CSRD

Who does it impact and how?

Who does it affect?

The European Union foresees a timeline for different types of companies, which will come into effect the coming years.

Four type of companies are defined by the European Union:

- NFRD-companies (so-called)

  - Companies that are already mandated to report on sustainability by the previous Non-Financial Reporting Directive (NFRD). This a group of about 11.000 companies.

- Large Companies

  - Large companies are defined as companies above 250 employees, 50 million in revenu, 25 million in assets. The definition of size criteria for micro, small, medium-sized and large undertakings or groups has been changed on 17 october 2023.

- Listed SME's (exception of micro-undertakings)

  - All listed SME's in the EU

  - Except micro-undertakings: balance sheet below 437 500 euro, and net trunover below 875 000 euro.

- Undertakings or groups with an activity lager than 150 million euro's in the European Union

When does it affect who?

- **NFRD companies**

(Companies already impacted by NFRD)

- o + 500 employees
- o + 40M€ turnover

- **Large companies defined as:**

(2 out of 3 criteria needed to apply)

- o + 250 employees
- o + 50M€ turnover
- o + 25M€ assets

- **Listed SME's**

- o All listed SME's in Europe
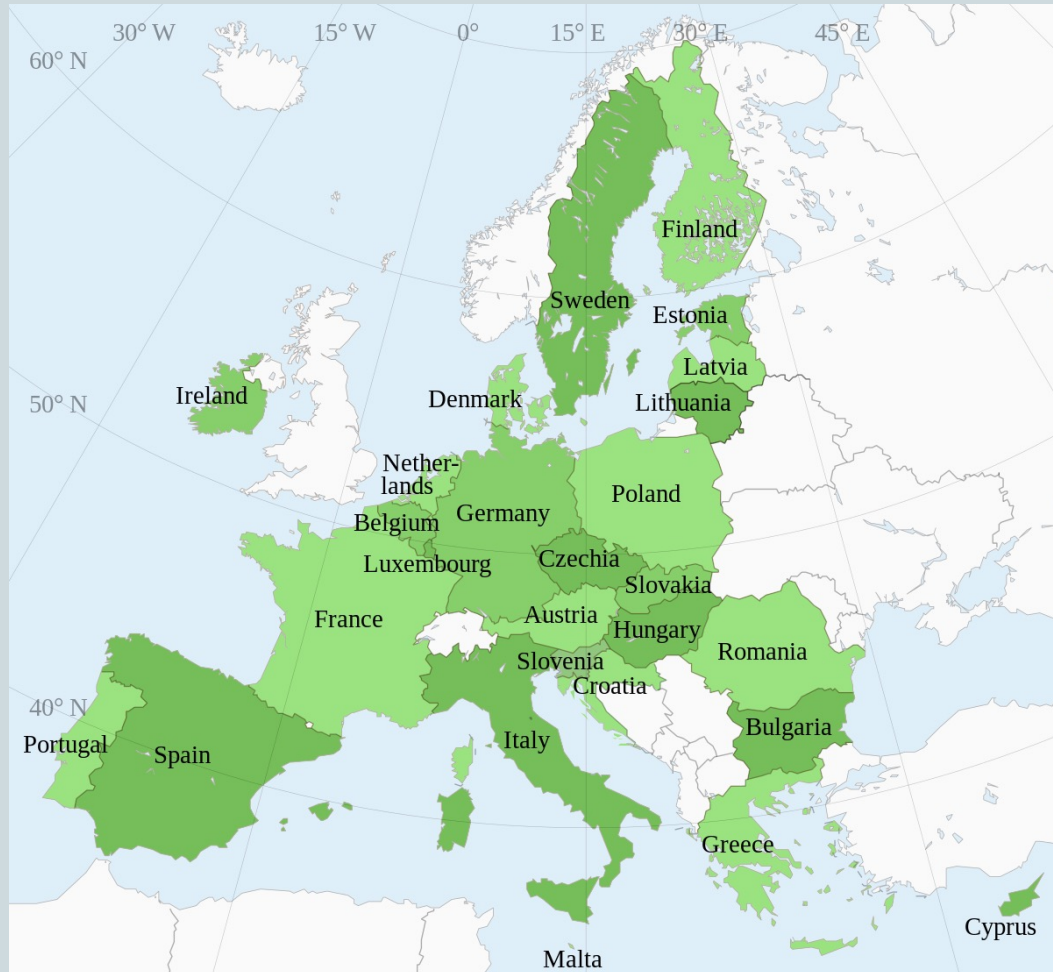- o Except micro-undertakings,

- **Third-country companies with a 'large' activity in the European Union**

- o Large defined as + 150M€ turnover in the EU and at least one subsidiary or branch in the EU

