



STATUTORY INSTRUMENTS.

S.I. No. 336 of 2024

EUROPEAN UNION (CORPORATE SUSTAINABILITY REPORTING)
REGULATIONS 2024

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I, PETER BURKE, Minister for Enterprise, Trade and Employment, in exercise of the powers conferred on me by section 3 of the European Communities Act 1972 (No. 27 of 1972) and for the purpose of giving effect to Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022¹ amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting, hereby make the following regulations:

PART 1
PRELIMINARY AND GENERAL

Citation and commencement

1. (1) These Regulations may be cited as the European Union (Corporate Sustainability Reporting) Regulations 2024.
- (2) These Regulations shall come into operation on 6 July 2024.

Definition

2. In these Regulations, “Principal Act” means the Companies Act 2014 (No. 38 of 2014).

PART 2
AMENDMENT OF PRINCIPAL ACT

Amendment of section 299 of Principal Act

3. Section 299(4)(b) of the Principal Act is amended, in subparagraph (i), by the substitution of “Accounting Directive, other than the requirements laid down in Article 29a of that Directive” for “Accounting Directive”.

Amendment of section 300 of Principal Act

4. Section 300(4)(b) of the Principal Act is amended, in subparagraph (i), by the substitution of “Accounting Directive, other than the requirements laid down in Article 29a of that Directive” for “Accounting Directive”.

¹ OJ No. L 322, 16.12.2022, p. 15

Amendment of section 325 of Principal Act

5. Section 325 of the Principal Act is amended by the substitution of the following subsection for subsection (2):

“(2) Subsection (1) is in addition to the other requirements of this Act that apply in certain cases with regard to the inclusion of matters in a directors’ report, namely the requirements of –

- (a) section 167(3) (statement as to establishment or otherwise of an audit committee in the case of a relevant private company),
- (b) section 225(2) (directors’ compliance statement in case of a company to which that section applies), and
- (c) sections 1589, 1590 and 1596 (information on key intangible resources and sustainability reporting in the case of a company to which those sections apply).”.

Amendment of section 336 of Principal Act

6. Section 336(5)(a) of the Principal Act is amended, in subparagraph (ii), by the substitution of “applicable legal requirements, excluding the requirements on sustainability reporting in Part 28” for “applicable legal requirements”.

Amendment of section 347 of Principal Act

7. Section 347 of the Principal Act is amended, in subsection (1), by the substitution of “this Part and Part 28” for “this Part”.

Amendment of section 900 of Principal Act

8. Section 900(1) of the Principal Act is amended –

- (a) by the insertion of the following definitions:
 - “ ‘assurance of sustainability reporting’ has the same meaning as it has in Part 28;
 - ‘assurance report’ has the meaning assigned to it by section 1613;
 - ‘Part 28 function’ means a function conferred on a recognised accountancy body by a provision of Part 28 or Schedule 23 or 24;
 - ‘sustainability reporting’ has the same meaning as it has in Part 28;”,
- (b) in the definition of “applicable provisions”, by the substitution of “Part 27 function or, where applicable, a Part 28 function” for “Part 27 function”,
- (c) in paragraph (b)(ii) of the definition of “relevant contravention”, by the substitution of “Part 27 or, where applicable, Part 28” for “Part 27”,

- (d) in paragraph (b) of the definition of “relevant provisions”, by the substitution of “Part 27 and, where applicable, Part 28” for “Part 27”, and
- (e) by the insertion of the following subsection after subsection (1):

“(1A) In this Chapter, a reference to a statutory auditor includes a statutory auditor who is approved under Part 28 to carry out the assurance of sustainability reporting.”.

Amendment of section 904 of Principal Act

- 9. Subsection (1) of section 904 of the Principal Act is amended –
 - (a) in paragraph (b), by the substitution of “profession, including the assurance of sustainability reporting” for “profession”,
 - (b) in paragraph (c), by the substitution of “financial statements, accounts or, where applicable, sustainability reporting” for “financial statements or accounts”,
 - (c) in paragraph (d), by the substitution of “matters, and the assurance of sustainability reporting” for “matters”, and
 - (d) in paragraph (e), by the substitution of “statutory auditors, the conduct of statutory audits and, where applicable, the carrying out of assurance of sustainability reporting” for “statutory auditors and the conduct of statutory audits”.

Amendment of section 905 of Principal Act

- 10. Section 905 of the Principal Act is amended –
 - (a) in subsection (2) –
 - (i) in paragraph (ea), by the substitution of “Part 27 function or a Part 28 function” for “Part 27 function”,
 - (ii) in paragraph (fa), by the substitution of “Part 27, Part 28” for “Part 27”,
 - (iii) in paragraph (g), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”,
 - (iv) in paragraph (i), by the substitution of “Part 27, Part 28” for “Part 27”,
 - (v) in paragraph (k), by the substitution of “practice notes, and sustainability reporting and assurance standards” for “practice notes”,
 - (vi) in paragraph (m), by the substitution of “(within the meaning of that Chapter) including sustainability reporting in accordance with the Accounting Directive” for “(within the meaning of that Chapter)”,

(vii) by the insertion of the following paragraph after paragraph (ma):

“(mb) adopt assurance standards for the purposes of Part 28,”,

(viii) in paragraph (n) –

(I) by the substitution of “Part 27, Part 28” for “Part 27”,

(II) by the substitution of “either of those Parts” for “that Part”, and

(III) by the insertion of the following subparagraph after subparagraph (i):

“(ia) the approval and registration of statutory auditors (including the registration of Member State audit firms) to carry out the assurance of sustainability reporting under Part 28;”, and

(b) in subsection (3) –

(i) in paragraph (a), by the substitution of “statutory auditor and approval to carry out the assurance of sustainability reporting under Part 28” for “statutory auditor”, and

(ii) in paragraph (b), by the substitution of “auditing, the audit profession and the assurance of sustainability reporting” for “auditing and the audit profession”.

