

ESG Regulation in the European Union and Türkiye: A Comparative Analysis under the CSRD, ESRS, and TSRS Frameworks

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Abstract

Binding reporting and due diligence duties have increasingly shaped environmental, social, and governance (ESG)-oriented corporate accountability as climate-related risks have become more visible within the financial system. This study examines the normative architecture of ESG regulation in the European Union (EU) through the Corporate Sustainability Reporting Directive (CSRD), the European Sustainability Reporting Standards (ESRS), and the Corporate Sustainability Due Diligence Directive (CSDDD), and offers a comparative assessment with the Türkiye Sustainability Reporting Standards (TSRS) and the sustainability principles regime of the Capital Markets Board of Türkiye (CMBT). A qualitative, doctrinal, and comparative legal research design is employed. The comparison is structured around scope and application thresholds, materiality logic, assurance and enforcement design, and value-chain reach. Primary sources consist of EU directives, regulations, delegated acts, and official implementation materials, together with Turkish standards, board decisions, and regulatory texts, complemented by selected peer-reviewed scholarship. The analysis finds that the EU model is designed as a layered framework linking standardized sustainability disclosure, external assurance, digital reporting, and a double materiality logic with process-based due diligence obligations across the value chain. The CSRD/ESRS package is shown to turn sustainability statements into auditable corporate disclosures integrated into governance, strategy, and risk management narratives, while the CSDDD shifts the regulatory focus from disclosure to prevention through mandatory policies, monitoring, remediation mechanisms, and climate transition planning. In Türkiye, TSRS is identified as an ISSB-aligned, financial materiality-oriented reporting framework, whereas the CMBT principles promote disclosure through a comply-or-explain approach. The comparison indicates that firms engaged with EU markets are

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likely to face a dual compliance challenge: some governance, strategy, risk-management, and climate disclosures can be aligned across TSRS and ESRS, whereas impact materiality, taxonomy reporting, and value-chain due diligence remain distinctly EU-specific. Future research is recommended to map enforcement practices and to evaluate disclosure quality and litigation exposure empirically.

Keywords

ESG Regulation, CSRD/ESRS, CSDDD, TSRS, Sustainability Reporting, Corporate Due Diligence

1. Introduction

Multi-layered risks such as the climate crisis, biodiversity loss, and social inequality are intersecting ever more visibly with the financial system. In this context, environmental, social, and governance (ESG) considerations have become the shared language of both regulators and market actors, capturing how companies perform on sustainability dimensions that increasingly shape financial outcomes. The growing weight of ESG information in corporate reporting and governance influences not only investors' assessments of risk and return but also the legal architecture of the accountability relationship that companies establish with society (Kandemir, 2021). Kandemir argues that sustainability objectives are closely connected to companies' economic activities; as a result, corporate impacts on society and the environment become legally traceable beyond the classical discourse of corporate responsibility (Kandemir, 2021). This shift increases the visibility of sustainability statements while placing their verifiability and comparability at the center of the regulatory agenda.

In the EU, recent reforms have moved ESG from a largely voluntary domain to an auditable, enforcement-backed reporting architecture (Hummel & Jobst, 2024; Pantazi, 2024). Through Articles 19a(1) and 29a(1) of the Accounting Directive as amended by the CSRD, undertakings within scope must explain both how sustainability matters affect the undertaking and how the undertaking affects people and the environment; the same architecture links reporting to external assurance and digital tagging through Article 34(1), second subparagraph, point (aa), and Article 29d (European Parliament and Council of the European Union, 2022; European Commission, 2023). ESRS, adopted under Article 29b, specifies the mandatory data points and narrative structure, while EFRAG's implementation guidance operationalizes the double materiality assessment and the justification of materiality conclusions (European Commission, 2023; EFRAG, 2024). This design turns sustainability information from general corporate messaging into reportable, reviewable, and increasingly auditable data.

