

Corporate Sustainability Reporting Directive

At a Glance Guide (November 2022)



Timeline



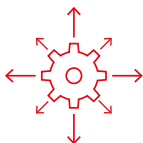
Adoption:

- European Parliament formally adopted Corporate Sustainability Reporting Directive (“**CSRD**”) on 10 November 2022.
- Council expected to adopt CSRD on 28 November 2022.
- CSRD then published in EU Official Journal.
- Enters into force 20 days after publication.
- EU Member States will then have 18 months to transpose CSRD into national law.
- European Financial Reporting Advisory Group currently drafting sustainability reporting standards to be published in coming weeks and adopted mid-2023.

Reporting for companies to begin in four stages:

- 1 January 2024 for financial year (“**FY**”) 2025 – companies already subject to existing reporting rules under the Non-financial Reporting Directive;
- 1 January 2025 for FY 2026 - large companies not already subject to existing rules;
- 1 January 2026 for FY 2027 – listed SMEs (non-listed SMEs can opt out until 2028), captive insurance undertakings and non-complex credit institutions;
- 1 January 2028 - non-EU companies.

Scope



All **large companies** governed by the law of, or established in, an EU member state and all **EU stock exchange-listed companies** (excluding micro-companies).

Non-EU companies with substantial EU activity (ie, annual net turnover of €150m in the EU and at least one subsidiary / branch in the EU).

“Large company” meets 2 of 3 of the following **criteria**:

- at least 250 employees;
- annual turnover exceeds €40m;
- assets in excess of €20m.

Exemptions for subsidiaries if parent company’s consolidated management report complies with EU reporting standards (or, if parent established in third country, recognised equivalent reporting standards).

Obligations



Publication/reporting of sustainability information across all three ESG topics (eg, biodiversity, climate goals, human rights including forced labour, social rights, ethics, bribery, corruption) alongside financial information in directors’ reports.

EU-wide **audit** requirement for reported sustainability information (becoming more demanding over time).

Companies must **digitally tag** sustainability information for onward transmission into the European single access point database.



Pat English

Partner

T +353 1 232 2330

E pat.english@matheson.com



Garret Farrelly

Partner

E garret.farrelly@matheson.com

T +353 1 232 2074



Susanne McMenamin

Partner

E susanne.mcmenamin@matheson.com

T +353 1 232 2266



Ursula McMahan

Professional Support Lawyer

E ursula.mcmahan@matheson.com

T +353 1 232 2432

For further information, please visit Matheson’s [ESG Advisory Group](#).