Amendment of section 906 of Principal Act

11. Section 906 of the Principal Act is amended –

(a) in paragraph (d) of subsection (4), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”, and

(b) in subsection (5) –

(i) in paragraph (a), by the substitution of “(within the meaning of that Chapter) including sustainability reporting in accordance with the Accounting Directive” for “(within the meaning of that Chapter)”, and

(ii) in paragraph (c), by the substitution of “Part 27, Part 28” for “Part 27”.

Amendment of section 907 of Principal Act

12. Section 907 of the Principal Act is amended –

(a) in subsection (2), by the substitution of “subsections (2A), (2B) and (2C)” for “subsections (2A) and (2B)”,

- (b) in subsection (2A), by the substitution of “Schedule 19 and, as appropriate, at least one area relevant to the assurance of sustainability reporting as specified in Schedule 23” for “Schedule 19”, and
- (c) by the insertion of the following subsection after subsection (2B):
 - “(2C) On and from 6 July 2024, the Minister shall not appoint a person under subsection (2) as a director if the person –
- (a) on the proposed date of his or her appointment as a director carries out the assurance of sustainability reporting, or
- (b) has, at any time during the 3 years immediately preceding the proposed date of his or her appointment as a director, carried out the assurance of sustainability reporting.”.

Amendment of section 918 of Principal Act

- 13. Section 918 of the Principal Act is amended –
 - (a) in subsection (2), by the substitution of “auditing and, where applicable, carrying out the assurance of sustainability reporting” for “auditing”,
 - (b) in subsection (3), by the substitution of “public-interest entities or the assurance of sustainability reporting of public-interest entities” for “public-interest entities”,
 - (c) in paragraph (a) of subsection (5), by the substitution of “auditing and, where applicable, carrying out the assurance of sustainability reporting of public-interest entities” for “auditing public-interest entities”, and
 - (d) by the insertion of the following subsection after subsection (7):
 - “(7A) Notwithstanding that the particular assurance of sustainability reporting of a public-interest entity has been carried out by a statutory auditor, no levy under this section shall be imposed on the statutory auditor if he or she was designated by a statutory audit firm to carry out the assurance, and the levy under this section shall, in those circumstances, be imposed on the statutory audit firm instead.”.

Amendment of section 930 of Principal Act

- 14. Section 930 of the Principal Act is amended –
 - (a) in subsection (1) –
 - (i) in paragraph (a), by the substitution of “statutory auditor and the approval of a statutory auditor to carry out the assurance of sustainability reporting” for “statutory auditor”,

- (ii) in paragraph (b), by the substitution of “investigation, disciplinary procedures, sustainability reporting and the assurance of sustainability reporting” for “investigation and disciplinary procedures”,
- (iii) in paragraph (d), by the substitution of “Part 27 functions and Part 28 functions” for “Part 27 functions”,
- (b) in subsection (1A), by the substitution of “Part 27 or Part 28 function” for “Part 27”, and
- (c) in subsection (2), by the substitution of “Part 27 functions and Part 28 functions” for “Part 27 functions”.

Amendment of section 930A of Principal Act

15. Section 930A of the Principal Act is amended –

- (a) in subsection (1), by the substitution of “statutory auditors, including statutory auditors approved under Part 28 to carry out the assurance of sustainability reporting,” for “statutory auditors”, and
- (b) in subsection (3), by the substitution of “section 1573(1) or section 1641” for “section 1573(1)”.

Amendment of section 930C of Principal Act

16. Section 930C of the Principal Act is amended, in subsection (1), by the substitution of “Subject to section 900(1A), section 1461” for “Section 1461”.

Amendment of section 931 of Principal Act

17. Subsection (5) of section 931 of the Principal Act is amended –

- (a) in paragraph (a), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”,
- (b) in paragraph (b), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”, and
- (c) in paragraph (c), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”.

Amendment of section 931B of Principal Act

18. Section 931B of the Principal Act is amended –

- (a) in subsection (1) –
 - (i) in the definition of “recognised accountancy body A”, by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”,

- (ii) in the definition of “recognised accountancy body B”, by the substitution of “relevant function” for “relevant Part 27 function”,
 - (iii) in the definition of “relevant members”, by the substitution of “relevant function” for “relevant Part 27 function”,
 - (iv) by the insertion of the following definition:

“‘relevant function’ means the Part 27 function or Part 28 function referred to in the definition of ‘recognised accountancy body A’ that the body is not able to perform;”, and
 - (v) by the deletion of the definition of “relevant Part 27 function”,

and
- (b) in subsection (2), by the substitution of “relevant function” for “relevant Part 27 function” in each place where it occurs.

Amendment of section 933 of Principal Act

19. Section 933 of the Principal Act is amended –
- (a) in subsection (3), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”,
 - (b) in paragraph (c) of subsection (4), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”,
 - (c) in paragraph (a)(ii) of subsection (6), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”, and
 - (d) in paragraph (b) of subsection (12), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”.

Amendment of section 933A of Principal Act

20. Section 933A of the Principal Act is amended, in paragraph (b) of subsection (2), by the substitution of “Part 27 function or Part 28 function” for “Part 27 function”.