The reporting architecture established in the EU is complemented by the CSDDD, which adds a preventive process layer to the disclosure track. The Directive requires in-scope companies to identify and assess actual and potential ad-

verse impacts, prevent or mitigate them, bring actual impacts to an end or minimize them, provide remediation where necessary, and operate monitoring and complaints mechanisms across their own operations and value-chain relationships (European Parliament and Council of the European Union, 2024, Arts. 7-16). In its climate dimension, Article 22 requires the adoption of a climate transition plan, while Articles 24-29 establish the supervisory, penalty, and civil liability framework (European Parliament and Council of the European Union, 2024). According to Sinnig and Zetzsche (2025), this design shifts the EU's ESG field from a disclosure-focused framework toward one centered on mandatory prevention and process performance. Read together, these regulatory tracks indicate that ESG regulation is not limited to a reporting obligation; it also constructs a corporate responsibility regime that reshapes the decision architecture behind the report and value-chain governance (Pantazi, 2024; Sinnig & Zetzsche, 2025).

Recent scholarship also shows why standardization alone does not resolve all comparability problems. Christensen et al. (2021) demonstrate that the effects of mandatory sustainability reporting depend on the joint design of scope, standard quality, assurance, and sanctions. Berg et al. (2022) show that ESG ratings for the same company can diverge because of differences in scope, measurement, and weighting. Dunfjäll (2025) further argues that double materiality itself generates implementation challenges related to data collection, methodological consistency, and selective disclosure risk. These debates explain why the relationship between legal standardization, materiality design, and enforcement remains central to the contemporary ESG literature.

In Türkiye, a related but differently configured agenda operates through two channels: the sustainability principles incorporated into the corporate governance framework by the CMBT and the TSRS issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK). TSRS 1 and TSRS 2 are designed in alignment with IFRS S1 and IFRS S2, and mandatory reporting began on 1 January 2024 for undertakings falling within the scope of the KGK Board Decision. That decision ties application, in principle, to entities that exceed at least two of the following thresholds for two consecutive reporting periods: TRY 500 million in total assets, TRY 1 billion in annual net sales revenue, and 250 employees; banks under BDDK supervision are included irrespective of those thresholds (Public Oversight, Accounting and Auditing Standards Authority, 2023, 2024a; Özdemir, 2024). In line with the ISSB architecture, TSRS centers report on sustainability-related risks and opportunities insofar as they affect enterprise value and the decisions of users of general-purpose financial reports (IFRS Foundation, 2023a, 2023b). Compared with the ESRS, which explicitly incorporates impact materiality, this constructs a narrower reporting lens. Interoperability materials indicate meaningful overlap in financially material and climate-related disclosures, but recent scholarship suggests that alignment remains partial rather than complete, particularly where stakeholder-oriented and social disclosures are concerned (EF-RAG & IFRS Foundation, 2024; Molnár et al., 2025).

This article argues that the EU has constructed a layered regulatory model that converts ESG discourse into enforceable obligations by combining standardized disclosure, external assurance, taxonomy-linked classification, and value-chain due diligence. It examines the normative architecture of EU ESG regulation along the CSRD/ESRS and CSDDD axes and compares this model with Türkiye's TSRS and the CMBT sustainability principles regime. The comparative lens makes it possible to assess differences in obligation types, materiality design, assurance and enforcement techniques, and their implications for corporate governance. It also enables a more concrete account of the "dual compliance challenge" facing undertakings connected to EU markets: interoperability may allow overlap for governance, strategy, risk management, and certain climate disclosures, whereas impact materiality, taxonomy reporting, and value-chain due diligence remain more distinctly EU-specific. This distinction matters for undertakings in Türkiye because contractual and market pressures can extend the practical reach of EU sustainability law even where direct legal scope is absent. The article proceeds as follows: it first addresses how the reporting, standards, and due diligence components in the EU form an integrated whole; it then discusses the design preferences of the TSRS and the CMBT framework in Türkiye; and finally it evaluates points of intersection and divergence between the two regimes from a corporate responsibility perspective.

2. Methodology/Comparative Framework

This study adopts a qualitative, doctrinal, and comparative legal research design. The comparison is organized around five criteria: 1) personal and material scope, including application thresholds and timelines; 2) the governing concept of materiality; 3) disclosure architecture, including the location and structure of reporting; 4) assurance and enforcement design; and 5) value-chain reach and due-diligence intensity. These criteria were selected because they capture the points at which ESG regulation moves from voluntary disclosure to binding governance and process obligations.

