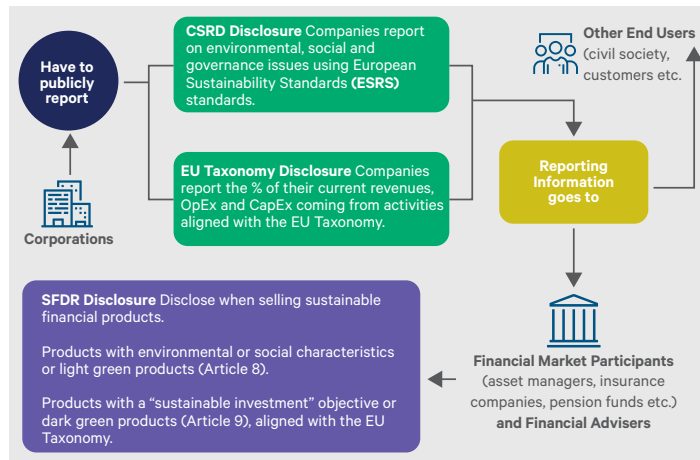


Requirement

Mandatory sustainability reporting across material Environmental Social and Governance (ESG) topics is inbound for EU and UK corporates. So extensive is the scale of the data required from reporting legislation such as the incoming EU Corporate Sustainability Reporting Directive (CSRD), that corporates need to prepare for these ESG regulatory reporting demands. They will bring clarity and consolidation across a range of reporting standards, but will be complex for business to navigate initially.

Fig. 1: EU Sustainable Finance Action Plan



How can Davy Horizons help you?

Davy Horizons can support by assessing your preparedness for these upcoming ESG Reporting requirements. This will include:

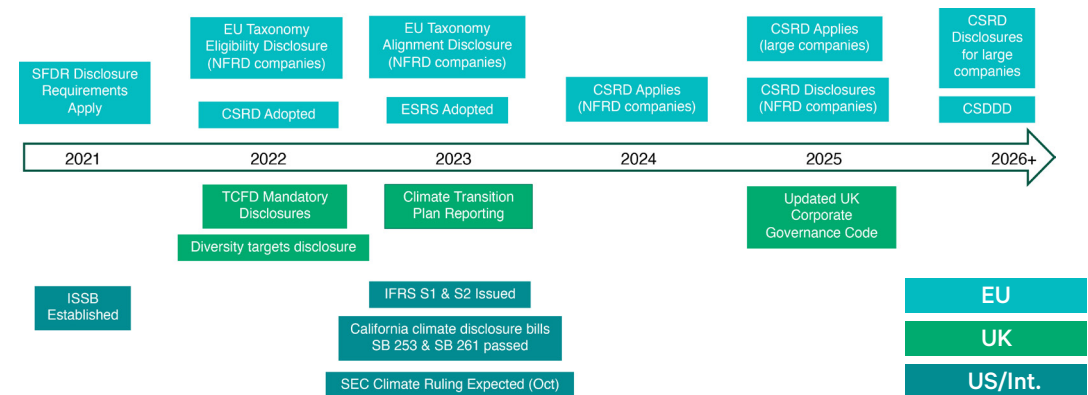
- A Horizon Scan of what is upcoming for your organisation, considering specific sector, size and legal obligations.
- Assessment of your current approach to data collection, sustainability reporting and ESG in investor relations portals, against what you will need for upcoming ESG reporting requirements.
- Development of a roadmap outlining key milestone actions for your organisation to meet the new mandatory requirements in the time required.
- Undertake the Double Materiality Assessment with stakeholder engagement CSRD requires. This is to identify material impacts and associated financial risks & opportunities.
- Undertake a CSRD Gap Analysis and checklist of actions to make reporting CSRD compliant.

So, what's in store?

Corporate Sustainability Reporting Directive (CSRD)

- On 5th January 2023 the Corporate Sustainability Reporting Directive (CSRD) entered into force. This new directive modernises and strengthens the rules about the environmental, social and governance information that companies must report on and will require mandatory assurance of non-financial information.
- The first companies will have to apply the new rules from financial year 2024, for reports published in 2025. Entities in scope of CSRD will be required to comply with 12 detailed ESG reporting standards - the European Sustainability Reporting Standards (ESRS).
- The Directive also requires companies to undertake Double Materiality assessments to determine impacts the company has on the environment and society and also financial related risks and opportunities to the company.

Fig. 2: Sustainability reporting requirements timeline



EU Taxonomy

- Under Article 8 of the EU Taxonomy Regulation, in scope companies must report the Taxonomy eligibility and alignment of their activities. Activities are aligned when they substantially contribute to an environmental objective, do no significant harm to the other objectives and meet minimum social safeguards.