Amendment of section 934C of Principal Act

21. Subsection (2) of section 934C of the Principal Act is amended –
- (a) by the insertion of the following paragraph after paragraph (d):

“(da) a declaration by the Supervisory Authority that the assurance report concerned does not meet the requirements of section 1613;”,
 - (b) by the insertion of the following paragraph after paragraph (e):

- “(ea) a direction by the Supervisory Authority to the specified person (being a statutory auditor approved under Part 28 or a key sustainability partner (within the meaning of that Part)) prohibiting him or her, for the period specified in the direction (which may be up to and including a period of three years), from carrying out the assurance of sustainability reporting or signing assurance reports, or both;”, and
- (c) in paragraph (h), by the substitution of “bodies or from having his or her particulars entered, or continuing to be entered, in the public register in relation to his or her approval under Part 28 to carry out the assurance of sustainability reporting” for “bodies”.

Amendment of section 935 of Principal Act

22. Section 935 of the Principal Act is amended –

- (a) in paragraph (a) of subsection (1), by the substitution of “firm or approval under Part 28 to carry out the assurance of sustainability reporting” for “firm”,
- (b) in subsection (2) –
 - (i) by the substitution of “Part 27 or Chapters 4 to 7 of Part 28” for “Part 27”, and
 - (ii) by the substitution of “the relevant Part” for “that Part”,
- (c) in subsection (4), by the substitution of “Part 27 or Part 28” for “Part 27”, and
- (d) in subsection (5), by the substitution of “Part 27 or Part 28” for “Part 27”.

Amendment of section 1484 of Principal Act

23. Section 1484 of the Principal Act is amended, in subsection (1), by the substitution of “1573, 1575, 1636 and 1641” for “1573 and 1575”.

Sustainability Reporting

24. The Principal Act is amended by the insertion of the following Part after Part 27:

“PART 28
SUSTAINABILITY REPORTING
Chapter 1
Preliminary and General

Interpretation – Part 28

1585. (1) In this Part and Schedules 23 and 24 –

‘Accounting Directive’ means Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013² on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, as amended by the Corporate Sustainability Reporting Directive;

‘applicable company’ shall be construed in accordance with section 1586;

‘applicable holding company’ has the meaning assigned to it by section 1596(1);

‘assurance of sustainability reporting’ means the performance of procedures resulting in the opinion expressed by a statutory auditor or statutory audit firm in accordance with section 1613(3);

‘assurance report’ has the meaning assigned to it by section 1613;

‘Audit Directive’ means Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006³ on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC, as amended by the Corporate Sustainability Reporting Directive;

‘Commission’ means the Commission of the European Union;

‘Corporate Sustainability Reporting Directive’ means Directive 2022/2464 of the European Parliament and of the Council of 14 December 2022⁴ amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting;

‘credit institutions’ means credit institutions referred to in point (b) of the first subparagraph of Article 1(3) of the Accounting Directive;

‘Delegated Regulation (EU) 2019/815’ means Commission Delegated Regulation (EU) 2019/815 of 17 December 2018⁵ supplementing Directive 2004/109/EC of the European Parliament and of the Council

² OJ No. L 182, 29.06.2013, p.19

³ OJ No. L 157, 09.06.2006, p. 87

⁴ OJ No. L 322, 16/12/2022, p. 15

⁵ OJ No. L 143, 29/05/2019, p. 1

with regard to regulatory technical standards on the specification of a single electronic reporting format;

‘Directive 2004/109/EC’ means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004⁶ on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC, as amended by the Corporate Sustainability Reporting Directive;

‘Directive 2009/138/EC’ means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009⁷ on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)(recast);

‘directors’ report’ has the meaning assigned to it by section 325(1);

‘group directors’ report’ has the meaning assigned to it by section 325(3);

‘insurance undertakings’ means insurance undertakings referred to in point (a) of the first subparagraph of Article 1(3) of the Accounting Directive;

‘key intangible resources’, in relation to an applicable company, means resources without physical substance on which the business model of the applicable company fundamentally depends and which are a source of value creation for the applicable company;

‘key sustainability partner’, in relation to the assurance of sustainability reporting, means –

- (a) the statutory auditor or statutory auditors designated by a statutory audit firm for a particular assurance engagement concerning sustainability reporting as being primarily responsible for carrying out the assurance of sustainability reporting on behalf of the statutory audit firm,
- (b) in the case of the assurance of consolidated sustainability reporting, the statutory auditor or statutory auditors designated by a statutory audit firm as being primarily responsible for carrying out the assurance of sustainability reporting at the level of the group and the statutory auditor or statutory auditors designated as being primarily responsible at the level of material subsidiaries, or
- (c) the statutory auditor or statutory auditors who sign the assurance report in relation to the assurance of sustainability reporting;

‘Member State’ means a Member State of the European Union or an EEA State;

‘Member State auditor’ means an auditor approved in accordance with the Audit Directive by the counterpart authority of another Member State

⁶ OJ No. L 390, 31/12/2004, p. 38

⁷ OJ No. L 335, 17/12/2009, p. 1

to carry out the assurance of sustainability reporting as required by European Union law;

‘Member State audit firm’ means an audit firm approved in accordance with the Audit Directive by the counterpart authority of another Member State to carry out the assurance of sustainability reporting as required by European Union law;

‘net turnover’, in relation to a company –

- (a) subject to paragraphs (b), (c) and (d), has the same meaning as ‘turnover’ within the meaning of Part 6,
- (b) in the case of undertakings falling within the scope of Chapter 3, means the revenue as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements of the undertaking are prepared,
- (c) in the case of insurance undertakings, shall be defined in accordance with Article 35 and point 2 of Article 66 of Council Directive 91/674/EEC of 19 December 1991⁸, and
- (d) in the case of credit institutions, shall be defined in accordance with point (c) of Article 43(2) of Council Directive 86/635/EEC of 8 December 1986⁹;

