

**Obligations**



The Corporate Sustainability Reporting Directive (“**CSRD**”) is an EU directive that requires in-scope companies to report extensive sustainability information in a dedicated section of their annual reports. Although an EU directive, reporting can be required in respect of companies in any country globally.

Reporting will require a limited assurance audit at the outset, but this will in time progress to a full reasonable assurance audit.

Reporting under CSRD must be performed in accordance with the European Sustainability Reporting Standards (“**ESRS**”). The first set of ESRS, which are ‘sector-agnostic’ and apply to most directly in-scope companies, across the three pillars of ESG, include standards concerning climate change, pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities, consumers and end-users and business conduct.

To determine the information to be reported under each standard, a double materiality assessment must be undertaken by each in-scope company in line with the ESRS.

CSRD must be transposed into the national laws of each EU member state; there is some scope for variance, but it is expected that the requirements will be largely harmonised across the EU.

**Timeline**



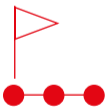
**Adoption:**

- EU Member States must transpose CSRD into national law by 6 July 2024. Irish transposing legislation is expected to be published before the July transposition deadline.
- Further sector-specific ESRS and ESRS for companies incorporated outside of the EU were due to be adopted before July 2024 but the deadline for adoption has been delayed until 2026.

**Reporting for companies commences in four stages:**

Entities	Commencement of reporting obligations
<b>Large</b> <sup>1</sup> public interest entities (ie, companies with EU-listed securities and EU-regulated credit institutions and insurance undertakings) or public interest entities that are <b>parent undertakings of a large group</b> , <sup>2</sup> in each case with more than 500 employees (including on a consolidated group basis).	Reporting in 2025 in respect of financial years commencing on or after 1 January 2024
All other <b>large undertakings or parent undertakings of a large group</b> (whether listed or not).	Reporting in 2026 in respect of financial years commencing on or after 1 January 2025
SME public interest entities (but not micro-undertakings), as well as certain captive insurance and reinsurance undertakings.	Reporting in 2027 in respect of financial years commencing on or after 1 January 2026, with some opt-outs until 2028.
Subsidiaries (either (i) large or (ii) SMEs that are public interest entities) of non-EU parent companies, where the non-EU parent company generates on a consolidated basis at least €150m turnover in the EU.	Reporting in 2029 in respect of financial years commencing on or after 1 January 2028.
Branches of non-EU companies that generate turnover of €40m and the non-EU company generates on a consolidated basis at least €150m turnover in the EU.	<b>This report must include sustainability information in respect of the non-EU parent company and its world-wide group.</b>

**Next Steps**



Preparing for CSRD is a considerable effort, involving stakeholders from across the business, requiring input from legal and other external advisors, starting with a global scoping / applicability analysis. Auditable systems and controls to collate the information to be reported need to be established before the relevant reporting financial year begins.

Companies are advised to complete a scoping analysis as a matter of urgency to determine if they are in scope for CSRD reporting and if so, when.

In-scope companies should begin CSRD readiness projects as soon as possible, particularly for businesses with significant operations across multiple jurisdictions.

1. An entity is "large" if it meets two of the following three criteria: (i) turnover in excess of €50m; (ii) balance sheet total in excess of €25m; and / or (iii) more than 250 employees.  
2. An entity is a "parent undertaking of a large group" if it meets the same criteria for a "large" entity, but on a consolidated basis including all its subsidiary undertakings in the consolidation (not just its EU subsidiaries).



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