

Brian Feeney | RBK Business Advisers
CSRD | ESG
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Brian Feeney

RBK Business Advisers

- Established 1958, over 60 years in business.
- Modern offices strategically located in Dublin, Athlone & Roscommon.
- 260 Staff including 17 Partners across 3 offices
- Our team who bring a wealth of experience from both RBK and “Big Four” backgrounds.
- Ireland’s largest independently branded accountancy firm.
- Ranked 12th in the National League by Revenue size.
- Unique position in the market – a large indigenous firm with a local service and all the sophisticated skills and services.
- International reach – sole Irish member of LEA Global
- <http://www.leaglobal.com>

Corporate Sustainability Reporting Directive

About RBK

-  What is CSRD and why is it important?
-  Timeline
-  Impact on businesses
-  Reporting and Assurance
-  Next steps – How RBK can help

What is CSRD



Why is it important?

Key component of the European Union's commitment to transform itself into a modern, resource-efficient and competitive economy with the aim of being climate neutral by 2050.

Restoring and protecting the world's ecosystems and ensuring that the EU delivers stability, jobs, growth and capital flow towards sustainable investment.

Combat "greenwashing".

What is "greenwashing"?

- Involves making false, misleading or unsubstantiated claims about activities and how they impact on the environment.
- The ultimate effect of greenwashing is deceiving stakeholders into incorrectly believing that products have a positive environmental impact, or a more favourable environmental impact than they actually have.

Greenwashing can take a number of forms, including:

- Incorrectly claiming that products are "environmentally friendly";
- Incorrectly claiming that a product uses fully recyclable packaging;
- Giving a disproportionate amount of advertising to a "green" element of a product, where that element forms a small part of an otherwise environmentally unfriendly product; and
- Using vague and misleading packaging, often using terms that sound "green".

Why is it important?

Key component of the European Union's commitment to transform itself into a modern, resource-efficient and competitive economy with the aim of being climate neutral by 2050.

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Combat "greenwashing".

Despite existing rules requiring companies to report on certain sustainability matters...

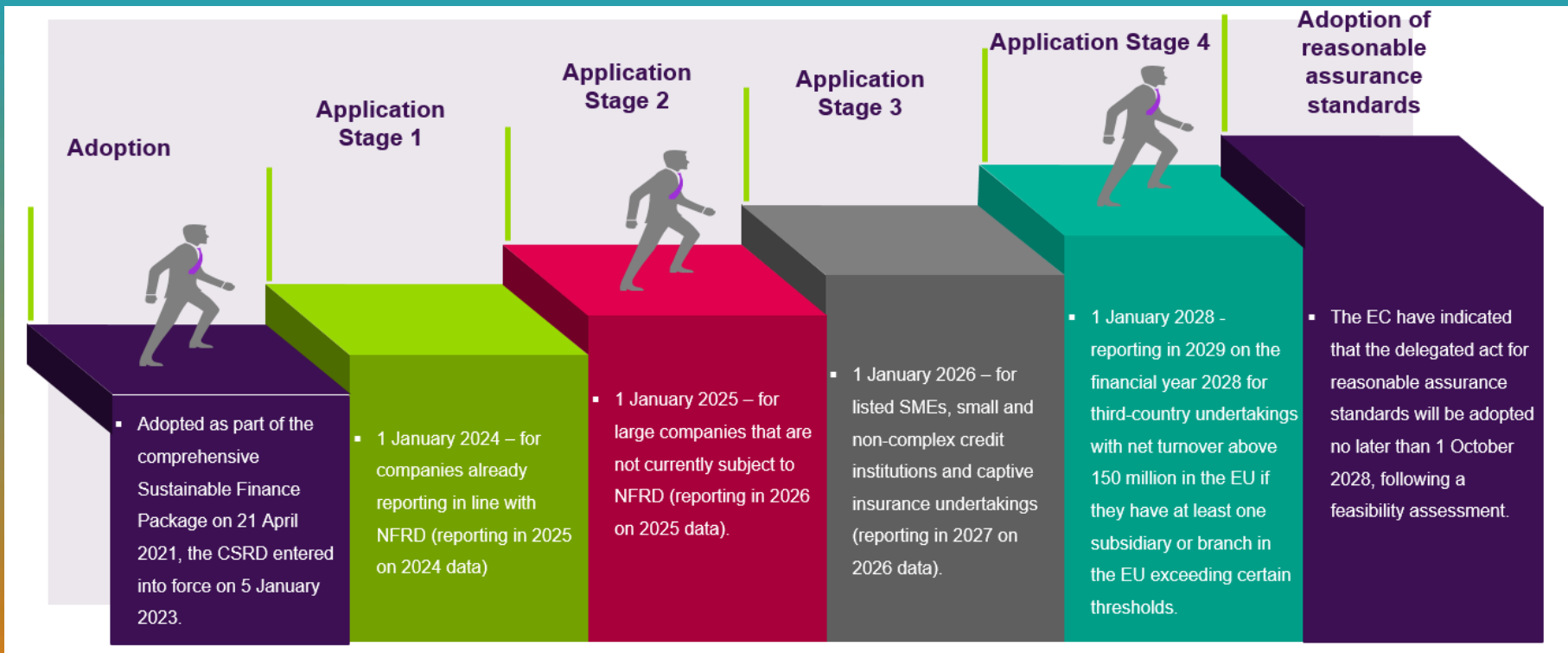
many undertakings do not disclose all material information on all major sustainability-related topics;