Fig. 3: EU Taxonomy environmental objectives





IFRS Standards

- Following the publication of the ISSB Standards—IFRS S1 and IFRS S2—the monitoring of TCFD moves from the Financial Stability Board to the IFRS Foundation. Any future requirements will come under the IFRS standards.
- In June 2023, the ISSB issued its inaugural Standards – IFRS S1 on General Sustainability-related Disclosures and IFRS S2 on Climate-related Disclosures. Reporting under the ISSB will initially be voluntary, although the ISSB’s goal is that international regulators will endorse the standards for mandatory use worldwide in mainstream financial and sustainability reporting. The UK has already indicated that its incoming disclosure standards, set to be issued by 2024 will be based on the ISSB standards.



Taskforce on Climate-related Financial Disclosures (TCFD)

- Disclosure of climate-related risks and opportunities, in line with TCFD recommendations is now in force and mandatory for larger UK firms, since 6th April 2022.



UK Transition Plan Taskforce (TPT)

- The TPT published its new disclosure framework for UK companies to disclose their climate transition plans. Consultation has finished on the framework and the Final Disclosure Framework and Implementation Guidance was published in October 2023.



Data, digitisation and assurance

- New reporting templates, tools and digitisation are driving more granular data collection to support the new legal requirements and will improve data quality. The requirement for assurance of ESG data will help avoid greenwash.

Contact us

Are you ready to take the next step?
 Talk to us today.
 Email sustainability@davy.ie
 or visit davy.ie/horizons

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ESG Reporting Summary

Fig 4: ESG reporting summary

Requirement	Who	When	What	Action required
Corporate Sustainability Reporting Directive (CSRD)	Large, listed corporates > 500 employees	FY 2024 (publication 2025)	Comply with 12 detailed ESRS reporting standards Phased introduction of certain requirements	Prepare to submit an ESRS-compliant report
	Large EU corporates (including EU subsidiaries of non-EU parent companies) who exceed at least two of the following criteria: <ul style="list-style-type: none"> 250+ employees Total balance of €20m+ Revenue of €50m 	FY 2025 (publication 2026)		Conduct a Double Materiality Assessment
	Listed SMEs (including non-EU listed) FY2026 (publication 2027), but with an option to opt out of the reporting requirements for a further two years.	FY 2028 (publication 2029)		Gather required information
	Non-EU companies to report at Group level if they generate: <ul style="list-style-type: none"> Revenue > €150m/ yr in the EU Have an EU branch with turnover > €40m or a subsidiary that is large or listed SME 	FY2028 (publication 2029)		Prepare for digital data tagging 3rd Party Assurance
EU Taxonomy disclosures - Article 8 EU Taxonomy Regulation	Companies subject to the NFRD. From 2024 and 2025, companies subject to the CSRD (see thresholds above).	From 2022	Report on the eligibility and alignment of company activities with the EU Taxonomy	Assess business activities eligibility or alignment to EU Taxonomy
				Determine whether activities significantly contribute to any one of the six environmental objectives and do no significant harm to the remaining five, also that the activity meets the minimum safeguard requirements
				Report alignment of turnover, CapEx and OpEx of business activities with the EU Taxonomy
Taskforce on Climate-related Financial Disclosures (TCFD) - now monitored by the IFRS Foundation	UK listed or AIM registered companies with >500 employees, or any UK registered company with >500 employees and turnover >£500m	FY 2022 (publication 2023)	Disclosure of climate-related risks and opportunities, in line with TCFD recommendations	Incorporate climate disclosures in annual reports
	The principles of TCFD are integrated into the ISSB’s standards and future TCFD adoption will be unnecessary for those that use the standards.			Disclose material climate change related risks and opportunities
				Climate change in corporate governance, strategy, risk
				Performance measures and targets
ISSB Standards	Initially voluntary, with individual jurisdictions to introduce mandatory	June 2023	Entities required to disclose information about sustainability-related and climate-related risks and opportunities	Disclose sustainability and climate-related information including climate risk disclosures aligned to the recommendations of the TCFD e.g. physical and transition climate-related risks and opportunities, climate resilience, Climate Transition Plans, and GHG emissions (Scope 1, 2 and 3)
UK Transition Plan Taskforce (TPT) Disclosure Framework	UK listed companies and financial firms	2026	Publication of plans to reduce GHG emissions and transition to a net zero economy by 2050	Companies to disclose their plans to cut GHG emissions as they transition to a net zero economy by 2050. Companies will be expected to use the framework to disclose their transition plans in a robust and credible way