

LK SHIELDS

Corporate Sustainability Reporting

21 August 2024

The CSRD and New Obligations for Irish Companies.

Certain companies in Ireland will now be required to comply with sustainability reporting requirements.

These requirements have been introduced through the European Union (Corporate Sustainability Reporting) Regulations 2024 (the CSR Regulations) and came into force on 6 July 2024.

The CSR Regulations implement the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) on corporate sustainability reporting into Irish law.

According to an official press release:

“the Directive is the EU’s response to the global reframing of company reporting to include environmental, social and governance matters which arises from the European Green Deal and the EU Action Plan for Financing Sustainable Growth.”

The CSR Regulations and reporting requirements

The CSR Regulations amend various provisions of the Companies Act 2014 and impose important new obligations on company directors, statutory auditors and accountancy regulatory bodies.

Companies will have to disclose information on the environmental, social and governance (ESG) impacts of their businesses and activities along with any associated risks and opportunities.

The intention is that sustainability reporting shall have the same status as financial reporting.

The CSR Regulations introduce new filing obligations around a sustainability report which must be included with the annual returns of those companies which are in scope.

Corporate sustainability reporting must be included within the annual director’s report and must be accompanied by a statutory auditor’s opinion. It must be produced in a single electronic format by digitally tagging the information. The sustainability information must comply with the EU sustainability reporting standards which are divided into three categories: social, environmental, and governance.

Which companies fall within the scope of the Regulations?

Large companies and listed entities, such as small and medium sized enterprises listed on a main EU stock market, will soon be required to report on sustainability.

Non-listed micro, small and medium-sized companies are excluded from this new reporting requirement.

With regard to company size classifications, the [European Union \(Adjustments of Size Criteria for Certain Companies and Groups\) Regulations 2024](#) recently increased the balance sheet turnover thresholds by approximately 25% for micro, small, medium and large companies. That resulted in more Irish companies being classified as micro and small companies for financial years commencing on or after 1 January 2024.

Those companies will benefit from abridged reporting and audit exemptions and will not fall within the remit of sustainability reporting requirements during an initial phasing-in period.

Phased implementation period applicable to Irish companies

The CSR Regulations will apply to the first wave of in-scope companies for fiscal years starting on or after 1 January 2024 (filing reports in FY2025).

In the second year of phasing-in, the CSR Regulations will be applicable to large companies and they will be required to report in 2026 on their 2025 results. Listed small and medium sized companies will be in scope of the new sustainability reporting requirements from the 2027 financial year, which will consider 2026 data.

Companies with a micro classification are exempt from the CSR Regulations.

Recommendations for applicable companies

Businesses should appoint a project owner, identify and analyse existing sustainability reporting processes, and ensure that sustainability is embedded in decision-making across an organisation which will drive sustainability reporting and integrate sustainability into an organisation's operations.

If you require assistance or advice in relation to any of the above matters, please contact our experienced Company Secretarial and Corporate Governance team.

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