‘public-interest entities’ means undertakings that –

- (a) have transferable securities admitted to trading on a regulated market of any Member State,
- (b) are credit institutions,
- (c) are insurance undertakings, or
- (d) are undertakings that are otherwise designated, by or under any other enactment, to be entities referred to in point (d) of Article 2(1) of the Accounting Directive;

‘recognised accountancy body’ has the meaning assigned to it by section 900;

‘Regulation (EU) No 537/2014’ means Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014¹⁰ on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC;

‘Regulation (EU) No 575/2013’ means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013¹¹ on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;

⁸ OJ No. L 374, 31.12.1991, p. 7

⁹ OJ No. L 372, 31.12.1986, p. 1

¹⁰ OJ No. L 158, 27.05.2014, p. 77

¹¹ OJ No. L 176, 27.06.2013, p. 1

‘Regulation (EU) 2020/852’ means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020¹² on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

‘Regulation (EU) 2019/2088’ means Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019¹³ on sustainability-related disclosures in the financial services sector;

‘Regulation (EU) 2021/1119’ means Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021¹⁴ establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’);

‘relevant provisions’ has the meaning assigned to it by section 900;

‘statutory audit firm’ has the same meaning as it has in Part 27;

‘statutory auditor’ has the same meaning as it has in Part 27;

‘sustainability matters’ means environmental, social and human rights, and governance factors, including sustainability factors defined in point (24) of Article 2 of Regulation (EU) 2019/2088;

‘sustainability reporting’ means reporting information related to sustainability matters in accordance with Chapter 2 or 3;

‘sustainability reporting standards’ means the sustainability reporting standards adopted by the Commission pursuant to Article 29b of the Accounting Directive;

‘third-country undertaking’ means an undertaking that is established in, and governed by the law of, a third country;

‘third country’ means a country or territory that is not a Member State or part of a Member State.

(2) A word or expression that is used in Chapter 2 or 3 and is also used in the Accounting Directive has, unless the context otherwise requires, the same meaning in Chapter 2 or 3 as it has in the Accounting Directive.

(3) A word or expression that is used in Chapter 4, 5, 6 or 7 and is also used in the Audit Directive has, unless the context otherwise requires, the same meaning in Chapter 4, 5, 6 or 7 as it has in the Audit Directive.

Definition of ‘applicable company’

1586. (1) In this Part, ‘applicable company’ means –

¹² OJ No. L 198, 22.06.2020, p. 13

¹³ OJ No. L317, 09.12.2019, p. 1

¹⁴ OJ No. L 243, 09.07.2021, p. 1

- (a) a company that, in relation to a financial year, qualifies as a large company under section 280H,
or
- (b) a company that, in relation to a financial year –
 - (i) qualifies as a small company under section 280A or a medium company under 280F, excluding a company which qualifies as a micro company under section 280D, and
 - (ii) falls within paragraph (a) of the definition of ‘public-interest entities’.

(2) For the purposes of determining whether a company qualifies as a company referred to in either paragraph (a) or (b)(i) of the definition of ‘applicable company’, a reference in Part 6 to the turnover of a company shall be construed as a reference to the net turnover of the company within the meaning of this Part.

(3) For the purposes of this Part, a reference in the definition of ‘applicable company’ in subsection (1) to a company shall include an unlimited company that is a ‘designated ULC’ within the meaning of section 1274.

Application of Part

1587. (1) Subject to section 1588, Chapter 2 shall apply –

- (a) subject to paragraph (c)(ii), for financial years commencing on or after 1 January 2024, to an applicable company falling within paragraph (a) of the definition of ‘applicable company’ that, in relation to a financial year –
 - (i) has an average number of employees that exceeds 500 and is a public-interest entity, or
 - (ii) in the case of a holding company, the company is the holding company of a group, the aggregate average number of employees of which exceeds 500, and is a public-interest entity,
- (b) subject to paragraph (a) and (c)(ii), for financial years commencing on or after 1 January 2025, to an applicable company falling within paragraph (a) of the definition of ‘applicable company’, and
- (c) for financial years commencing on or after 1 January 2026, to –
 - (i) an applicable company falling within paragraph (b) of the definition of ‘applicable company’, and
 - (ii) an applicable company falling within paragraph (a) or (b) of the definition of ‘applicable company’ that is either –
 - (I) a small and non-complex institution as defined in point (145) of Article 4(1) of Regulation (EU) No 575/2013, or

(II) a captive insurance undertaking as defined in point (2) of Article 13 of Directive 2009/138/EC, or a captive reinsurance undertaking as defined in point (5) of Article 13 of that Directive.

(2) Chapter 3 shall apply for financial years commencing on or after 1 January 2028.

(3) Save where otherwise provided, Chapters 4, 5, 6 and 7 shall apply –

- (a) in so far as they relate to the assurance of sustainability reporting and the duties and powers of statutory auditors and audit firms in relation thereto, to the conduct of the assurance of sustainability reporting for financial years commencing on or after 1 January 2024, and
- (b) as regards each other matter provision for which is made by those Chapters, on and from 6 July 2024.

(4) For the purposes of subsection (1)(a), the average number of employees of a company in the financial year concerned shall be determined by applying the methods specified in section 317 in respect of determining the average number of persons employed by a company for purposes of subsection (1)(a) of that section.

(5) For the purposes of subsection (1)(a), the aggregate average number of employees of a holding company in the financial year concerned shall be determined by aggregating the equivalent figures determined in accordance with subsection (4) for each member of the group.

(6) For the purposes of subsection (5), the figures for each subsidiary undertaking of the holding company shall be those included in its entity financial statements for –

- (a) where its financial year ends with that of the holding company, that financial year, and
- (b) where it does not, the financial year ending last before the end of the financial year of the holding company.

