

Corporate Sustainability Reporting Directive

Our ESG Advisory Group continues to closely monitor new developments concerning the Corporate Sustainability Reporting Directive (“**CSRD**”).

Client Event: A Discussion on the Legal and Reporting Requirements and Practical Recommendations

Matheson hosted a Knowledge Insights Event on 31 May 2023 on the legal and reporting requirements of the CSRD. Two Corporate partners, Susanne McMenamin and Fergus Bolster (moderator) were joined by guest speakers Fiona Gaskin, Partner Risk Assurance Practice PwC, and Eugene Nel, Director Accounting Advisory Practice PwC. The panel discussed the scope and application of CSRD as well as the technical reporting obligations, including double materiality assessments. The panel also gave an indication of the type of queries they are assisting clients with in preparation for reporting under CSRD. To access a recording of this event on our Matheson Knowledge Hub, please contact KnowledgeHub@Matheson.com.

ESRS Delegated Regulation

As reported previously, the European Financial Reporting Advisory Group (“**EFRAG**”) was tasked by the Commission to devise common EU Sustainability Reporting Standards (“**ESRS**”). The first draft of sector-agnostic ESRS was delivered to the Commission in November 2022.

On 9 June 2023, the Commission published a draft Delegated Regulation for public consultation, setting out the proposed final version of the first set of ESRS. As part of the consultation process, the draft Delegated Regulation will be open to public feedback until 7 July 2023.

The proposed Delegated Regulation includes a number of changes to the initial draft of ESRS provided by EFRAG in November 2022. The key changes are as follows:

- all disclosures, including those previously mandatory in nature, have been made subject to materiality assessment;
- additional phase-in periods for certain disclosures have been introduced for all companies;
- additional phase-in periods for certain disclosures have been introduced for companies with less than 750 employees;
- a number of disclosures have been made voluntary on the basis that the data collection exercise required would be too challenging; and
- drafting changes have been made to ensure interoperability with other global standards such as the ISSB and the GRI.

The Commission held a Sustainability Reporting Board meeting on 14 June 2023 to address these new changes under the draft Delegated Regulation, and confirmed that the much-needed provision of guidance from EFRAG in relation to the practicalities of materiality assessments would be published very soon. The Commission also confirmed that guidance would be published in the coming months setting out exactly how the 25% reduction in reporting requirements, as announced by the Commission President Ursula von der Leyen at the European Parliament Plenary in March 2023, would operate.

Ireland’s Implementation of CSRD

It is expected that the Government department with responsibility for the implementation of CSRD in Ireland, the Department of Enterprise Trade and Employment (“**DETE**”), will release the results of the consultation they held earlier this year in the coming weeks. Matheson made a submission to the DETE consultation and as such will receive immediate notification of the publication of the DETE response. The DETE has separately said that it currently expects to issue draft implementing legislation in respect of CSRD before the end of the year. It is hoped that this much awaited legislation will answer a number of open questions for us and our clients on the application of CSRD.

We will continue to monitor developments on CSRD and its implementation in Ireland. For more information on the above, or for further guidance and insight in respect of CSRD generally, please contact Susanne McMenamin, Michael Sinnott or your usual Matheson contact.

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