



CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD): LA PROPOSTA

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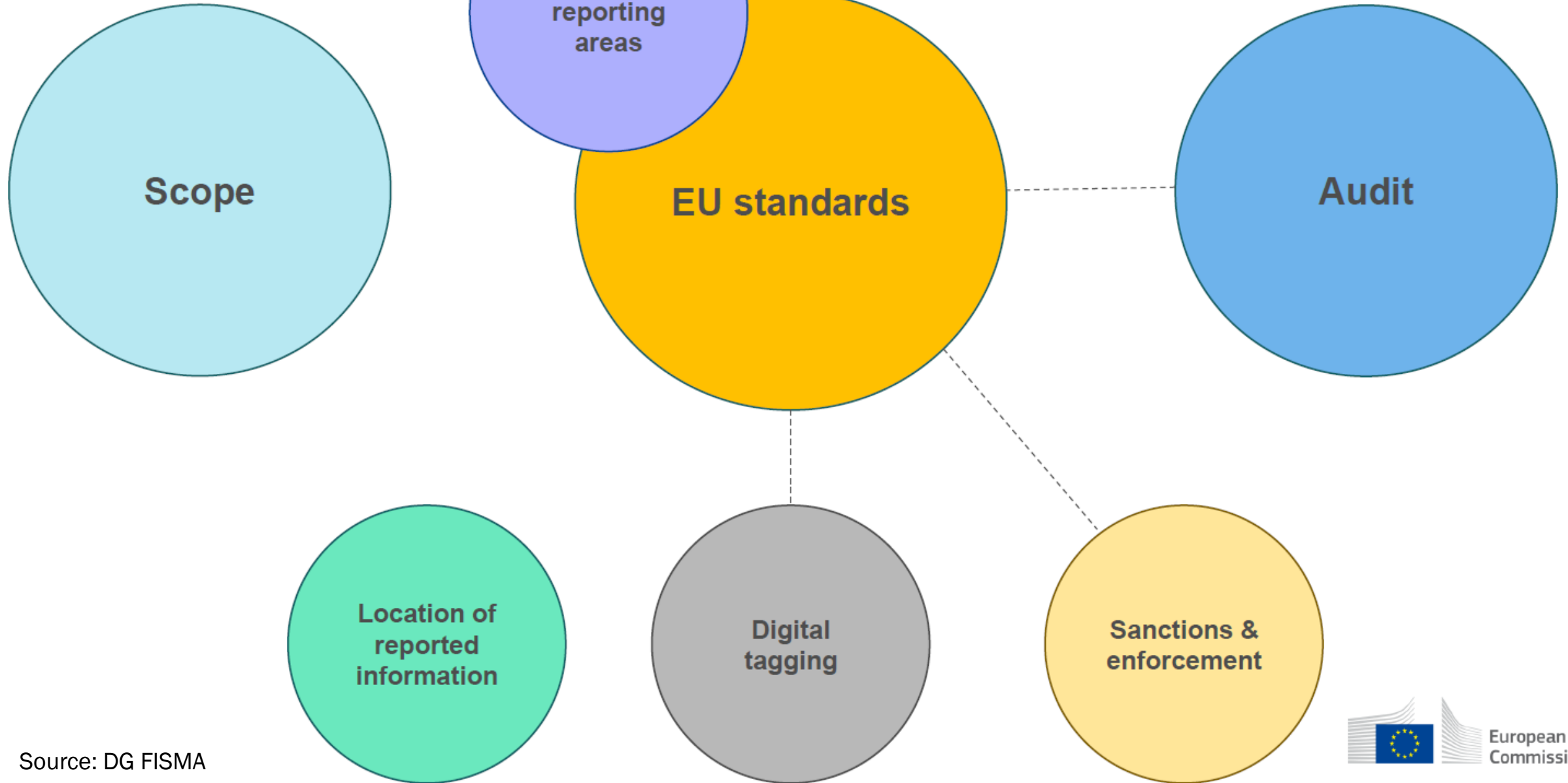
CSRD = amending Directive



