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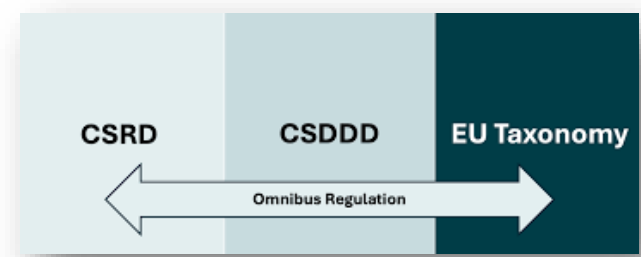
CSRD and Standardization

Giacomo Riccio

UNI – Italian Standardization Body



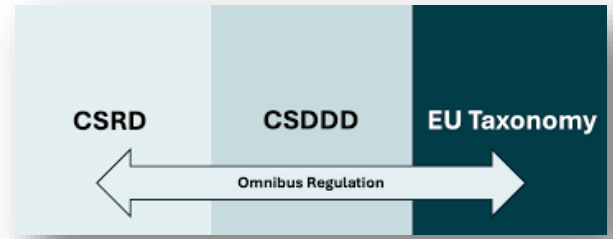
THE OMNIBUS PACKAGE (proposed by the EC on 26th Feb 2025)



CSRD Compliance Criteria	New CSRD Requirements (Omnibus Update)	Previous CSRD Requirements
Employee Threshold	More than 1,000 employees required for CSRD applicability	Threshold at 250+ employees
Turnover Threshold	Must exceed €50M turnover (if >1,000 employees)	€50M turnover threshold applied independently
Balance Sheet Threshold	Or exceed €25M balance sheet total (if >1,000 employees)	€25M balance sheet threshold applied independently
SMEs Inclusion	Listed SMEs fully exempt	Listed SMEs included , but could opt out for two years
Reporting Scope Reduction	80% of companies removed from CSRD scope	Broader scope , included companies with 250+ employees
Sector-Specific Standards	No sector-specific standards will be introduced	Sector-specific standards were planned
Assurance Requirements	Limited assurance remains , transition to reasonable assurance removed	Limited assurance , with a possible future shift to reasonable assurance
Wave 1 (Large PIEs, >500 employees)	Reports in 2025 for FY 2024 (unchanged)	Reports in 2025 for FY 2024
Wave 2 (Large, >250 employees)	Delayed to 2028 for FY 2027 (previously 2026)	Reports in 2026 for FY 2025
Wave 3 (Listed SMEs, small credit & insurance institutions)	Delayed to 2029 for FY 2028 (previously 2027)	Reports in 2027 for FY 2026 (with opt-out until 2028)



THE OMNIBUS PACKAGE (proposed by the EC on 26th Feb 2025)



First Reporting according to OMNIBUS, February 26

Financial Year
2024

Large public-interest entities

- Listed companies
- Reporting under NFRD
- With > 500 employees

CSRD:

No change

Financial Year
2027 2025

Large EU Undertakings

- Listed & unlisted companies
- Meeting at least 2 criteria:
 - 250+ 1000+ employees
 - €25M+ total assets
 - €50M+ net revenue

Financial Year
2026

Small and medium-sized EU enterprises (SME)

- Listed SME
- Meeting at least 2 criteria:
 - 10-250 employees
 - €450K-€25M assets
 - €900K-€50M revenue

Voluntary only: "light" templates will be provided by EFRAG

Financial Year
2028

Third-country undertakings (Non-EU companies):

- €150M+ net revenue in the EU
- Meeting at least 1 criteria:
 - EU Branch with €40M+ net revenue

No change



So what should enterprise do now?

If the CSRD reporting architecture is being downsized and we do not know yet what will be the final list of ESRS (and data points), what could enterprises that are willing to implement sustainability reporting and practices do?

USE THE EXISTING STANDARDS!



What is a standard?