Primary sources include EU directives, regulations, delegated acts, and official implementation materials; Turkish standards, board decisions, and regulatory texts; and official interoperability guidance. Secondary sources were limited to peer-reviewed legal and accounting scholarship published between 2021 and 2025 that directly addresses mandatory sustainability reporting, double materiality, interoperability, assurance, or enforcement. The analysis is doctrinal in that it interprets the legal structure and internal logic of the instruments, and comparative in that it tests functional equivalence and divergence across the EU and Turkish regimes rather than assuming terminological similarity implies regulatory equivalence.

3. Normative Architecture of ESG Regulation at the EU Level

In the EU, the normative architecture of ESG regulation follows a layered structure in which reporting, classification, assurance, and due diligence are intercon-

nected (European Parliament and Council of the European Union, 2020, 2022, 2024). The CSRD embeds sustainability reporting within the financial reporting ecosystem; the ESRS specify in detail the content and comparability criteria of the information reported; Article 8 of the EU Taxonomy Regulation ties the definition of environmentally sustainable economic activities to technical criteria; and the CSDDD makes mandatory processes aimed at preventing adverse human rights and environmental impacts across the value chain (European Commission, 2023; European Parliament and Council of the European Union, 2020, 2024). Under the original CSRD transitional design, reporting applied to large public-interest entities with more than 500 employees for financial years beginning on or after 1 January 2024, to other large undertakings and parent undertakings of large groups for financial years beginning on or after 1 January 2025, to listed SMEs for financial years beginning on or after 1 January 2026, and to certain third-country parent undertakings for financial years beginning on or after 1 January 2028; Directive (EU) 2025/794 subsequently postponed by two years the application dates for large undertakings not yet reporting and for listed SMEs (European Parliament and Council of the European Union, 2022, Art. 5; European Parliament and Council of the European Union, 2025). Within this architecture, reporting is not treated as a good practice in and of itself; rather, it is designed as the data infrastructure for compliance management (Hummel & Jobst, 2024; Pantazi, 2024).

The CSRD constitutes the core instrument in the EU that makes sustainability reporting mandatory and places it on a level comparable to financial reporting law (European Parliament and Council of the European Union, 2022). Through Articles 19a and 29a, sustainability disclosures must be presented in the management report as a sustainability statement; through Article 29d, they become part of the single electronic reporting format; and through Article 34(1), second subparagraph, point (aa), they are subject to external assurance, initially at the level of limited assurance, with the structure of the assurance opinion linked to Article 28a of Directive 2006/43/EC (European Parliament and Council of the European Union, 2022; European Commission, 2024; Ruohonen & Kullas, 2024). This design assumes that reporting is not merely a communications tool, but a corporate process connected to the management body's strategy, risk management, and performance measurement systems (Pantazi, 2024). By adopting double materiality through Articles 19a(1) and 29a(1), the CSRD brings within the scope of reporting both the financial effects of sustainability matters on the company and the company's impacts on people and the environment (European Parliament and Council of the European Union, 2022; EFRAG, 2024). The Directive's implementation logic therefore positions reporting not as a year-end statement alone, but as a strategic assessment framework that takes into account short-, medium-, and long-term effects.

The technical backbone of the CSRD is built through the ESRS set adopted by the Commission under Article 29b of the Accounting Directive (European Commission, 2023). Rendered binding through Delegated Regulation (EU) 2023/2772,

the ESRS establish a modular system consisting of overarching requirements and topical standards (European Commission, 2023). ESRS 1 defines the foundational concepts and qualitative characteristics of reporting, and in particular the operational logic of the double materiality approach; ESRS 2 sets out the minimum disclosure requirements applicable to all companies, including governance, strategy, the management of impacts, risks and opportunities (IRO), and the metrics-and-targets set (European Commission, 2023; EFRAG, 2024). EFRAG's Materiality Assessment Implementation Guidance separately defines impact materiality and financial materiality and details how those dimensions shape the scope of reporting (EFRAG, 2024). Where an undertaking concludes that no material impacts, risks, or opportunities exist for a topic, the omission of topic-specific disclosures must still be justified. This approach ensures that reporting is designed not as “report everything”, but through a structured materiality process. Recent legal scholarship also notes that this move to double materiality increases methodological demands on firms and can create implementation frictions in the early years of application (Dunfjäll, 2025).