there is limited comparability between companies on sustainability-related topics;

there is a lack of reliability of sustainability-related information being reported; and

many entities from which users need sustainability-related information are not obliged to report this information

Timeline



Who does CSRD impact?

- Expands the scope of sustainability reporting, affecting approximately **50,000 companies** across Europe (as of 2023), **three quarters of business** in the European Economic Area.
 - Companies listed on regulated markets in the EU (apart from listed micro-enterprises), and large companies (large company defined as meeting two out of three of the following criteria, taking into account information at subsidiary level :
 - more than 250 employees,
 - a turnover of over €40 million and
 - over €20m total assets.
 - Listed SMEs, although there will be a transitional period when SMEs can opt out until 2028. However, there are big benefits for SMEs to comply with the reporting; and
 - Non-EU companies with a net turnover of €150 million in the EU, and with at least one subsidiary or branch in the union.

How will changes affect businesses?

Requirement for more detailed sustainability reporting, covering environmental, social and human rights issues, plus governance factors.

Publish a sustainability statement in a dedicated section of the company management reports /annual report.
(Not a separate report)
Further information is included in ESRS 1

Companies will need to provide information that is:

- Qualitative and quantitative;
- Forward-looking and retrospective; and
- Based in the short, medium and long-term.

CSRD aims to lower companies' reporting costs over the medium to long-term, but might be an increased costs initially.

Growing demand from investors and other stakeholders for corporate sustainability information.

Better accessibility of information –
Information feeds into a digital open access database.
Sustainability information must be disclosed in a format that is both “human-readable and machine-readable”. (European Single Electronic Format with electronic tagging)

Mandatory assurance for reporting by an independent assurance service providers to make sure information is accurate and reliable.

Double Materiality

Financial Materiality

How sustainability factors affect the financial performance of the company

- Assess risks/ opportunities that have/could have a material influence on the entity's:
 - Financial position
 - Financial performance
 - Cash flows
 - Access to finance or cost of capital over the short, medium and long term
- Determine which are material based on:
 - Scenarios/forecasts deemed likely to materialize
 - Potential financial effects related to sustainability

Impact Materiality

The company's impact on society and the environment

- Steps:
 - Understand the context in relation to activities, business relationships and stakeholders;
 - Identify the actual and potential impacts (positive and negative);
 - Assess the materiality of actual and potential impacts
 - Determine which impacts will be covered in sustainability statement.