	FY' 24	FY' 25	FY' 26	FY' 27	FY' 28	FY'29
NFRD						
Large						
Listed SME's						
Non-EU parent companies						
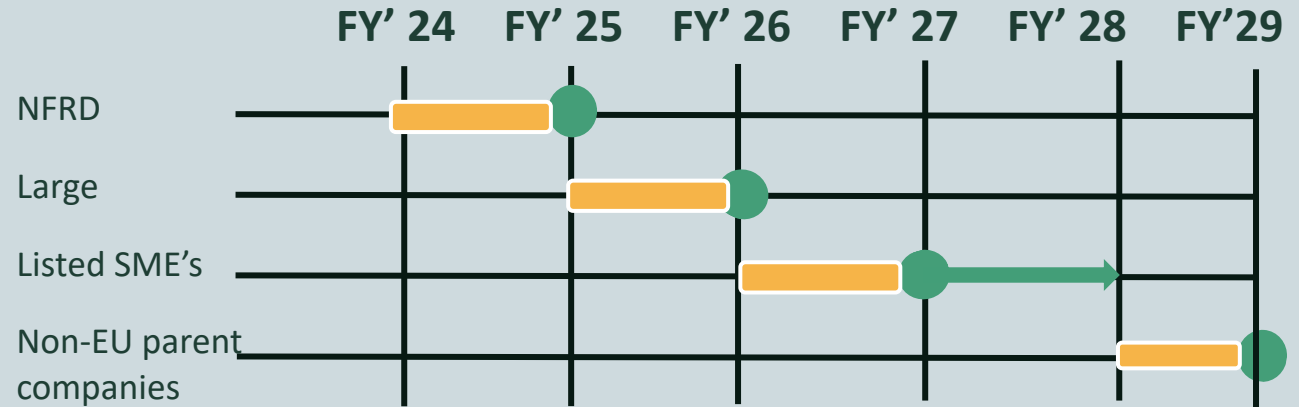
*Report is due one year after fiscal year

Overview companies in European Union

The number of companies directly impacted by the CSRD is about 50.000 companies, of which the European Union in Eurostat has a clear seperation per industry.

Enterprises - number	Large (250+ persons employed)
Mining and quarrying	143
Manufacturing	15.557
Electricity, gas, steam and air conditionir	:
Water supply; sewerage, waste managem	860
Construction	2.000
Wholesale and retail trade; repair of moto	7.433
Transportation and storage	3.200
Accommodation and food service activitie	1.518
Information and communication	2.739
Financial and insurance activities	2.389
Real estate activities	386
Professional, scientific and technical acti	2.468
Administrative and support service activit	5.537
Education	610
Human health and social work activities	5.272
Arts, entertainment and recreation	462
Repair of computers and personal and hou	:
Other personal service activities	220
Total	50.794

*SBS – Overview – 9-11-2023

Groups with EU parent and non-EU subsidiaries. What are implications for non-EU subsidiaries and EU Parent?

Groups with EU parent

- Sustainability reporting is mandatory at consolidated level for European companies that are parent companies of a 'large group'. A large group follows the same definitions as any other company on level of turnover, assets and employees.

- If the company reports consolidated, specific situations in subsidiaries should provide additional information on those subsidiaries. But an individual sustainability report is not required.

Non-EU Subsidiaries

- Non-EU Subsidiaries are exempt from preparing their own sustainability report if their European parent company prepares a consolidated sustainability report in accordance with CSRD that includes (where applicable) its subsidiaries.

- They are also exempt from CSRD obligations if they don't meet the requirements for CSRD obligations of third country undertakings.

Groups with non-EU parent and EU subsidiaries. What are implications for EU subsidiaries and non-EU Parent?

- A (parent) company based outside the European Union must apply the CSRD if it turnover is above 150Million in the EU.

- When, a subsidiary in the EU has a branch with net sales exceeding 40M€. This subsidiary should report this sustainability report.

- If not met, the company could fall under CSRD obligations. This means that a subsidiary in EU has to publish a report before the group with non-EU parent is obliged. But, only the largest subsidiary (largest turnover last 5 years) has to produce a single, comprehensive consolidated sustainability report.

What happens when you have new entities that are added along the way? Do you have to change the reporting?

- **The reporting obligations of the existing entity**: If the newly added entities have an impact on the materiality analysis of the undertaking, then this should make it into the report.

- **The reporting obligations of the new entity**: The new entity can only be subject to CRSD obligations if it falls within the scope of the CRSD for two consecutive fiscal years.

Limited & Reasonable Assurance

- The auditor or expert will have to provide, a conclusion on

    - compliance with the CSRD, including the ESRS,

    - the process carried out by the company to determine the information reported under the ESRS (in other words, the materiality analysis),

    - the marking of the sustainability report with a digital tag,

    - the key performance indicators used in the report.