The EU Taxonomy Regulation constitutes the classification pillar of the normative architecture (European Parliament and Council of the European Union, 2020). Article 8 links taxonomy-related disclosures to the sustainability reporting regime by requiring undertakings within scope to report how and to what extent their activities are associated with environmentally sustainable economic activities (European Parliament and Council of the European Union, 2020). From a reporting perspective, taxonomy-related disclosures within the sustainability statement encourage the production of quantified information regarding which activities are taxonomy-aligned and to what extent, thereby facilitating investors' comparability analyses. In this respect, reading the climate and environmental standards under the ESRS together with the taxonomy criteria links companies' strategies and investment plans to measurable indicators beyond the level of a “green claim” (European Parliament and Council of the European Union, 2020; European Commission, 2023). The existence of the taxonomy therefore supports reporting that generates not only narrative statements but also a classified and auditable dataset (Pantazi, 2024).

The CSDDD is a foundational instrument for the phase in which corporate responsibility is anchored not only in reporting but also in preventive processes (European Parliament and Council of the European Union, 2024). In its phased design, the Directive covers companies with over 5000 employees and EUR 1.5 billion in net worldwide turnover, then companies with over 3000 employees and EUR 900 million, and finally companies with over 1000 employees and EUR 450 million; Directive (EU) 2025/794 later postponed the transposition deadline and the first application phase for the largest companies by one year (European Parliament and Council of the European Union, 2024, 2025). Substantively, the Directive requires companies to integrate due diligence into policies and risk management (Art. 7), identify and assess actual and potential adverse impacts (Arts.

8-9), prevent or mitigate potential impacts and bring actual impacts to an end or minimize them (Arts. 10-11), provide remediation (Art. 12), operate complaints and notification mechanisms (Art. 14), monitor effectiveness (Art. 15), and communicate publicly (Art. 16). Its climate dimension, set out in Article 22, requires the adoption of a climate transition plan, while Articles 24-29 establish supervision, penalties, and a civil liability architecture. [Sinnig and Zetzsche \(2025\)](#) note that this design shifts the EU's ESG field from disclosure toward mandatory preventive action and indicates that companies will be assessed not only through statements but also through process performance.

Reading the CSRD/ESRS together with the CSDDD shows that the EU is redesigning the corporate responsibility regime as a data-driven governance model ([Hummel & Jobst, 2024](#); [Pantazi, 2024](#)). The CSRD defines the scope, reporting location, assurance pathway, and digital format of sustainability information; the ESRS standardizes how that information is to be presented through minimum data points and narrative elements; and the CSDDD makes mandatory the establishment and operation of the processes on which the disclosed information rests ([European Parliament and Council of the European Union, 2022, 2024](#); [European Commission, 2023](#)). As a result, reporting becomes integrated with a company's internal control and risk management mechanisms, while due diligence is designed as the operational counterpart of the risk and impact analyses included in reporting ([Sinnig & Zetzsche, 2025](#)). Subjecting reports to assurance encourages internal data management and accountability to take on an auditable discipline ([Ruohonen & Kullas, 2024](#)). Moreover, the value-chain perspective of the ESRS and the value-chain responsibilities under the CSDDD require companies to develop corporate capacity in areas such as supplier management, contractual architecture, monitoring, and remediation. In such an architecture, the enforcement question, namely how disclosure breaches, process failures, and incomplete reporting will be detected and sanctioned, becomes the critical factor determining the effectiveness of regulation ([Pantazi, 2024](#)).