Non-application to certain financial products and undertakings

1588. This Part shall not apply to –

- (a) financial products listed in points (b) and (f) of point (12) of Article 2 of Regulation (EU) 2019/2088, or
- (b) undertakings listed in points (2) to (23) of Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013¹⁵.

¹⁵ OJ No. L 176, 27.06.2013, p. 338

Chapter 2

Sustainability Reporting

Key intangible resources

1589. The directors of an applicable company shall, when preparing a directors' report in accordance with Chapter 9 of Part 6, include in the directors' report –

- (a) information on the key intangible resources in relation to the applicable company, and
- (b) an explanation of how the business model of the applicable company fundamentally depends on such resources and how such resources are a source of value creation for the applicable company.

Sustainability reporting

1590. (1) Subject to this section and sections 1592 and 1594, the directors of an applicable company shall, for each financial year, include in a clearly identifiable dedicated section of the directors' report –

- (a) information necessary to understand the company's impacts on sustainability matters, and
- (b) information necessary to understand how the sustainability matters affect the company's development, performance and position.

(2) The information referred to in subsection (1) shall contain the following:

- (a) a brief description of the applicable company's business model and strategy, including –
 - (i) the resilience of the applicable company's business model and strategy in relation to risks related to sustainability matters,
 - (ii) the opportunities for the applicable company related to sustainability matters,
 - (iii) the plans of the applicable company, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 (the 'Paris Agreement') and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119, and, where relevant, the exposure of the

- applicable company to coal-related, oil-related and gas-related activities,
- (iv) how the applicable company's business model and strategy take account of the interests of the applicable company's stakeholders and of the impacts of the applicable company on sustainability matters, and
 - (v) how the applicable company's strategy has been implemented with regard to sustainability matters;
 - (b) a description of the time-bound targets related to sustainability matters set by the applicable company, including, where appropriate, absolute greenhouse gas emission reduction targets at least for 2030 and 2050, a description of the progress the applicable company has made towards achieving those targets, and a statement of whether the applicable company's targets related to environmental factors are based on conclusive scientific evidence;
 - (c) a description of the role of the administrative, management and supervisory bodies in the applicable company with regard to sustainability matters, and of their expertise and skills in relation to fulfilling that role or the access such bodies have to such expertise and skills;
 - (d) a description of the applicable company's policies in relation to sustainability matters;
 - (e) information about the existence of incentive schemes linked to sustainability matters which are offered to members of the administrative, management and supervisory bodies in the applicable company;
 - (f) a description of –
 - (i) the due diligence process implemented by the applicable company with regard to sustainability matters, and, where applicable, in line with the requirements of European Union law on applicable companies to conduct a due diligence process,
 - (ii) the principal actual or potential adverse impacts connected with the applicable company's own operations and with its value chain, including its products and services, its business relationships and its supply chain, actions taken to identify and monitor those impacts, and other adverse impacts which the applicable company is required to identify pursuant to other requirements of European Union law on applicable companies to conduct a due diligence process, and
 - (iii) any actions taken by the applicable company to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions;

- (g) a description of the principal risks to the applicable company related to sustainability matters, including a description of the applicable company's principal dependencies on those matters, and how the applicable company manages those risks;
- (h) indicators relevant to the disclosures referred to in paragraphs (a) to (g).

(3) The information referred to in subsection (2)(a) shall include information related to short-term, medium-term and long-term time horizons.

(4) The information referred to in subsections (1) and (2) shall, subject to subsection (5), contain information about the applicable company's own operations and its value chain, including its products and services, its business relationships and its supply chain.

(5) For the first three financial years of the application of these Regulations, and in the event that not all the necessary information regarding its value chain is available, the directors of the applicable company shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.

(6) Where applicable, the information referred to in subsections (1) and (2) shall also contain references to, and additional explanations of, the other information included in the directors' report in accordance with Chapter 9 of Part 6 and section 1589, and the amounts reported in the company's statutory financial statements.

(7) Information relating to impending developments or matters in the course of negotiation may be omitted from the sustainability reporting of an applicable company in exceptional cases where, in the duly justified opinion of the directors of the applicable company, the disclosure of such information would be seriously prejudicial to the commercial position of the applicable company, provided that such omission does not prevent a fair and balanced understanding of the applicable company's development, performance and position, and the impact of its activity.

(8) The directors of an applicable company shall report the process carried out to identify the information included in the directors' report in accordance with subsection (1).

(9) The directors of an applicable company shall report the information referred to in subsections (1) to (8) in accordance with the sustainability reporting standards.

Consultation with employees' representatives

1591. (1) The directors of an applicable company shall provide information to, and consult with, employees' representatives at the appropriate level in relation to the sustainability information required

under section 1590 and the means of obtaining and verifying such information.

(2) Any opinion of the employees' representatives in relation to the information referred to in subsection (1) shall be communicated, where applicable, to the directors of the applicable company.

(3) For the purposes of this section, 'employees' representatives', in relation to an applicable company, means –

- (a) in the case of an applicable company to whom the Employees (Provision of Information and Consultation) Act 2006 applies, the employees' representative within the meaning of that Act, or
- (b) in the case of any other applicable company, any persons duly appointed or elected by employees of the company as an employees' representative for the purposes of this section.

Derogation from section 1590 for certain applicable companies

1592. (1) The directors of an applicable company referred to in section 1587(1)(c) may limit the sustainability reporting required under section 1590 to the following information:

- (a) a brief description of the applicable company's business model and strategy;
- (b) a description of the applicable company's policies in relation to sustainability matters;
- (c) the principal actual or potential adverse impacts of the applicable company on sustainability matters, and any actions taken to identify, monitor, prevent, mitigate or remediate such actual or potential adverse impacts;
- (d) the principal risks to the applicable company related to sustainability matters and how the applicable company manages those risks;
- (e) key indicators necessary for the disclosures referred to in paragraphs (a) to (d).