- By 1st october 2026 additional guidelines on assurance will be adopted. In the meantime auditors or experts should base themselves on International Standards on Assurance Engagements (ISAE), specifically ISAE 3000 (Assurance Engagements other than audits or reviews of historical financial infromation).

- The assurance opinion must be made available.

Control by the government and penalties/liabilities for non- compliancy with CSRD?

- Sanctions are foreseen by CSRD, and member states can provide an additional system.

  - Fine of 50K to 10K euro's

  - Imprisonment up to 1 year

- Member states might raise these, and build a system for the external auditors as well.

Boundaries for CSRD reporting
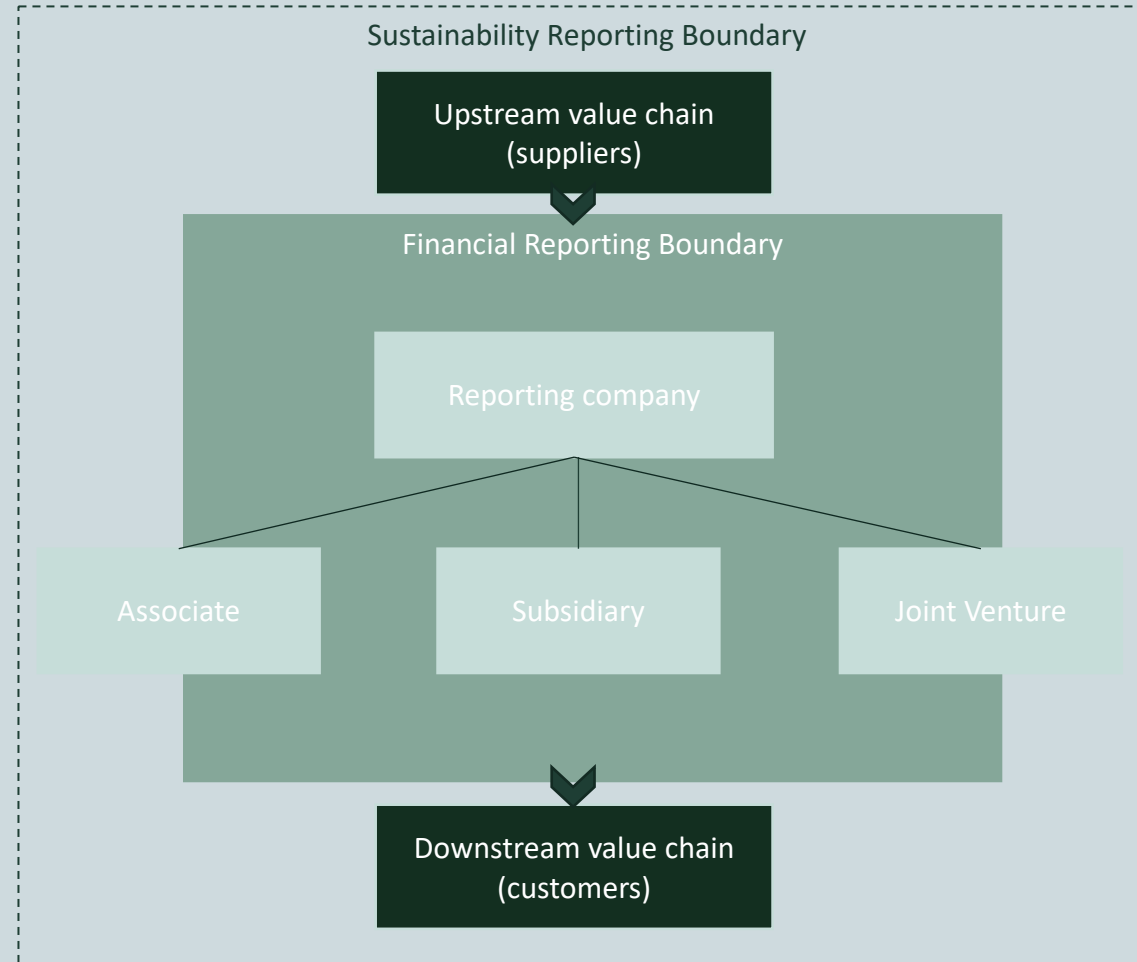
The effect for an SME?

- Dependent on whom you sell too

- Market is going faster than regulation at the moment

- Development of the VSME to align with European Standards

Tutor – Sebastiaan De Block

Contactdetails:

- **Sebastiaan.deblock@t-ee.eu**

- **0494 77 50 33**

- **https://www.linkedin.com/in/sebastiaandeblock/**