4. TSRS and the CMBT Regime in Türkiye

In Türkiye, the TSRS establishes a sustainability reporting framework that engages with the EU trajectory but is, in terms of design choices, closer to the ISSB line ([Özdemir, 2024](#)). Official materials indicate that TSRS 1 and TSRS 2 were introduced into the regulatory framework with the aim of aligning with IFRS S1 and IFRS S2 ([Public Oversight, Accounting and Auditing Standards Authority, 2023, 2024a](#)). Mandatory application began on 1 January 2024 for undertakings falling within the scope of the KGK Board Decision. That decision ties reporting, in principle, to entities that exceed at least two of three thresholds, namely TRY 500 million in total assets, TRY 1 billion in annual net sales, and 250 employees, for two consecutive reporting periods, while banks under BDDK supervision are included irrespective of those thresholds ([Public Oversight, Accounting and Auditing Standards Authority, 2023, Art. 3](#); [Public Oversight, Accounting and Auditing](#)

Standards Authority, 2024a). In line with its ISSB-aligned design, TSRS centers reporting on sustainability matters insofar as they translate, from the perspective of enterprise value and users of general-purpose financial reports, into financially material risks and opportunities (IFRS Foundation, 2023a, 2023b). This differs from the ESRS approach, which explicitly brings impact materiality into the scope of reporting (EFRAG, 2024). At the same time, interoperability materials show that there are meaningful intersections between the ESRS and ISSB standards, particularly in the financial materiality dimension, while more recent scholarship suggests that full alignment remains limited, especially beyond climate-centered disclosure areas (EFRAG & IFRS Foundation, 2024; Molnár et al., 2025).

Unlike TSRS, the CMBT sustainability principles regime is situated within capital markets law along the corporate governance axis and is based on a comply-or-explain logic (Capital Markets Board of Türkiye, 2020; Yüksel, 2024). Following the amendment dated 2 October 2020, companies subject to the corporate governance framework are expected to make sustainability disclosures within the prescribed reporting format, and subsequent CMBT guidance tied that disclosure practice to the sustainability report template used on the Public Disclosure Platform (KAP) within the annual reporting cycle (Capital Markets Board of Türkiye, 2020, 2022; Yüksel, 2024). This intervention moved sustainability reporting in Türkiye from pure voluntarism to a formal regulatory expectation. At the same time, the substantive quality of disclosures may remain heterogeneous because the regime is template-based and explain-oriented rather than built around a comprehensive ESRS-style topical architecture (Çil Koçyiğit et al., 2023; Tore, 2025; Yüksel, 2024). Taken together, these dynamics suggest that the CMBT regime primarily promotes a disclosure culture and corporate governance discipline, whereas TSRS targets the technical standardization of sustainability reporting (Özdemir, 2024; Yüksel, 2024).

From an implementation perspective, the Turkish structure is institutionally split. KGK is the standard setter for TSRS, determines the application scope, and has announced that mandatory assurance for corporate sustainability reports will begin with limited assurance; until the sustainability assurance standard SGDS 5000 is finalized, such engagements are to be performed under GDS 3000 and GDS 3410 (Public Oversight, Accounting and Auditing Standards Authority, 2024b). The CMBT regime, by contrast, works through public disclosure, template-based reporting, and capital markets supervision rather than through a standalone statutory sustainability assurance system. Compared with the EU model, where limited assurance, digital tagging, and supervisory sanctions are expressly embedded in the legal architecture, the Turkish framework remains more fragmented and relies on the interaction of standards, disclosure discipline, and general supervisory tools (Pantazi, 2024; Ruohonen & Kullas, 2024; Tore, 2025).

5. Comparative Assessment

A comparative assessment of the EU and Turkish regimes shows that the two sys-

tems respond to the same problem of credible and comparable sustainability information through different institutional instruments (European Parliament and Council of the European Union, 2022, 2024; Public Oversight, Accounting and Auditing Standards Authority, 2023, 2024a). In the EU, the content and form of reporting are bindingly standardized through the CSRD/ESRS; taxonomy disclosures connect reported claims to technical classification criteria; and due diligence and preventive processes are made mandatory across the value chain through the CSDDD (European Parliament and Council of the European Union, 2020, 2022, 2024; European Commission, 2023). In Türkiye, TSRS produces standardization along an ISSB-aligned, financial materiality line, while the CMBT sustainability principles integrate disclosure into corporate governance practice through a comply-or-explain approach (Capital Markets Board of Türkiye, 2020; Özdemir, 2024; Yüksel, 2024). The result is a substantive divergence between the EU's stakeholder-impact-oriented reporting design and Türkiye's investor-focused reporting design. It also means that the operative differences between the regimes lie not only in reporting language, but also in the breadth of the underlying compliance processes.