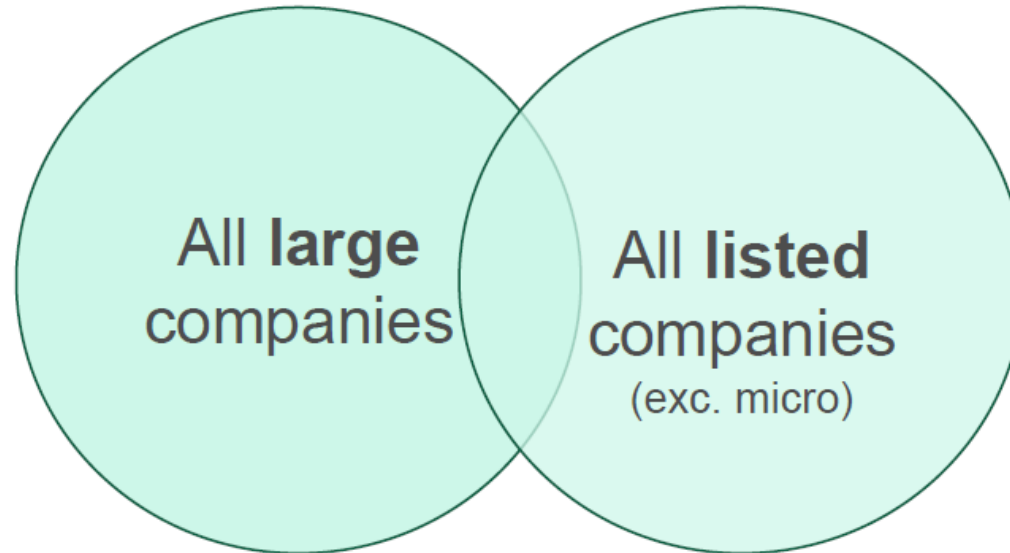
- **Accounting Directive**
- **Transparency Directive**
- **Audit Directive**
- **Audit Regulation**

CONTENT OF PROPOSAL: LEGAL STRUCTURE

Content of proposal
Main changes



REVISED SCOPE: WHICH COMPANIES?



- Includes non-EU companies listed on EU regulated markets.
- Listed SMEs: 3 year phase-in, and simpler reporting regime.
- Subsidiary exempted if parent reports according to EU requirements (or equivalent if non-EU company).

- Article 1, paragraphs 1, 3 and 7; Article 2, paragraph 2
- Recitals: 15-23



BREAK 1



- Environmental
- Social and employee matters
- Respect for human rights
- Anti-corruption and bribery matters
- Governance matters

Sustainable Finance Disclosure Regulation

- Article 1, paragraph 2
- Recital: 24

Source: DG FISMA

DEFINITION OF SUSTAINABILITY MATTERS

SUSTAINABILITY TOPICS

Environment

1. Climate change mitigation
2. Climate change adaptation
3. Water & marine
4. Resource use & CE
5. Pollution
6. Biodiversity & ecosystems