(2) The directors of an applicable company that limits the company's sustainability reporting in accordance with subsection (1) shall report in accordance with the sustainability reporting standards for small and medium-sized undertakings adopted by the Commission pursuant to Article 29c of the Accounting Directive.

- (3) (a) For financial years commencing before 1 January 2028, the directors of an applicable company falling within paragraph (b) of the definition of 'applicable company' may decide not to include in the company's directors' report the sustainability reporting required under section 1590.

- (b) In such cases, the directors of the applicable company concerned shall briefly state in the directors' report why the sustainability reporting was not provided.

Deemed compliance with section 327(3)(b)

- 1593.** An applicable company that complies with the requirements of –
- (a) subsections (1) to (9) of section 1590, or
 - (b) subsections (1) and (2) of section 1592,
- shall be deemed to have complied with section 327(3)(b).

Exemption from section 1590 for certain subsidiaries

- 1594.** (1) Subject to subsection (4), an applicable company that is a subsidiary shall be exempted from the obligations set out in sections 1590 and 1592, as applicable, if –

- (a) the applicable company and its subsidiary undertakings (if any) are included in the group directors' report of a holding company, drawn up in accordance with section 325 and section 1596, and
- (b) the conditions set out in section 1595 are met.

- (2) Subject to subsection (4), an applicable company that is a subsidiary of a third-country undertaking shall be exempted from the obligations set out in sections 1590 and 1592, as applicable, if –

- (a) the applicable company and its subsidiary undertakings (if any) are included in the consolidated sustainability reporting of the third-country undertaking,
- (b) the consolidated sustainability reporting of the third-country undertaking is carried out in accordance with the sustainability reporting standards or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC, and
- (c) the conditions set out in section 1595 are met.

- (3) For the purposes of this section –

- (a) where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions that are permanently affiliated to a central body which supervises them under the conditions laid down in Article 10 of that Regulation shall be treated as subsidiary undertakings of that central body, and
- (b) insurance undertakings that are part of a group, on the basis of financial relationships as referred to in point (c)(ii) of Article 212(1) of Directive 2009/138/EC, and which are subject to group supervision in accordance with points (a) to (c) of Article 213(2)

of that Directive, shall be treated as subsidiary undertakings of the holding undertaking of that group.

(4) This section shall not apply to an applicable company falling within paragraph (a) of the definition of ‘applicable company’ that is a public-interest entity.

Conditions to be met for exemption in section 1594

1595. (1) The exemption in section 1594 shall be subject to the following conditions:

- (a) subject to subsection (3), the directors’ report of the exempted undertaking contains all of the following information:
 - (i) the name and registered office of the holding undertaking that reports information at group level in accordance with section 1596 or in a manner equivalent to the sustainability reporting standards as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC,
 - (ii) links to the website containing –
 - (I) in the case of an exempted undertaking referred to in section 1594(1), the group directors’ report of the holding company, or
 - (II) in the case of an exempted undertaking referred to in section 1594(2), the consolidated sustainability reporting of the third-country undertaking,
 - (iii) links to the website containing the assurance opinion referred to in section 1613(3) or paragraph (b), as applicable;
 - (iv) information confirming that the undertaking is an exempted undertaking;
- (b) in the case of an exempted undertaking referred to in section 1594(2), the consolidated sustainability reporting of the third-country undertaking and the assurance opinion on that consolidated sustainability reporting, expressed by one or more persons or firms authorised to give an opinion on the assurance of sustainability reporting under the law governing that holding company, are published in accordance with Article 30 of the Accounting Directive and this Part;
- (c) in the case of an exempted undertaking referred to in section 1594(2), the disclosures laid down in Article 8 of Regulation (EU) 2020/852, covering the activities carried out by the exempted undertaking and its subsidiary undertakings (if any), are included in the directors’ report of the exempted undertaking or in the consolidated sustainability reporting of the holding undertaking.

(2) Where the group directors' report of the holding company or, where applicable, the consolidated sustainability reporting of the third-country undertaking, as referred to in subsection (1), is in a language other than the English language or the Irish language, there shall be annexed to the directors' report of the exempted undertaking, a translation of the document concerned in the English language or the Irish language certified in the prescribed manner to be a correct translation.

(3) An exempted undertaking that stands exempted from the provisions of section 347 and 348 in accordance with section 357 shall not be obliged to provide the information referred to in subsection (1)(a)(i) to (iii) where it publishes a group directors' report in accordance with those sections.

(4) In this Regulation, 'exempted undertaking' means an applicable company referred to in section 1594(1) or (2).

Consolidated sustainability reporting

1596. (1) The directors of an applicable company falling within paragraph (a) of the definition of 'applicable company' that is the holding company of a group (in this Part referred to as an 'applicable holding company') shall include in a clearly identifiable dedicated section of the group directors' report –

- (a) information necessary to understand the group's impacts on sustainability matters, and
- (b) information necessary to understand how sustainability matters affect the group's development, performance and position.