For companies active in EU markets, the “dual compliance challenge” is best understood as partial overlap rather than complete duplication. Interoperability guidance suggests that significant parts of governance, strategy, risk management, climate-related metrics and targets, and financially material sustainability risk disclosures can be organized around a common dataset and internal control structure (EFRAG & IFRS Foundation, 2024). The additional compliance burden arises where EU law goes beyond the ISSB/TSRS line. First, the ESRS requires impact materiality alongside financial materiality. Second, CSRD-linked reporting interacts with taxonomy disclosures under Article 8 of Regulation (EU) 2020/852. Third, the CSDDD imposes process duties such as value-chain mapping, prevention, remediation, complaints mechanisms, monitoring, and climate transition planning that are not replicated in TSRS or in the CMBT's comply-or-explain framework (European Parliament and Council of the European Union, 2020, 2022, 2024). In practical terms, the issue is not merely whether two reports must be produced, but whether firms can build a common data architecture while still addressing the EU-specific duties that sit outside the ISSB-aligned core.

This comparison suggests that, in Türkiye, the key policy issue is no longer whether sustainability reporting exists, but whether reporting, assurance, and compliance processes are being aligned. At the corporate level, boards are expected to establish responsibility structures that monitor climate and sustainability risks, to develop data governance and internal control systems capable of producing sustainability data, and to prepare for assurance engagements (Pantazi, 2024; Ruohonen & Kullas, 2024). At the regulatory level, priorities include maintaining clarity in KGK scope decisions, increasing the interoperability of TSRS and CMBT disclosure datasets, and strengthening supply-chain compliance capabilities for undertakings exposed to EU contractual or market expectations. Kan-

demir's assessment from a company-law perspective remains significant here, because Turkish company law still does not articulate sustainability responsibility as an equally explicit and integrated duty; accordingly, much of the operative pressure develops through reporting standards, capital markets disclosure, and cross-border market discipline (Kandemir, 2021; Tore, 2025).

6. Conclusion

The layered structure that EU ESG regulation constructs along the axes of reporting, classification, assurance, and due diligence produces an approach that does not leave companies' sustainability claims at the level of statements alone; rather, it redefines corporate responsibility through data production, external review, and value-chain management. The CSRD places sustainability information at the center of the management report, ties it to digital reporting under Article 29d, and subjects it to external assurance under Article 34(1), second subparagraph, point (aa) (European Parliament and Council of the European Union, 2022). The ESRS set, in turn, standardizes the minimum data points and narrative linkages of disclosures and thereby establishes a reporting language that connects sustainability statements with corporate strategy and governance (European Commission, 2023). This backbone is complemented by the EU Taxonomy's classification logic, which ties the concept of environmentally sustainable activities to technical criteria and therefore makes a "sustainability" claim testable against a measurable reference set (European Parliament and Council of the European Union, 2020).

Within this layered structure, the critical threshold is the strengthening of the link between reporting and compliance. By adopting double materiality through Articles 19a(1) and 29a(1), the CSRD brings within the reporting scope both how sustainability matters affect the company and how the company affects people and the environment. This expands sustainability reporting beyond investor communications and creates data-driven visibility of corporate responsibility (European Parliament and Council of the European Union, 2022; EFRAG, 2024). EFRAG's materiality guidance also requires undertakings to justify their materiality conclusions and to ground the reporting scope in a systematic assessment (EFRAG, 2024). This, in turn, turns reporting into a governance discipline that explains not "everything", but why something is disclosed and why something is not. The enforcement debate remains central here, because the normative weight of the regime depends on how reporting obligations are reviewed, assured, and sanctioned in practice (Pantazi, 2024; Ruohonen & Kullas, 2024).

The point at which the reporting track is merged with the "process" track is the CSDDD. The Directive requires companies to integrate due diligence into policy and risk management, identify and assess adverse impacts, adopt preventive and corrective measures, provide remediation where necessary, and maintain complaints and monitoring mechanisms across the value chain (European Parliament and Council of the European Union, 2024, Arts. 7-16). In Sinnig and Zetzsche's assessment, this design goes beyond disclosure logic and turns companies into

actors that not only “report”, but also prevent adverse impacts and generate process performance (Sinnig & Zetzsche, 2025). The climate transition plan requirement under Article 22 further strengthens the link between sustainability objectives and corporate strategy and investment decisions, while Articles 24-29 ensure that compliance risk can generate administrative and liability consequences rather than merely reputational costs (European Parliament and Council of the European Union, 2024). Read as a whole, the CSRD/ESRS standardizes and records what the company says, while the CSDDD renders contestable which processes support that narrative and which measures are being implemented across the value chain.