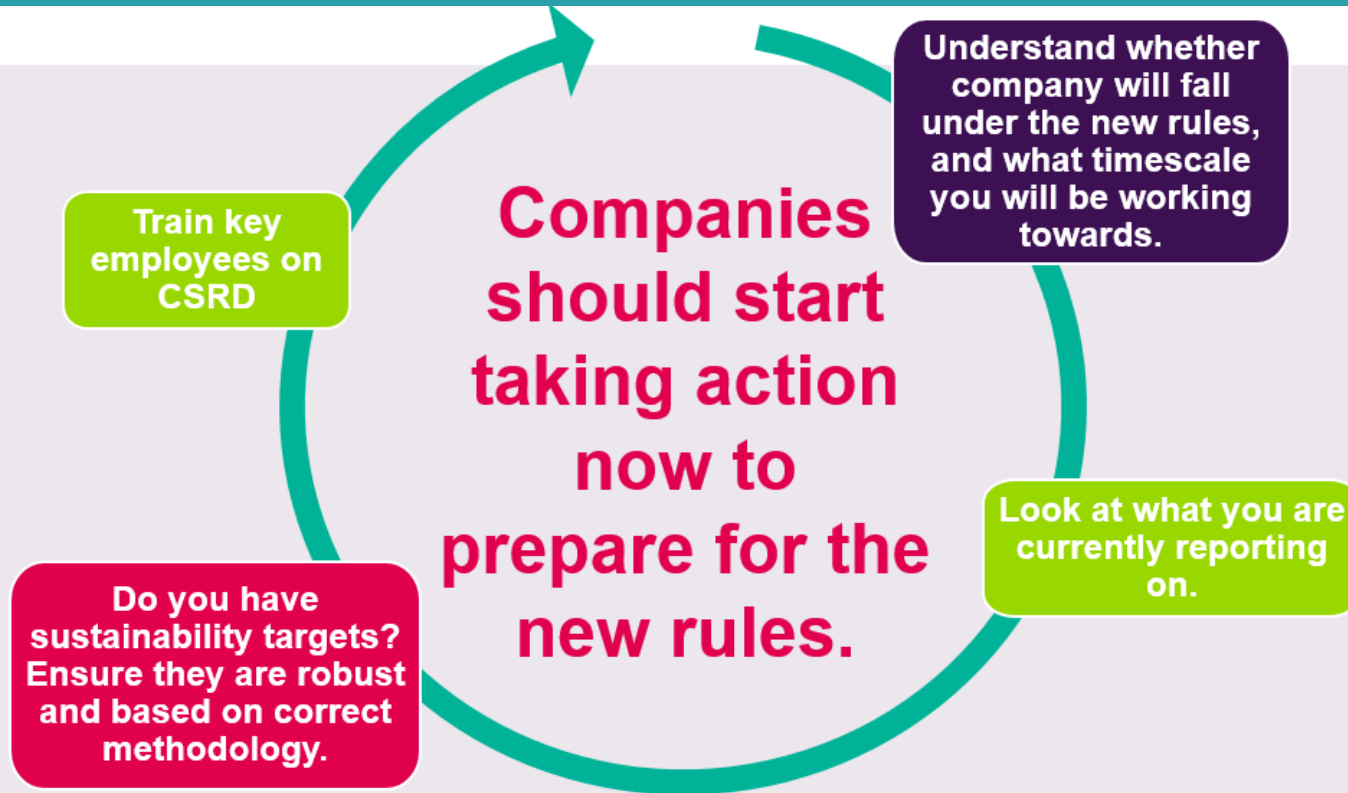
Positive impacts - based on the scale and scope for **actual impacts** and the scale, scope and likelihood of **potential impacts**.

Negative impacts - based on the severity of the impact for **actual impacts** and severity and likelihood of the impact for **potential impacts**.

Assurance

- **Assurance is a fundamental component of a reliable sustainability reporting regime**
 - Will be required for all companies reporting
 - First assurance assignments carried out on a **limited assurance basis**
 - Transition to **reasonable assurance** when EC adopt standards for sustainability reporting (1 Oct 2028)
 - Opinion to cover
 - Compliance of sustainability reporting with the ESRS;
 - Compliance with the requirement to mark-up sustainability reporting;
 - The process carried out to identify the information reported; and
 - Compliance with the reporting requirements of Article 8 of the EU Taxonomy Regulation.
 - Currently, assurance on sustainability information must be provided by an **approved statutory auditor/audit firm**, However, the introduction of independent assurance services providers for the purpose of providing assurance on the sustainability reporting of companies in Ireland will be coming.

Take action



How we can help?

CSRD Gap Analysis

We can identify gaps between the company's current reporting, and what will be required under the ESRS (CSRD) standards.

Through this engagement, we can provide the organisation with a detailed roadmap on steps necessary to achieve compliance.

Double materiality assessment

Undertaking a double materiality assessment is required under the CSRD. Assessing double materiality, we can identify and prioritise the ESG topics that the company will need to report on.

Assurance readiness

Ensuring the organisation has appropriate data, processes and controls before mandatory assurance on CSRD reporting comes into effect is critical.

Undertaking some targeted assurance procedures is highly recommended before the organisation reports for the first time.

Assurance

Obtaining assurance over ESG reporting can take many forms – limited assurance, reasonable assurance etc.

Next Steps





**Group Discussion
Share Experiences**