(2) The information referred to in subsection (1) shall contain:

- (a) a brief description of the group's business model and strategy, including –
 - (i) the resilience of the group's business model and strategy in relation to risks related to sustainability matters,
 - (ii) the opportunities for the group related to sustainability matters,
 - (iii) the plans of the group, including implementing actions and related financial and investment plans, to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5°C in line with the Paris Agreement and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 and where relevant, the exposure of the group to coal-related, oil-related and gas-related activities,

- (iv) how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters, and
 - (v) how the group's strategy has been implemented with regard to sustainability matters;
- (b) a description of the time-bound targets related to sustainability matters set by the group, including, where appropriate, absolute greenhouse gas emission reduction targets at least for 2030 and 2050, a description of the progress the group has made towards achieving those targets, and a statement of whether the group's targets related to environmental factors are based on conclusive scientific evidence;
- (c) a description of the role of the administrative, management and supervisory bodies in the group with regard to sustainability matters, and of their expertise and skills in relation to fulfilling that role or the access such bodies have to such expertise and skills;
- (d) a description of the group's policies in relation to sustainability matters;
- (e) information about the existence of incentive schemes linked to sustainability matters which are offered to members of the administrative, management and supervisory bodies in the group;
- (f) a description of –
 - (i) the due diligence process implemented by the group with regard to sustainability matters, and, where applicable, in line with the requirements of European Union law on undertakings to conduct a due diligence process,
 - (ii) the principal actual or potential adverse impacts connected with the group's own operations and with its value chain, including its products and services, its business relationships and its supply chain, actions taken to identify and monitor those impacts, and other adverse impacts which the parent undertaking is required to identify pursuant to other the requirements of European Union law to conduct a due diligence process, and
 - (iii) any actions taken by the group to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions;
- (g) a description of the principal risks to the group related to sustainability matters, including the group's principal dependencies on those matters, and how the group manages those risks;
- (h) indicators relevant to the disclosures referred to in paragraphs (a) to (g).

(3) The information referred to in subsection (2)(a) shall include information related to short-term, medium-term and long-term time horizons.

(4) The information referred to in subsections (1) and (2) shall contain information about the group's own operations and about its value chain, including its products and services, its business relationships and its supply chain.

(5) For the first three financial years of the application of this Part, in the event that not all the necessary information regarding its value chain is available, the directors of the applicable holding company shall explain the efforts made to obtain the necessary information about its value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.

(6) Where applicable, the information referred to in subsections (1) and (2) shall also include references to, and additional explanations of, the other information included in the group directors' report in accordance with sections 318, 325, 327 and 1373 and the amounts reported in the consolidated financial statements.

(7) Information relating to impending developments or matters in the course of negotiation may be omitted in exceptional cases where, in the duly justified opinion of the directors of the applicable holding company, the disclosure of such information would be seriously prejudicial to the commercial position of the group, provided that such omission does not prevent a fair and balanced understanding of the group's development, performance, and position, and the impact of its activity.

(8) The directors of an applicable holding company shall report on the process carried out to identify the information included in the group directors' report in accordance with subsection (1).

(9) Where the directors of the applicable holding company identify significant differences between the risks for, or impacts of, the group and the risks for, or impacts of, one or more of its subsidiaries, the directors shall provide an adequate understanding of, as appropriate, the risks for, and impacts of, the subsidiary or subsidiaries concerned.

(10) The directors of the applicable holding company shall indicate which subsidiary undertakings included in the consolidation are exempted from the sustainability reporting required under this Part pursuant to sections 1594 and 1598.

(11) The directors of the applicable holding company shall report the information referred to in subsections (1) to (8) in accordance with the sustainability reporting standards.

(12) An applicable holding company that complies with the requirements set out in subsections (1) to (11) shall be deemed to have complied with the requirements set out in section 327(3)(b) and section 1590.

Consultation with employees' representatives

1597. (1) The directors of an applicable holding company shall provide information to, and consult with, employees' representatives at the appropriate level in relation to the sustainability information required by section 1596 and the means of obtaining and verifying such information.

(2) The opinion (if any) of the employees' representatives shall be communicated, where applicable, to the directors of the applicable holding company.

(3) For the purposes of this section, 'employees' representatives', in relation to an applicable holding company, means –

- (a) in the case of an applicable holding company to whom the Employees (Provision of Information and Consultation) Act 2006 applies, the employees' representative within the meaning of that Act, or
- (b) in the case of any other applicable holding company, any persons duly appointed or elected by employees of the group as an employees' representative for the purposes of this section.

Exemption from section 1596 for certain subsidiaries

1598. (1) Subject to subsection (4), an applicable holding company that is a subsidiary of another undertaking shall be exempted from the obligations set out in section 1596 if –

- (a) the applicable holding company and its subsidiaries are included in the group directors' report of that other undertaking drawn up in accordance with Part 6 and this Part, and
- (b) the conditions set out in section 1599 are met.

(2) Subject to subsection (4), an applicable holding company that is a subsidiary of a third-country undertaking shall be exempted from the obligations set out in section 1596 if –

- (a) the applicable holding company and its subsidiaries are included in the consolidated sustainability reporting of that third-country undertaking,
- (b) that consolidated sustainability reporting has been carried out in accordance with the sustainability reporting standards or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted by the EU Commission pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC, and
- (c) the conditions set out in section 1599 are met.

(3) For the purposes of this section –

- (a) where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions that are permanently affiliated to a central body which supervises them under the conditions laid down in Article 10 of that Regulation shall be treated as subsidiary undertakings of that central body, and
- (b) insurance undertakings that are part of a group, on the basis of financial relationships referred to in point (c)(ii) of Article 212(1) of Directive 2009/138/EC, and which are subject to group supervision in accordance with points (a) to (c) of Article 213(2) of that Directive shall be treated as subsidiary undertakings of the holding undertaking of that group.

(4) This section shall not apply to an applicable holding company that is a public-interest entity.