In Türkiye, the TSRS’s positioning closer to the ISSB line standardizes sustainability information along a financial materiality axis linked to the decisions of users of general-purpose financial reports (IFRS Foundation, 2023a, 2023b). The KGK scope decision and subsequent clarifications also mean that application is no longer merely voluntary for specified undertakings from 1 January 2024 onward (Public Oversight, Accounting and Auditing Standards Authority, 2023, 2024a). The CMBT sustainability principles, by contrast, encourage companies to disclose under a corporate-governance-oriented comply-or-explain logic; while the format discipline increases comparability, it also keeps on the agenda the risk of fluctuations in disclosure quality (Capital Markets Board of Türkiye, 2020, 2022; Yüksel, 2024). This dual structure indicates that sustainability reporting in Türkiye is, on the one hand, becoming more technical through standard sets and, on the other hand, being tied to disclosure culture through corporate governance tools (Özdemir, 2024; Tore, 2025).

For undertakings engaged in the EU market, managing the two regimes together is not merely a matter of producing two different reports; it requires simultaneously strengthening data governance, internal control, and supply-chain compliance capacity. Interoperability guidance indicates that parts of governance, strategy, risk management, and climate-related disclosure can be produced on a coordinated basis, especially where the focus remains on financially material sustainability risks and opportunities (EFRAG & IFRS Foundation, 2024). Yet the ESRS double materiality approach, taxonomy-linked disclosures, and CSDDD-style due diligence duties require a broader data and process map than the TSRS line alone. This is why the “dual compliance” issue is better understood as a layered compliance architecture, not as a simple duplication problem.

From Türkiye’s perspective at the regulatory level, the prominent need is to coordinate TSRS, assurance, and CMBT disclosures in terms of dataset and conceptual framework. KGK has already moved the Turkish framework closer to an auditable model by announcing that mandatory assurance of corporate sustainability reports will start with limited assurance and, until SGDS 5000 is finalized, will be performed under GDS 3000 and GDS 3410 (Public Oversight, Accounting and Auditing Standards Authority, 2024b). Even so, the Turkish framework remains more fragmented than the EU model because reporting standards, assurance in-

infrastructure, and capital markets disclosure obligations still operate through intersecting but not fully unified legal channels. In value-chain terms, the EU due diligence model also suggests that undertakings operating in Türkiye may assume indirect obligations through supply relationships, which brings supplier management and contractual risk allocation into the corporate responsibility agenda (Sinnig & Zetzsche, 2025).

At the corporate level, sustainability data needs to be managed with a discipline similar to financial data. The ESRS's minimum disclosure expectations in the areas of governance and strategy require board oversight, allocation of responsibilities, and internal control design to be considered together with reporting (European Commission, 2023). By way of example, disclosing which methodology underlies a target in the report and how it is monitored requires that target-setting decisions and data sources be documented in a manner that leaves an auditable trace in corporate memory. Similarly, conducting a reasoned materiality assessment requires process records demonstrating that the reporting scope is the outcome of a systematic assessment rather than an incidental selection (EFRAG, 2024; Dunfjäll, 2025). Such documentation and control discipline increases reporting quality while also producing an evidentiary infrastructure that can support the defense of corporate disclosures in potential disputes (Pantazi, 2024).

The main direction emerging from this study is that ESG regulation is transforming companies from actors who merely declare sustainability into actors who must support their statements with process, governance, and data. When the standardization effect of the TSRS and the corporate governance discipline of the CMBT regime are read together, it becomes apparent that the new anchor of corporate responsibility lies not in the mere existence of a report, but in the governance capacity that produces the report, the assurance architecture that tests it, and the implementation practices that make it credible (Pantazi, 2024; Sinnig & Zetzsche, 2025).

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Any remaining errors are solely the responsibility of the author.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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