

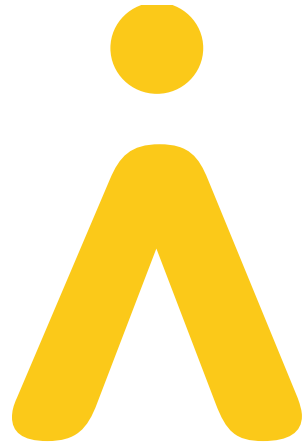
Chamber of Auditors of the Czech Republic and
Faculty of finance and Accounting, Prague University of Economics and Business

ESG Conference

Prague, Czech Republic

1 June 2023

Vita Ramanauskaitė, Head of Sustainability
Accountancy Europe



**ACCOUNTANCY
EUROPE.**



**CLOSE TO 1 MILLION
PROFESSIONALS**



**26 EU
MEMBER STATES**



50 INSTITUTES



35 COUNTRIES

WHAT WE DO



Facilitate members **cooperation**



Dialogue with policymakers



Help shape the profession's **future**

3

OUR STRATEGIC PRIORITIES

Support a **sustainable & just transition**

Advance the **corporate governance ecosystem**

Shape the **profession's future & attractiveness**

ONGOING ACTIVITIES

- Corporate reporting
- SMEs (LCE)
- Tax

- Anti-money laundering
- Public sector
- Ethics

- Professional bodies' roles
- Digitalisation
- ...



What's on the mind of EU policymakers?

“

*Becoming the world's first **climate-neutral** continent ... by 2050*



- **Green Deal**
 - CSRD implementation
 - European Sustainability Reporting Standards
 - sustainability assurance
 - But also taxonomy regulation implementation, circular economy package...
 - Initiatives to prevent greenwashing
- EFRAG, ISSB, GRI
- Sustainable corporate governance
-



EU CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

Policy objectives

- Direct capital flows towards **sustainable investment**
- Manage **financial risks** from climate change, social issues
- Foster **transparency** and **long-termism**
- Increase **accountability** of companies on the environment and society



Law transposition in EU Member States
=
18 months after publication in the official
journal of the EU

(by 6 July 2024)

CSRD scope

Subsidiary exemption

Large companies



Listed entities



- *Except listed micro-enterprises*
- *For listed SMEs: (1) simpler, proportionate standards applicable; (2) Possibility to opt out for the 2 first years*

Non-EU companies with branches/subsidiaries in the EU above certain thresholds



- *€150M net turnover + a subsidiary/branch*
- *Separate standards*
- *Not covering all reporting areas: impact focus, no reporting on risks*

CSRD - value chain – impact for SMEs

“[...] a description of the principal actual or potential adverse impacts connected with the group’s own operations **and with its value chain**, including its products and services, its business relationships **and its supply chain**”



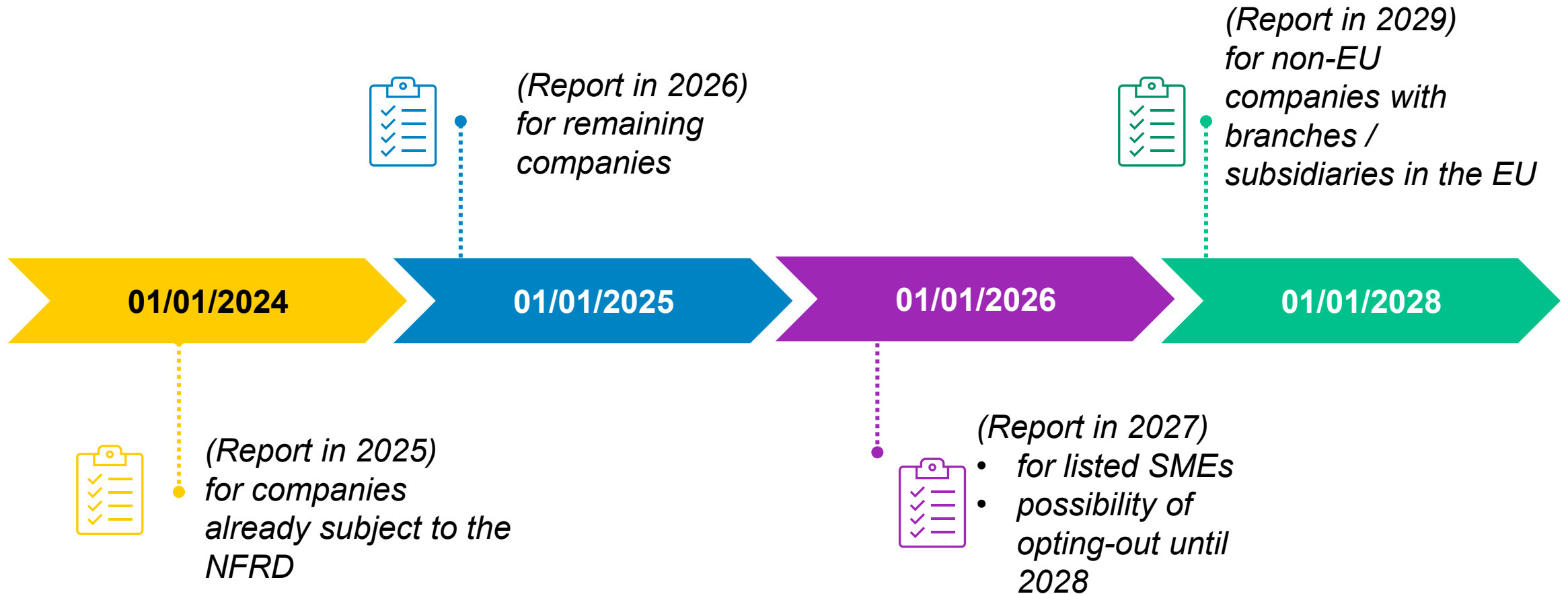
The CSRD allows a **3-year period** to disclose all the information regarding the value chain of the undertaking



