



An Roinn Fiontar,
Trádála agus Fostaíochta
Department of Enterprise,
Trade and Employment



Corporate Sustainability Reporting Directive

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Background

- *Corporate Sustainability Reporting Directive (2022/2464) primarily amending the EU Accounting and Audit Directives entered into force in January 2023.*
 - *EU harmonised rules for annual reporting of sustainability matters by large companies and large public interest entities as well as listed SMEs (ex.micros)*
 - *Information must be included in the management/directors' report*
 - *Reporting underpinned by mandatory European Sustainability Reporting Standards*
 - *Information subject to an assurance (audit) requirement and must be digitally tagged*
- *Member States have until July 2024 to transpose and requirements will be phased in between 2024 and 2028.*



Public Consultation

- *Issued on 30 January 2023 and closed on 9 March 2023.*
- *Views sought on Member State options/discretions and any other comments on the transposition.*
- *34 responses from companies and public interest entities in scope, business representative bodies, legal and accounting/audit firms, professional bodies.*
- *Publishing the responses and a policy paper on the Department's website shortly.*



Public Consultation (con't)

- *Analysis of the responses informed by -*
 - *Ambition and coherence with objectives of wider climate action agenda*
 - *Principles of better regulation*
 - *Objective to support companies to successfully implement the new requirements*
- Outcome mixture of options to be exercised and not exercised in three envelopes
 1. *SCOPE*
 2. *FLEXIBILITY*
 3. *CONSISTENCY*



1. SCOPE – Accounting Directive (2013/34/EU)

- *Phasing in of the new rules in line with Directive (2022/2464) as follows:*
 - *2024 large public interest entities already in scope of non-financial reporting (> 500 employees)*
 - *2025 large companies and large public interest entities (> 250 employees)*
 - *2026 listed SMEs with further opt outs possible*
 - *2028 subsidiaries and branches of certain non-EU companies*
- *Article 1 – to exempt credit unions and friendly societies.*
- *Not for profit undertakings not in scope of the Accounting Directive (see Recital 5) could consider voluntary adoption.*
- *Scope to be further reviewed in next phase of transposition project.*



2. FLEXIBILITY – COMPANIES and PIEs incl listed SMEs

Accounting Directive (2013/34/EU)

- *Article 19a/29a - Sustainability Reporting -To allow in certain limited circumstances the exclusion of commercially sensitive information from sustainability reporting by companies at individual and group level.*
- *Article 34 - Statutory Auditors -To permit companies in scope of the Directive to allow a statutory auditor or an audit firm other than the one carrying out the statutory audit of financial statements to carry out the assurance of the sustainability reporting.*

Audit Directive (2006/43/EC)

- *Article 39 - Audit Committee -To permit certain public interest entities to assign the functions of the audit committee relating to sustainability reporting to the board of directors or a body established by it.*



2.FLEXIBILITY – ASSURANCE

Audit Directive (2006/43/EC)

- *Article 26a - Assurance Standards for sustainability reporting -To provide for the possibility for Ireland to adopt national assurance standard for sustainability reporting if the EU Commission has not adopted an EU wide sustainability assurance standard.*
- *Article 28a - Assurance Report on sustainability reporting - To permit the option for the statutory auditor's opinion on the assurance of sustainability reporting to be included as a separate section of the audit report on the financial statements.*
- *Article 29 - Quality Assurance Systems - To exempt, until 31 December 2025, persons who carry out quality assurance reviews relating to the assurance of sustainability reporting from the requirement to have relevant experience.*



3. CONSISTENCY – COMPANIES and PIEs etc.

Accounting Directive (2013/34/EU)

- *Article 19a/29a - Sustainability Reporting - To require that the directors' report containing sustainability reporting or a third country parent company sustainability report where applicable to be published in filings with the CRO in Irish or English.*
- *Article 30 - Publication of the directors' report to a website – Not to require that companies in scope of CSRD, in addition to filing publicly with the Companies Registration Office publish the directors' report containing sustainability reporting to their website, or make it available on request.*
- *Article 30 - Publication of the directors' report general exemption – Not to exempt companies not in scope of CSRD from the obligation to publish the management report.*



3. CONSISTENCY - ASSURANCE

Audit Directive (2006/43/EC)

- *Article 12 - Combination of practical training and theoretical instruction – Not to permit approval of persons undergoing training as statutory auditors for the assurance of sustainability reporting where they have 15 years of experience in relevant fields and passed the examination of professional competence.*
- *Article 28a - Assurance report on sustainability reporting – Not to provide that in exceptional circumstances, the signature of the statutory auditor on the assurance report not to be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person. The name of the person shall be known to the relevant competent authorities.*
- *Article 30 - Systems of Investigations and Sanctions - Not to provide that Ireland may not lay down rules for administrative sanctions for infringements which are already subject to national criminal law.*



4. OTHER OPTIONS

Accounting Directive (2013/34/EU)

— *Article 40a - Sustainability Reports concerning third-country undertakings - Net Turnover Information - Not to require non-EEA companies with EU subsidiaries and branches in scope of CSRD to submit information on net turnover in the EU and Ireland to a specified body.*

Audit Directive (2006/43/EC)

— *Article 34 - Independent Assurance Services Providers*

The Department proposes to conduct a specific consultation on this matter in 2024.



5. UPDATES on STANDARDS

- *European Sustainability Reporting Standards developed by European Financial Reporting Advisory Group (EFRAG) published in November 2022.*
- *Revised by European Commission and draft delegated Act published on 9 June.*
- *Feedback period open until 7 July 2023.*
- *Further information available on European Commission website - [European sustainability reporting standards – first set \(europa.eu\)](#).*
- *Guidance and Educational videos on EFRAG website - [First Set of draft ESRS - EFRAG](#)*



Thank-you

- Contact CSRD@enterprise.gov.ie to be included in stakeholder communications in future.
- Information on the CSRD and other related initiatives under the Responsible Business agenda can be found on the Department's website [Responsible Business - DETE \(enterprise.gov.ie\)](https://enterprise.gov.ie/Responsible-Business-DETE)