

OACAG insights: Corporate Sustainability Reporting

(November 2024) Revised August 2025

This guidance note has been developed for directors and management of companies audited by the Comptroller and Auditor General to assist them in understanding their responsibilities in implementing new corporate sustainability reports.

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Note: Table 1.1 has been updated to incorporate EU Directive 2025/794 known as the “Stop the clock directive” which postpones the reporting requirements for companies who fall under the scope of the original Corporate Sustainability Reporting Directive by two years. Further changes are expected to be agreed by the end of 2025 under the main Omnibus¹ proposal.

On the 6 July 2024, the Minister for Enterprise, Trade and Employment signed SI 336/2024² transposing the EU Directive 2022/2464 known as the Corporate Sustainability Reporting Directive (CSRD) into Irish law. Further to this in July 2025, SI 309/2025 transposed EU Directive 2025/794 into Irish law known as the EU “Stop the Clock” directive. Companies coming within the scope of the legislation will have to publish audited sustainability reports according to timelines set out in the legislation.

The Directive harmonises the EU rules for sustainability reporting by companies and places it on the same footing as financial reporting, ensuring that stakeholders have access to information to assess risks arising from climate change and other sustainability issues. The annual directors’ report will now require, in a clearly identifiable section, information on

- strategy, targets and governance
- climate transition plans aligned to limit global warming
- material impacts, risks and opportunities through business relationships with the whole value chain for all sustainability related issues.

The new reporting requirements will be phased in over the financial years from 2024 to 2028.

This guidance provides an overview on the new sustainability reporting requirements.

Audit insights

This guidance is part of a programme of work to identify and share learning opportunities for bodies by providing information on common recurring issues and good practice examples, identified through our financial audit and performance audit work.

¹ The omnibus proposal includes a number of amendments aimed at simplifying reporting requirements, focusing the rules on larger companies.
² EU (Corporate Sustainability Reporting) Regulations 2024.

Which companies come within the scope of the legislation?

Most State bodies are established under their own legislation and are usually not formed as companies. At this stage, sustainability reporting requirements are being introduced under company law and therefore apply only to those State bodies established as companies. Sustainability reporting is being implemented on a graduated basis as follows:

Table 1.1 Corporate Sustainability Reporting Requirements

<i>Category of company</i>	<i>Financial years commencing on or after</i>
Large <i>public interest companies</i> - with an average of over 500 employees	1 January 2024
Other large companies	1 January 2027
Listed small or medium companies	1 January 2028
Large subsidiaries and branches of non-EU companies with a net turnover of €150 million in the EU	1 January 2028

Note: Large public interest companies include banks, insurers and companies listed on a main EU market. Large companies are companies which meet any two of the three following conditions in the current and preceding years: (i) turnover greater than €50 million (ii) Balance Sheet greater than €25 million (iii) more than 250 employees on average. Listed small and medium companies are those small and medium companies listed on a main EU market.

As a company's circumstances change it will be necessary for management and directors to review whether their company comes within the scope of the legislation.

What does sustainability reporting involve?

Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS). The standards have been developed by the EFRAG (European Financial Reporting Advisory Group), an independent body bringing together various different stakeholders.

The first set of ESRS published by the European Commission in December 2023 comprised twelve standards, of which two are cross-cutting and apply to all companies, covering issues such as general principles to be applied when reporting and identifying what is critical to disclose irrespective of which sustainability issue is being considered.

The remaining ten standards cover specific sustainability issues, including: climate, biodiversity and ecosystems, water and marine resources, own workforce, workers in the value chain and business conduct. These standards apply to companies under the scope of the CSRD regardless of which sector they operate in. They are tailored to EU policies, while building on and contributing to international standardisation initiatives.

An important feature of CSRD reporting is the multi-stakeholder focus, so companies will have to report sustainability information using the double materiality concept, which considers both the impact materiality and financial materiality perspectives.

The annual directors' report will now require, in a clearly identifiable section, disclosures on matters such as

- key intangible resources (resources without physical substance on which the business model of the company fundamentally depends and are a source of value creation)
- an explanation on how the business model of the company fundamentally depends on such resources
- information necessary to understand the company's impacts on sustainability matters including a brief description of the company's business model and strategy, time-bound targets such as emission reduction targets, and a number of other specific matters to be reported upon
- information necessary to understand how the sustainability matters affect the company's development, performance and position.

Under the legislation, the information must be reported in accordance with the ESRS.

The directors' report will need to be produced in single electronic format by digitally tagging the information making it more amenable to digital analysis.

What is the assurance framework?

In tandem with the development of the reporting frameworks and standards, there has been a need to put in place an appropriate assurance framework. As with financial audit, assurance is critical in making information reliable and is therefore essential for users of sustainability reports. The assurance framework is overseen by the International Auditing and Assurance Standards Board (IAASB) - the independent standard setting body which also develops standards for financial audit.

The IAASB has developed a new overarching standard titled *International Standard on Sustainability Assurance (ISSA) 5000, General Requirements for Sustainability*

Assurance Engagements which applies to both 'reasonable assurance' and 'limited assurance' engagements³.

ISSA 5000 is a principles-based standard, focused on principles or outcomes rather than procedures or steps. This allows assurance practitioners to apply their professional judgment in planning and performing the engagement. This approach supports the scalability and comprehensiveness of the standard by limiting possible exceptions from the principles that apply and demonstrating how a requirement applies to all entities regardless of, for example, the type of entity, industry, sector, or complexity. ISSA 5000 can also be used by all practitioners (i.e. not confined to statutory auditors), as long as they comply with relevant ethical and quality management requirements.

The information reported under CSRD will be subject to a limited assurance audit until the adoption of 'reasonable sustainability assurance' standards by the Commission, if feasible, by 2028.

Who can provide assurance on the sustainability reports?

Companies falling within the remit of the legislation will need to appoint an assurance practitioner (CSRD auditor) for the purpose of providing assurance on annual sustainability reports.

- The CSRD auditor may or may not be the statutory auditor of the financial statements i.e. CSRD is a separate contractual engagement by the company.
- The legislation sets out the process for authorising individuals or firms to undertake CSRD audit work which will fall to the recognised accountancy bodies.
- The legislation also specifies the eligibility criteria including that the person or firm must be a registered statutory auditor and hold an appropriate qualification in sustainability reporting or have passed an aptitude test on CSRD.
- The Irish Auditing and Accounting Supervisory Authority (IAASA) has a regulatory role in relation to the above matters.⁴

By definition, the Comptroller and Auditor General does not have a role in providing assurance on sustainability reports. Therefore, it will be necessary for any companies coming within scope to engage appropriate individuals or firms to perform the reviews of sustainability reports.

³ *Reasonable sustainability assurance* is a high level of assurance where the conclusion is expressed in a form that conveys the practitioner's opinion on the outcome of the measurement or evaluation, including presentation and disclosure, of the sustainability matters against the applicable criteria. Limited assurance is a lower level of assurance where the conclusion is given in a form that conveys whether, based on the procedures performed and evidence obtained, a matter(s) has come to the practitioner's attention to cause the practitioner to believe the sustainability information is materially misstated.

⁴ IAASA has adopted ISAE (Ireland) 3000 to be applied by auditors performing engagements required by CSRD.