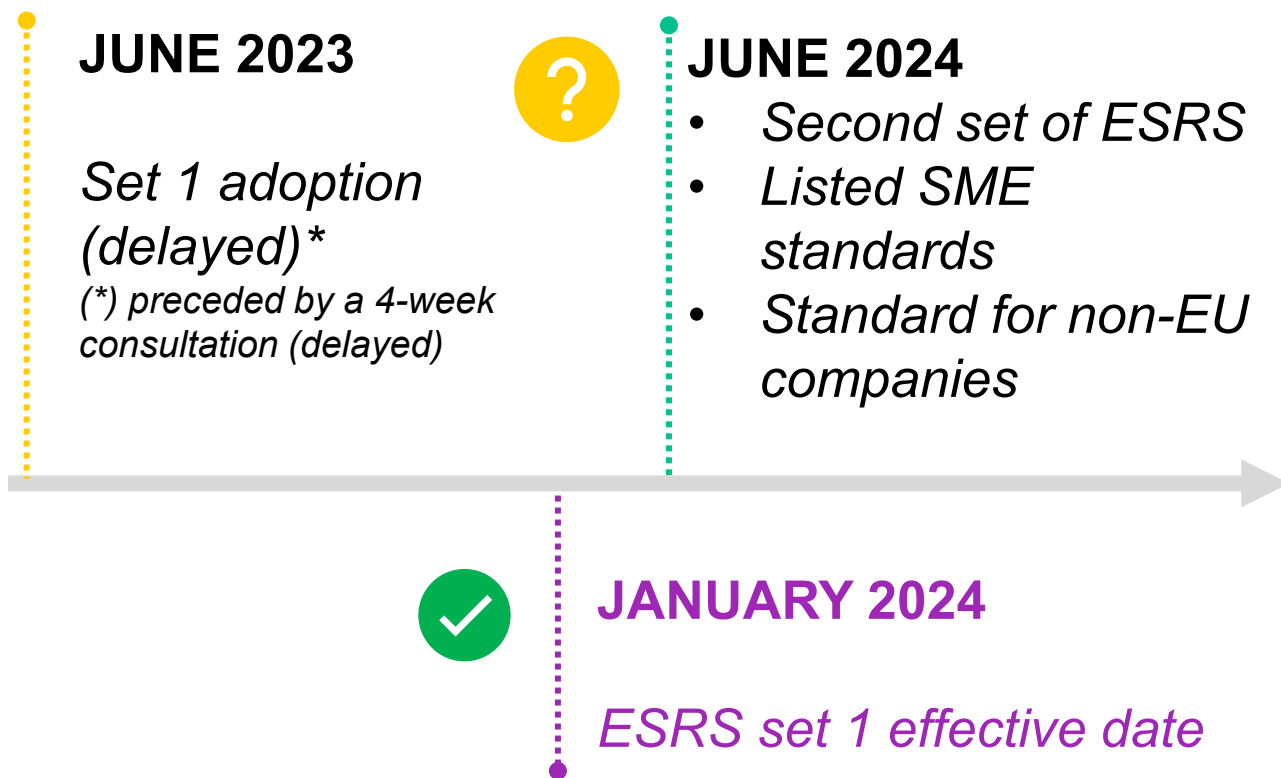
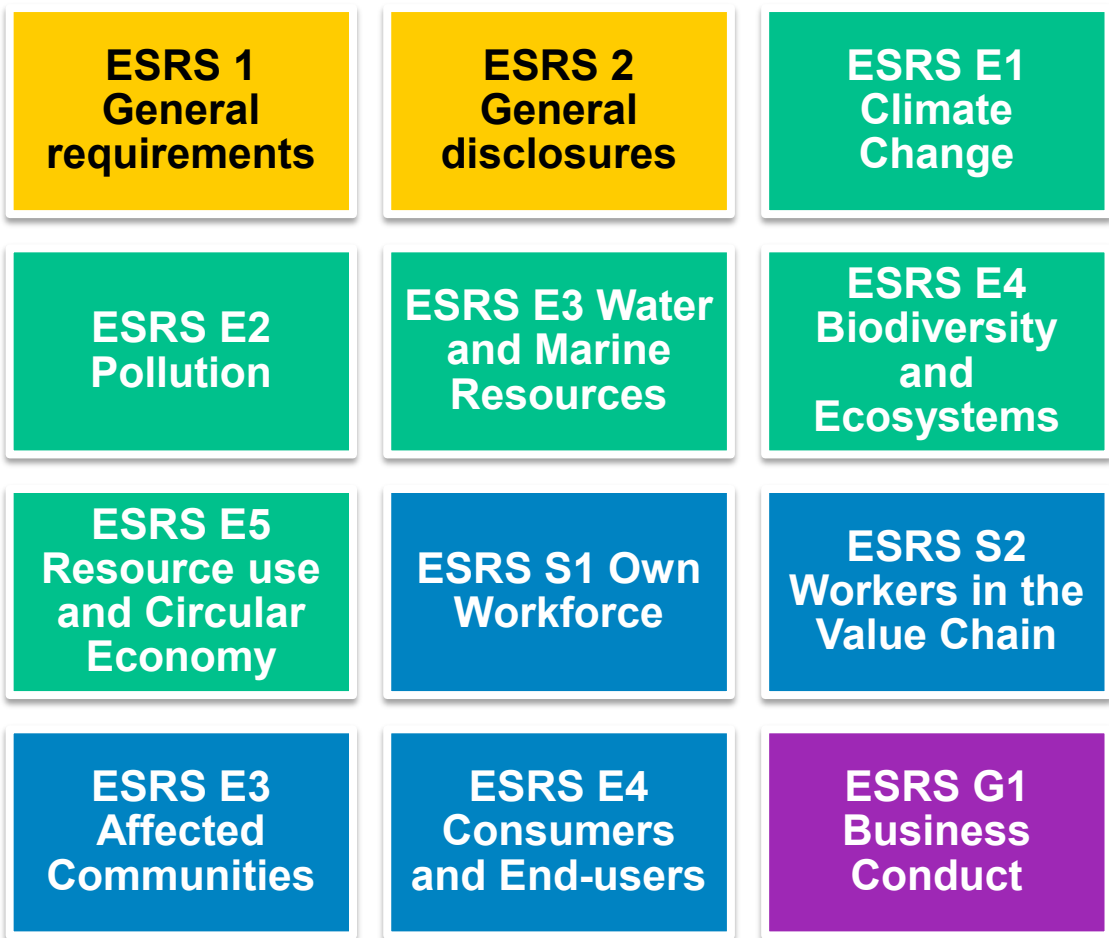
Value chain and SMEs:

Disclosure Requirements must be **proportionate** to the characteristics of the entity
Larger undertakings will not be able to require SMEs in their value chain to disclose information that exceeds the information required by the ESRS for SMEs

CSRD phased-in



ESRS state of play



CSRD: assurance

- EU-wide **limited assurance requirement** → **reasonable assurance** (audit)
- Statutory auditor opinion on sustainability reporting
- EU assurance standards adoption via delegated acts:
 - **limited assurance standards** by 1/10/2026
 - **reasonable assurance standards** by 1/10/2028

EU assurance standards

IAASB is developing sustainability assurance standard (ISSA 5000)



- agnostic & suitable reporting framework
- double materiality
- limited and reasonable assurance engagements
- for auditors and non-practitioners

***EC = observer in the IAASB
DG FISMA monitors development and adoption.
→ Could be basis for the EC delegated act(s) on assurance***



The accountancy profession's role

Profession's role & responsibility in sustainability



MEASURE



ADVISE



REPORT



ASSURE



**Our prime public
interest duty**

CSRD impacts to the accountancy profession

1. **SCOPE => Large & listed entities** disclose sustainability information in the management report, **SMEs** via value chain
2. **REPORTING STANDARDS => Digital**, machine-readable reporting format according to **standards** developed by EFRAG & adopted by EC
3. **ASSURANCE => Limited assurance** required, move to **reasonable assurance** in the medium term
4. **EDUCATION => Professional education** and CPD to be adapted to acquire knowledge in sustainability reporting and assurance

CSRD – education requirements

- **Theoretical & practical** knowledge on sustainability reporting and assurance via continuing education
- **8 months** of practical training in sustainability assurance or other sustainability related services + theoretical **exam**