Mirrors EU Taxonomy

Social

1. Equal opportunities
2. Working conditions
3. Human rights

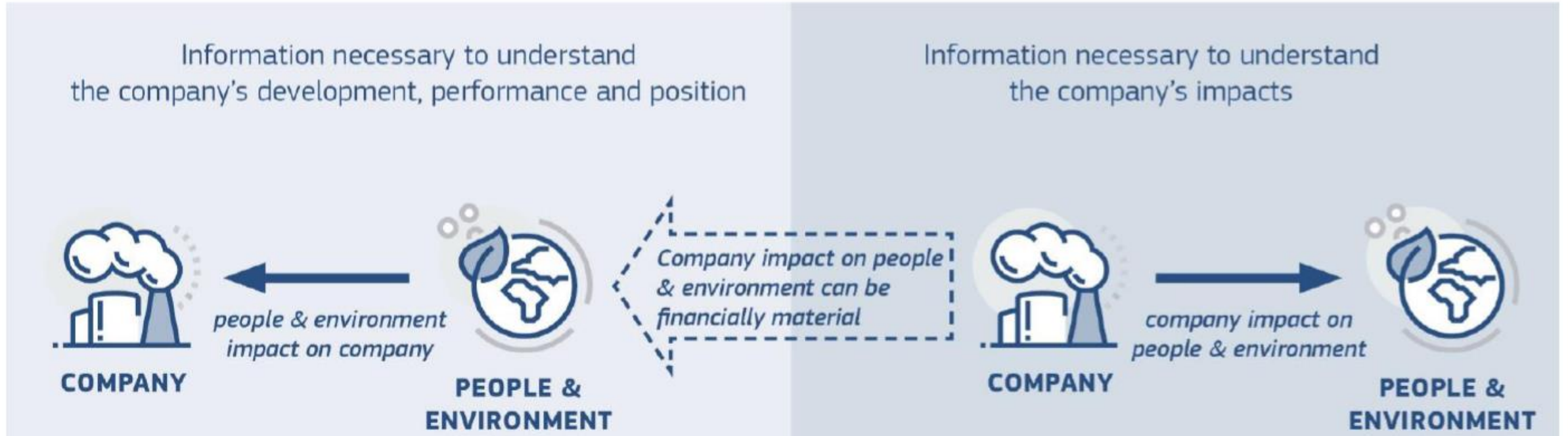
1 & 2 build on European Pillar of Social Rights

Governance

1. Role & composition of board and management
2. Ethics & corp. culture (inc. bribery & corruption)
3. Political engagements
4. Business relationships
5. Control & risk management

- Article 19b, paragraph 2
- Recitals: 40, 43, 44

THE CSRD CLARIFIES THAT REPORTING IS REQUIRED BOTH ON:



DOUBLE MATERIALITY

REQUIRED REPORTING AREAS

Business model and strategy...

- resilience
- opportunities
- transition plans
- interests of stakeholders
- impacts
- strategy implementation

And...

- targets and progress
- role of board & management
- policies
- due diligence process
- principal adverse impacts
- principal risks and risk management
- indicators
- process to identify information reported
- intangibles

- Article 1, paragraphs 3 and 7
- Recital: 26-31

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- ✓ Forward-looking and retrospective
 - ✓ Qualitative and quantitative
 - ✓ Short, medium and long-term horizons
 - ✓ Value chain, business relationships
 - ✓ Understandability, relevance, reliability, verifiability, faithful representation

OTHER REQUIREMENTS OF REPORTED INFORMATION

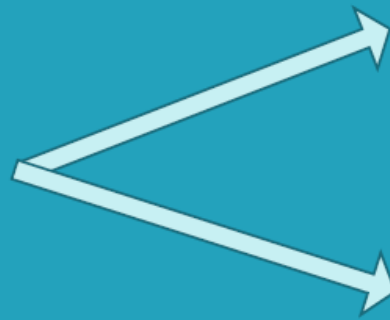


BREAK 2



- Standards for large companies → Mandatory

- Standards for SMEs



Mandatory - for **SMEs under scope**
(with securities listed on EU regulated
markets)