The EU Regulation 1025/2012 on European Standardisation and the Italian Legislative Decree 223/2017

Proper Standards VS Proprietary schemes

Official Journal

of the European Union



Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

- (1) 'standard' means a technical specification, adopted by a recognised standardisation body, for repeated or continuous application, with which compliance is not compulsory, and which is one of the following:
 - (a) 'international standard' means a standard adopted by an international standardisation body;
 - (b) 'European standard' means a standard adopted by a European standardisation organisation;
 - (c) 'harmonised standard' means a European standard adopted on the basis of a request made by the Commission for the application of Union harmonisation legislation;
 - (d) 'national standard' means a standard adopted by a national standardisation body;



Standardization happens at different levels



National



European



International



The CEN members



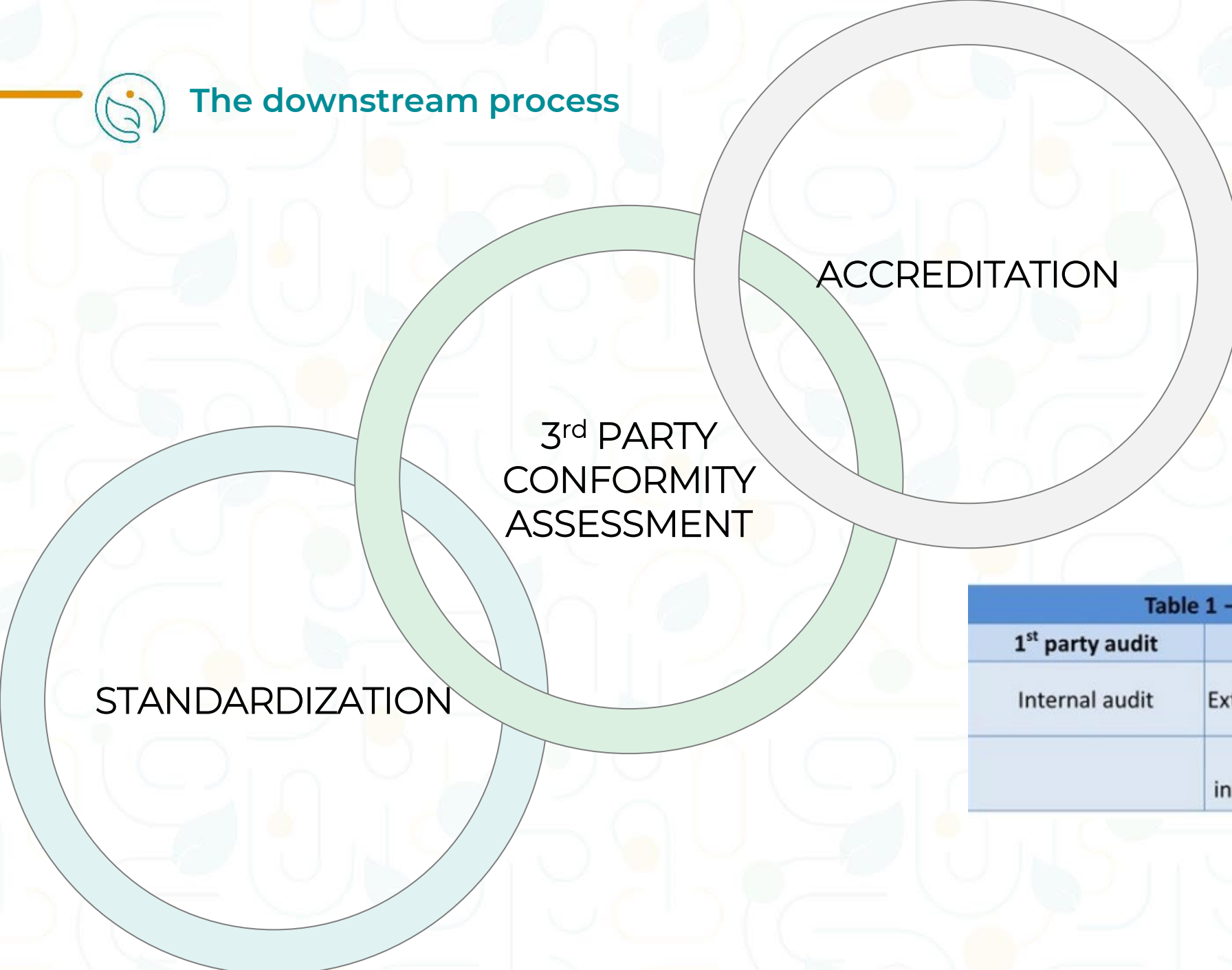
■ CEN Members ■ CEN Affiliates ■ EU neighbouring countries