Enhance our reputation & relevance
→ *Proactivity & response to the demand*

Accountancy Europe's role

- Raise awareness & best practice exchange amongst member bodies

EU GREEN WEEK
ACCOUNTANCY EUROPE

OUR MEMBERS' INITIATIVES IN SUSTAINABILITY EDUCATION

Developing green skills for finance professionals
Building capacity for a fair and sustainable transition

June 8
4:00 – 5:15 PM
Online

EUROPEAN YEAR OF SKILLS

Think Ahead ACCA ACCOUNTANCY EUROPE
IFAC International Federation of Accountants

3-11 June 2023
#EUGreenWeek PARTNER EVENT



Accountancy Europe's work

Legislative

Reporting

Standard setting

Assurance

Education

CONSULTATION RESPONSE

CONSULTATION RESPONSE

CONSULTATION RESPONSE



MEMBER STATE IMPLEMENTATION OF EU DIRECTIVE ON NON-FINANCIAL & DIVERSITY INFORMATION

22 October 2019

SUSTAINABLE FINANCE CALL TO ACTION

ACHIEVING HIGH QUALITY & CONSISTENT REPORTING

Category: Good Governance & Sustainable Economy

Reporting & Transparency

Tag: Future corporate reporting, non-financial reporting

Sustainability: Sustainable finance

ACCOUNTANCY EUROPE.

CORE & MORE

An opportunity for smarter corporate reporting

September 2017

ACCOUNTANCY EUROPE.

A CONSTRUCTIVE TWO-WAY COOPERATION TO SUSTAINABILITY REPORTING STANDARD-SETTING

JULY 2021

ACCOUNTANCY EUROPE.

INTERCONNECTED STANDARD SETTING FOR CORPORATE REPORTING

18 September 2017

ENHANCING THE COORDINATION OF NON-FINANCIAL INFORMATION INITIATIVES & FRAMEWORKS

CALL FOR ACTION

ACCOUNTANCY EUROPE.

SETTING UP FOR HIGH-QUALITY NON-FINANCIAL INFORMATION ASSURANCE IN EUROPE

Position paper

ACCOUNTANCY EUROPE.

SUSTAINABILITY ASSURANCE UNDER THE CSRD

Key matters to consider in the upcoming CSRD requirements

Discussion paper

IDEAS.

18 OCT & 18 NOV 2022

ACCOUNTANCY EUROPE.

TOWARDS RELIABLE NON-FINANCIAL INFORMATION ACROSS EUROPE

Factsheet

14 September 2021

SUSTAINABILITY EDUCATION MEMBERS' INITIATIVES

Category: Good Governance & Sustainable Economy

Reporting & Transparency

Tag: Future corporate reporting, non-financial reporting

Sustainability: Sustainable finance

16 June 2022: ECA publishes research agreement on the Corporate Sustainability Reporting Directive (CSRD). The initiative addresses sustainability reporting requirements for all non-financial companies. It also introduces an EU-wide digital assurance system, a first for sustainability information.

The CSRD comes with additional requirements for the reliability assurance of non-financial information. This will require a high level of technical and practical knowledge on the part of the assurance providers and the companies being audited. This is a major step for the accountancy profession and getting the necessary skills will be the most crucial position for setting up the continental network of high-quality assurance for the CSRD.

Accountancy Europe sees an excellent opportunity to get joint position statements from the profession across Europe. This page shows you the background and the key messages to the CSRD. For more information contact info@accountancyeurope.eu

Content on this website is managed by the European Chamber of Accountants and Auditors

23 November 2022

FAQS: ALL YOU NEED TO KNOW ABOUT THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

FACTSHEET

Category: Good Governance & Sustainable Economy

Tag: Assurance, EFRAG, ESRS, Future audit & assurance

Future corporate reporting, Green recovery, EFRAG, non-financial assurance, non-financial reporting, RNF/SNF, Standard-setting oversight, Sustainability, Sustainable finance

23 November 2022

EFRAG SRB ISSUES FIRST SET OF DRAFT EU SUSTAINABILITY REPORTING STANDARDS STATEMENT

Category: Good Governance & Sustainable Economy

Reporting & Transparency

Tag: EFRAG, ESRS, Future corporate reporting, Standard-setting oversight, Statement, Trust

3 July 2008

CALL FOR ACTION – SUSTAINABILITY DISCLOSURES IN FINANCIAL INFORMATION CAN BE IMPROVED

18 April 2002

PROVIDING ASSURANCE ON SUSTAINABILITY REPORTS

17 December 2008

CALL FOR ACTION – NEED TO INCREASE EDUCATION IN SUSTAINABILITY FOR ACCOUNTANTS AND MANAGEMENT!

THANK YOU

STAY CONNECTED



@AccountancyEU

@AccountancySME



Accountancy Europe