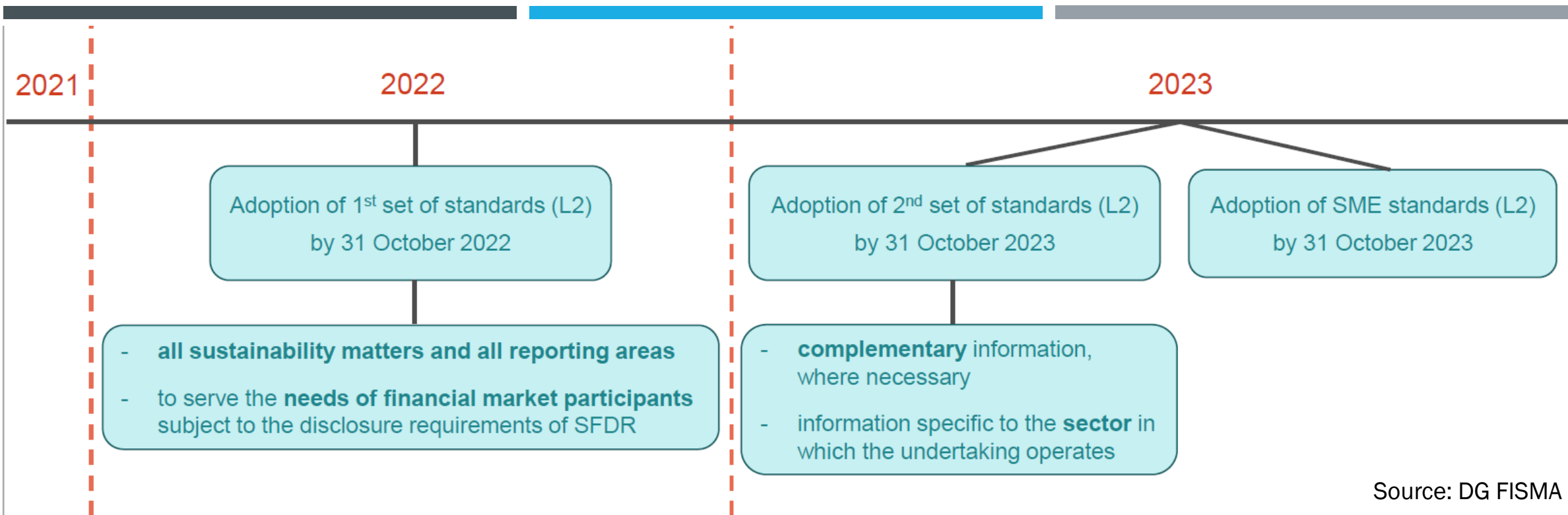
Voluntary - for **all other SMEs**

STANDARDS

- ✓ meet quality criteria
- ✓ cover detailed E, S and G topics
- ✓ take account of EU legislation and initiatives
- ✓ take account of global standard-setting initiatives

- ✓ European Financial Reporting Advisory Group (**EFRAG**) develops **draft standards**
- ✓ **Commission** adopts standards as **Delegated Acts** after consulting relevant EU bodies

STANDARDS



TIMELINE FOR THE DEVELOPMENT OF STANDARDS (ASSUMING POLITICAL AGREEMENT IN Q1/Q2 2022)

Management report

Exempted subsidiary companies: publish the consolidated management report of the parent company, and include a reference in its individual management report to the fact that it is exempted.

LOCATION: WHERE SHOULD INFORMATION BE REPORTED?

What?

- **'Limited assurance'**
- **'Reasonable assurance'** if Commission adopts assurance standards for reasonable assurance

Who?

- **Statutory auditor**
- If MS allows for it, **any other accredited independent assurance services provider**

ASSURANCE

Companies

- ❑ financial statements and management report in a single electronic reporting format (**XHTML**)
- ❑ **mark-up sustainability information** only, to make it machine readable

Member States

- ❑ ensure that information is **published in electronic format**
- ❑ ensure that reported **information reaches Officially Appointed Mechanisms (OAMs)** → ESAP

DIGITIZATION



BREAK 3



NEXT STEPS: INDICATIVE TIMELINE

- **21 April 2021:** Commission adopts proposal
- **Q1/Q2 2022:** Co-legislators reach agreement on level 1
- **Mid-2022:** first set of draft standards ready
- **End-2022:** first standards adopted in level 2 Delegated Regulations
- **2024:** companies publish first reports according to standards (covering financial year 2023)

The development of standards will begin in parallel to negotiations on the level 1 legislation.

Source: DG FISMA



Q&A