34 National Standardization bodies



The downstream process



STANDARDIZATION

3rd PARTY
CONFORMITY
ASSESSMENT

ACCREDITATION

Table 1 — Different types of audits

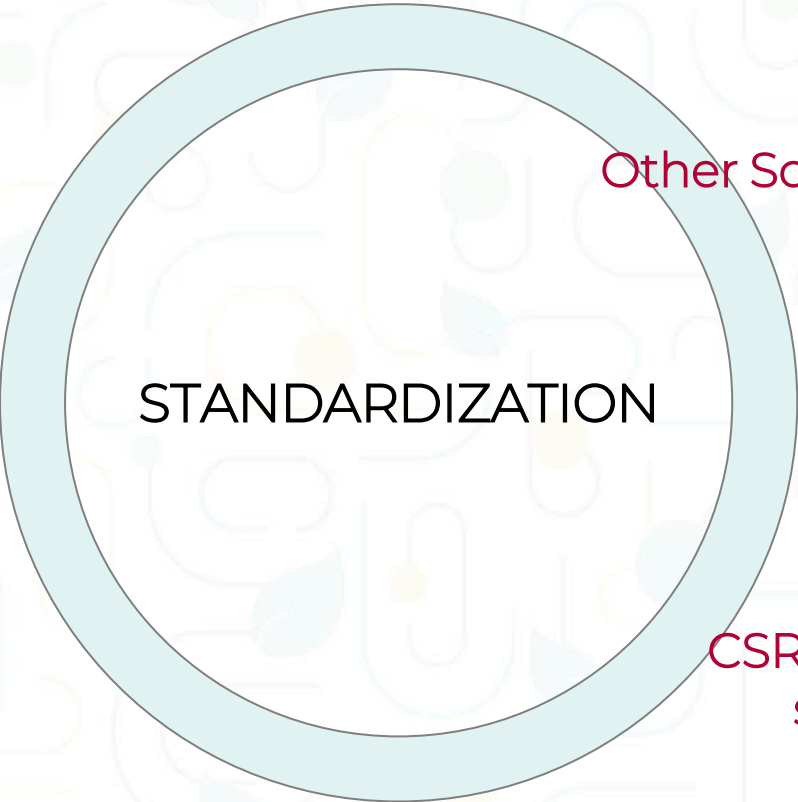
1 st party audit	2 nd party audit	3 rd party audit
Internal audit	External provider audit	Certification and/or accreditation audit
	Other external interested party audit	Statutory, regulatory and similar audit





CSR: Which standards?

Proper standards
under Reg. 1025/2012



Other Schemes

CSRD-related standards



Considering n.61 of the CSRD



On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. It modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability. Some non-EU companies will also have to report if they generate over EUR 150 million on the EU market.

- (61) Statutory auditors or audit firms already verify the financial statements and the management report. The assurance of sustainability reporting by the statutory auditors or audit firms would help to ensure the connectivity between, and consistency of, financial and sustainability information, which is particularly important for users of sustainability information. However, there is a risk of further concentration of the audit market, which could risk the independence of auditors and increase audit fees or fees relating to the assurance of sustainability reporting.

of an accredited independent assurance services provider

Considering the key role of statutory auditors when providing assurance of sustainability reporting and ensuring reliable sustainability information, the Commission has announced that it will act to further enhance audit quality and to create a more open and diversified audit market, which are the conditions for the successful application of this amending Directive. In addition, it is desirable to offer undertakings a broader choice of independent assurance services providers for the assurance of sustainability reporting. Member States should therefore be allowed to accredit independent assurance services providers in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council ⁽³⁴⁾ to provide an assurance opinion on sustainability reporting, which should be published together with the management report. In addition, Member States should be given the option of allowing



Considering N. 62-63 of the CSRD



On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force. It modernises and strengthens the rules concerning the social and environmental information that companies have to report. A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability. Some non-EU companies will also have to report if they generate over EUR 150 million on the EU market.

- (62) In order to foster the free movement of services, Member States should allow independent assurance services providers established in a different Member State to carry out the assurance of sustainability reporting in their territory. This would also favour opening up the assurance market even when not all Member States allow for the accreditation of independent assurance services providers in their territory. Where independent assurance services providers carry out the assurance of sustainability reporting in the territory of a host Member State, that host Member State should be able to decide to supervise independent assurance services providers, given the possibility to leverage on the implemented framework for the supervision of auditors carrying out the assurance of sustainability reporting.
- (63) Member States should ensure that when an undertaking is required by Union law to have elements of its sustainability reporting verified by an accredited independent third party, the report of the accredited independent third party should be made available either as an annex to the management report or by any other publicly accessible means. Such making available of that report should not pre-empt the outcome of the assurance opinion of which the third-party verification should remain independent. It should not entail any duplication of work between the auditor or the independent assurance services provider that expresses the assurance opinion and the accredited independent third party.



