

To: Public Affairs & Communications Committee, Corporate Reporting WG, Long Term Investments & Sustainable Finance PG

Council adopts its position on the CSRD

On 24 February, the Council [agreed](#) on its position on the European Commission (EC) proposal for a Corporate Sustainability Reporting Directive (CSRD).

In its [position](#), the Council has introduced the following main changes to the EC proposal:

- **Scope:** The Council clarifies how sustainability reporting requirements apply to banks and insurance companies. A definition of net turnover for credit institutions and insurance companies has been added in order to take their specific features into account.
- **Exemption for subsidiary undertakings:** The Council has opted to maintain the exemption (Article 19a(7a) and Article 29a(7a) of the Accounting Directive)
- **SMEs – reporting requirements:** The Council has strengthened the possibility for SMEs to limit the information to be provided (except for SMEs which are also parent companies of large undertakings).
- **Location of reporting:** Provision is made for the disclosure of information in a clearly identifiable section in the management report.
- **Assurance:** The EC is expected to adopt reasonable assurance standards following an assessment to determine if reasonable assurance is feasible for auditors and for undertakings. The EC should adopt reasonable assurance standards no later than 6 years after entry into force.
- **Timeline:** Gradual deadlines are proposed as follows:
 - 1 January 2024 for NFRD companies: large undertakings which are Public Interest Entities (PIEs)(500+ employees) and PIEs which are parent undertakings of a large group (500+ employees)
 - 1 January 2025 for other large undertakings and other parent undertakings of a large group
 - 1 January 2026 for listed SMEs, small and non-complex institutions, and captive insurance and reinsurance undertakings

Latest developments

The secretariat has shared a preliminary assessment of the Council's position (for more information, please see [ECO-CORP-22-033](#)).

Next steps

- The reached position provides the Council presidency with a mandate for negotiations with the European Parliament, which are expected to start in spring 2022, once the EP has also adopted a position.

For more info

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