologies at their manufacturing plant.

- CIC AIDEXPORT also managed to work with a developer of onshore wind farms and solar panels to build strategic commercial partnerships with landownersand develop the commercial networks necessary to expand the Business in the UK

CIC

IV

Loïc Chavaroche,

Chief Quality, Safety, Security, Environment, CSR & ESG Officer, Groupe Sterne

The Corporate Sustainability Reporting Directive (CSRD), which came into force at the beginning of 2024 and was then amended via the Omnibus Regulation in 2025, marks a significant evolution of the European regulatory framework concerning non-financial reporting. By updating the former NFRD directive, it introduces a major paradigm shift by establishing harmonized, audited transparency obligations based on sectoral and cross-cutting standards. The move from loosely regulated voluntary reporting to standardized and repeatable reporting now places Extra-Financial data at the heart of corporate strategy, giving it a power of action equivalent to traditional financial data.

The CSRD had significantly expanded the scope of entities concerned; however, the Omnibus project drastically reduces this scope. Nonetheless, voluntary reporting should not be overlooked by company leaders. The work of standardizing indicators through the ESRS (European Sustainability Reporting Standards), data auditing processes, and above all the adoption of the central concept of double materiality, make it a valuable and highly relevant tool. Double materiality is the core of the process; it requires a cross-assessment: on the one hand, the company’s impacts on the environment and society (impact materiality), and on the other hand, the risks and opportunities that ESG issues may pose to the company (financial materiality). This holistic risk approach makes it possible to assess the interdependencies between business strategy, the environment, societal and social concepts, and both French and international regulatory requirements.

This principle invites us to go beyond a communicative approach to CSR and to consider sustainability & durability as a lever for resilience. It is no longer simply about declaring commitments, but about publicly demonstrating their implementation through policy, audited key performance indicators, in order to prove their sincerity. In this sense, Sustainability Reporting encourages organizations to integrate climate, social and governance issues into their risk management and strategic planning. It also promotes the embedding of these issues into corporate culture for lasting change. It provides recognition for anticipation, transparency, and adaptability in evolving contexts marked by complexity and uncertainty.

It seems important to me to reinforce the distinction between two concepts: Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG). Corporate Social Responsibility is part of a voluntary and strategic approach, rooted in the values and culture of an organization, and built over the long term. It structures action around the three major CSR pillars: Economic Responsibility, Social Responsibility, and Environmental Responsibility. ESG refers to a standardized system of indicators enabling objective assessment, often intended for financial actors, non-financial rating agencies, and regulators. These indicators directly feed SFDR reporting. The CSRD, by aligning with this logic, contributes to making extra-financial performance comparable and enforceable, thereby strengthening the trust of investors, clients, business partners, and employees, while structuring dialogue with all stakeholders.

The main contribution of the CSRD lies in double materiality. This analysis allows for the comparison of risks, opportunities, or positive and negative impacts on corporate results. This analysis begins with a materiality mapping phase, combining stakeholder expectations, sectoral impacts, and industry practices. It continues with a detailed identification of risks: physical (e.g. extreme climate events, technological risks, insurance risk, greenwashing), transition (e.g. regulatory or technological changes), social (e.g. attractiveness, social washing, social conflicts), ethical (conflicts of interest, corruption), or reputational risks such as Adverse Media. By deploying this approach, the company formalizes action plans to identify opportunities associated with better environmental, societal, ethical or social performance. This ability to objectify risks and associate them with mitigation plans becomes a marker of strategic maturity, particularly taken into account by institutional investors and impact funders.

Sustainability Reporting, whether under CSRD or Omnibus, should not be an end in itself. It becomes a strategic management tool insofar as it engages the company in an accountability exercise: each published data point must be reliable, traceable, and auditable. This process calls for a structuring of information systems, a cross-functional mobilization of departments (HR, Finance, IT, Legal, QSE), and a change in posture: one of impact-based management. Ultimately, it helps to nourish stakeholder dialogue, inform investment decisions, prioritize high-impact actions, and demonstrate consistency between declared commitments and actual results. Moreover, this new rigor in the production of non-financial information foreshadows a deeper alignment between sustainability and profitability, paving the way for renewed governance.

This transformation also paves the way for a revaluation of intangible assets. As economists remind us, the intangible value of companies lies in their ability to anticipate risks and demonstrate their societal and environmental commitment. These invisible yet fundamental assets—reputation, human capital, corporate culture, innovation capacity, environmental impact, resilience, dialogue and exchanges with stakeholders—are the essential pillars of sustainable performance. By structuring their sustainability reporting, organizations reveal this capital of trust, often undervalued in traditional balance sheets. They build an approach anchored in the DNA of the organization, secure relationships with key stakeholders, and strengthen long-term attractiveness on financial markets (credit or venture capital) and in the job market. By valuing these intangible dimensions, the company does not merely respond to regulatory expectations: it asserts a uniqueness, a capacity for commitment, and a transformative potential that constitute differentiating assets in an economic world increasingly attuned to meaning.

Thus, the CSRD is not just a new regulatory exercise. It is a lever for evolving governance, redefining strategic priorities, and strengthening the legitimacy of companies in a context of systemic transition. It calls for alignment between climate and social ambitions, operational constraints, and the growing expectations of markets. Even more, it foreshadows a move toward extended accounting, which incorporates the value of life, social cohesion, territorial resilience, and the sustainability of value chains. It re-examines the role of business in society and engages in a redefinition of economic progress in light of planetary boundaries and social justice.

In light of this evolution, companies must, without delay, begin the Extra-Financial Reporting process, which must go beyond a mere regulatory obligation. By structuring their approach around a rigorous double materiality analysis, ensuring the reliability of their data, formalizing a credible transition plan, and adopting the ESRS frameworks, they equip themselves to turn this constraint into a durable competitive advantage.

‘ENGIE’s raison d’être, to act to accelerate the transition to a carbon-neutral economy, brings together the company, its employees, its customers and its shareholders and reconciles economic performance with a positive impact on people and the planet.

As part of its ESG (Environment, Social and Governance) responsibility, ENGIE is committed to making energy ever safer, better consumed, accessible to as many people as possible and respectful of society and its environment. The Group has set itself ambitious extra-financial targets to give concrete expression to its ESG commitments. It aims to be carbon neutral in terms of all its direct and indirect emissions by 2045 and to reduce its emissions by 55% between 2017 and 2030.

In this context, the Group has chosen to consider CSRD as an opportunity to accelerate the implementation of its ESG commitments by all its teams, in line with its business model and by bringing together the management of financial and extra-financial performance’.

ENGIE

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