Assurance vs Third Party Conformity Assessment

LIMITED ASSURANCE

Example: negative conclusion

“Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the Company’s report for the period from 1 January 20XX to 31 December 20XX have not been prepared, in all material respects, in accordance with the applicable reporting framework.”



Statutory auditor and audit firms



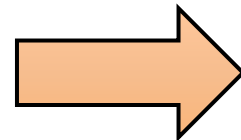
REASONABLE ASSURANCE

Example: positive opinion

“In our opinion, the disclosures in the Company’s report for the period from 1 January 20XX to 31 December 20XX is presented in accordance with the applicable reporting standard and is, in all material respects, fairly stated”



THIRD PARTY CONFORMITY ASSESSMENT



Conformity Assessment Bodies



What Standards under Reg.1025/2012 could be used?

4 Robust and extensive sustainability coverage

Technical standards provide support for sustainability which is highly relevant in all three aspects (environmental, social and governance). This report provides more detail on existing standards; however, some illustrative examples are provided below.

Sustainability aspects (European rule from the corresponding report)	Examples of topics covered by technical standards
Climate (ESRS E1)	<ul style="list-style-type: none"> Net zero emissions Carbon footprint of products and organizations Adaptation to climate change
Pollution (ESRS E2)	<ul style="list-style-type: none"> European reference methods for determining pollutants in the air
Water (ESRS E3)	<ul style="list-style-type: none"> Water footprint Water use efficiency
Biodiversity (ESRS E4)	<ul style="list-style-type: none"> Strategic consideration of biodiversity for organizations (in development)
Circular economy and resources (ESRS E5)	<ul style="list-style-type: none"> Circular Economy Implementation and Circularity Measurement (in development) Methods to assess the ease of reusing, repairing or recycling products Energy management
Own workforce (ESRS S1)	<ul style="list-style-type: none"> Occupational health and safety management Diversity and Inclusion in Human Resource Management Implementation of gender equality (in development)
Workers in the value chain (ESRS S2)	<ul style="list-style-type: none"> Corporate Social Responsibility
Affected communities (ESRS S3)	<ul style="list-style-type: none"> Sustainable procurement and contracting
Consumers and end users (ESRS S4)	<ul style="list-style-type: none"> Accessible design Inclusive service
Governance (ESRS G1)	<ul style="list-style-type: none"> Governance Compliance management. General and specific topics: criminal, tax, socio-labour... Antifraud and Whistleblowing



ESRS E1 Climate change

Emissions

- Emissions at an organization level (inventory). EN ISO 14064-1
- Zero net guidelines. ISO IWA 42
- Emission reduction projects. EN ISO 14064-2
- Carbon footprint of products. EN ISO 14067
- Emissions from transport chain operations. ISO 14083
- Carbon neutrality. ISO 14068
- Emissions in energy-intensive industries. EN 19694



ESRS E1 Climate change

Adaptation to climate change

- Adaptation framework. EN ISO 14090
- Vulnerability, impact and risk assessment. EN ISO 14091
- Development of adaptation plans. ISO/TS 14092



ESRS E5 Circular economy

Circular economy

- Principles, terminology and implementation. ISO 59004 (standard under development)
- Business models and value networks. ISO 59010 (standard under development)
- Measurement and assessment of circularity. ISO 59020 (standard under development)
- Circular product design. EN 45560



ESRS E3 Water and marine resources

Water use

- Water footprint. EN ISO 14046
- Water management. EN ISO 14002-2, ISO 46001
- Use of wastewater in irrigation projects. ISO 16075 series
- Use of rainwater and greywater. EN 16941 series



ESRS E1 Climate change

Energy efficiency

- Energy management system. EN ISO 50001
- Energy audits. EN 16247 series



ESRS E4 Biodiversity and ecosystems

Biodiversity

- Strategic and operational consideration of biodiversity. ISO 17298 (standard under development)
- Design and implementation of projects with biodiversity net gain. ISO 17620 (standard under development)
- Natural capital accounting. ISO 14054 (standard under development)



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Thank you for your attention!



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