Conditions for exemption in section 1598

1599. (1) The exemption in section 1598 shall be subject to the following conditions:

- (a) the directors' report of the exempted undertaking contains all of the following information:
 - (i) the name and registered office of the holding undertaking that reports information at group level in accordance with section 1596 or in a manner equivalent to the sustainability reporting standards as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC;
 - (ii) links to the website containing –
 - (I) in the case of an exempted undertaking referred to in section 1598(1), the group director's report of the other undertaking referred to in that subsection, or
 - (II) in the case of an exempted undertaking referred to in section 1598(2), the consolidated sustainability reporting of the third-country undertaking referred to in that subsection;
 - (iii) links to the website containing the assurance opinion referred to in section 1613(3) or paragraph (b), as applicable,
 - (iv) information confirming that the applicable holding company is an exempted undertaking;
- (b) in the case of an exempted undertaking referred to in section 1598(2), the consolidated sustainability reporting of the third-country undertaking referred to in that subsection and the assurance opinion on that consolidated reporting, expressed by one or more persons authorised to give an opinion on the

assurance of sustainability reporting under the law governing the holding undertaking, are published in accordance with Article 30 of the Accounting Directive and this Part;

- (c) in the case of an exempted undertaking referred to in section 1598(2), the disclosures laid down in Article 8 of Regulation (EU) 2020/852, covering the activities carried out by the subsidiary undertaking exempted from sustainability reporting pursuant to section 1594, shall be included in the group directors' report of the exempted undertaking or in the consolidated sustainability reporting carried out by the third-country undertaking.

(2) Where the group directors' report of the holding company or, where applicable, the consolidated sustainability reporting of the third-country undertaking, as referred to in subsection (1), is in a language other than the English language or the Irish language, there shall be annexed to the directors' report of the exempted undertaking, a translation of the document concerned in the English language or the Irish language certified in the prescribed manner to be a correct translation.

(3) An exempted undertaking that stands exempted from the provisions of section 347 and 348 in accordance with section 357 shall not be obliged to provide the information referred to in subsection (1)(a)(i) to (iii) where it publishes a consolidated management report in accordance with those sections.

(4) In this Regulation, 'exempted undertaking' means an applicable holding company referred to in section 1598(1) or (2).

Single electronic reporting format of directors' report of applicable companies

1600. (1) The directors of an applicable company subject to the requirements of section 1590 shall prepare the directors' report in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and shall mark-up the sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in Delegated Regulation (EU) 2019/815.

(2) The directors of an applicable holding company subject to the requirements of section 1596 shall prepare the group directors' report in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and shall mark-up the consolidated sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in Delegated Regulation (EU) 2019/815.

Documents to be annexed to annual return: applicable companies

1601. (1) Without prejudice to the requirements of Chapter 13 of Part 6, where an applicable company is subject to the requirements of section 1590 or 1596 –

- (a) a copy of the directors' report, including any group directors' report, referred to in section 347(1)(b) shall be annexed to the annual return in the electronic reporting format referred to in section 1600, and
- (b) a copy of the assurance report on the sustainability reporting in that directors' report shall, in addition to the documents referred to in section 347, be annexed to the annual return.

(2) Subsections (2) to (4) of section 347 shall apply to the documents referred to in subsection (1) in the same manner as they apply to the documents referred to in subsection (1) of section 347 and for that purpose, a reference in those subsections to subsection (1) of section 347 shall be construed as a reference to subsection (1) of this section.

Chapter 3

Sustainability Reporting Concerning Third-Country Undertakings

Interpretation – Chapter 3

1602. (1) In this Chapter –

'applicable branch' means a branch of a third-country undertaking where, in relation to a financial year –

- (a) the branch is located in the State and generated a net turnover of more than €40 million in the preceding financial year,
- (b) the third-country undertaking at its group level or, if not applicable, the individual level, generated a net turnover of more than €150 million in the European Union for each of the preceding two consecutive financial years, and
- (c) the third-country undertaking –
 - (i) is either not part of a group or is a subsidiary of another third-country undertaking, and
 - (ii) does not have an applicable subsidiary;

'applicable subsidiary' means a subsidiary undertaking that, in relation to a financial year –

- (a) is an applicable company, and
- (b) is a subsidiary of a third-country undertaking which, at its group level or, if not applicable, the individual level, generated a net turnover of more than €150 million in the European Union for each of the preceding two consecutive financial years.

(2) For the purpose of this Chapter, a reference to a branch or an undertaking shall include a branch or an undertaking, as the case may be, whose legal form is comparable with the types of undertakings listed in Annex I of the Accounting Directive.

Sustainability reporting for applicable subsidiaries and applicable branches

1603. (1) An applicable subsidiary of a third-country undertaking shall publish and make accessible, in accordance with section 1604, a sustainability report for each financial year covering the information specified in paragraphs (a)(iii) to (v), (b) to (f) and, where appropriate, paragraph (h) of section 1596(2) at the group level of the third-country undertaking.

(2) An applicable branch of a third-country undertaking shall publish and make accessible, in accordance with section 1605, a sustainability report for each financial year covering the information specified in paragraphs (a)(iii) to (v), (b) to (f) and, where appropriate, paragraph (h) of section 1596(2) at the group level, or, if not applicable, the individual level, of the third-country undertaking.

(3) A sustainability report referred to in subsection (1) and (2) shall be drawn-up in accordance with –

- (a) the standards adopted pursuant to Article 40b of the Accounting Directive, or
 - (b) the sustainability reporting standards or in a manner equivalent to those sustainability reporting standards, as determined in accordance with an implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC.
- (4) (a) Where the information required to draw-up the sustainability report referred to in subsection (1) or (2) is not available, the applicable subsidiary or applicable branch, as the case may be, shall request the third-country undertaking concerned to provide them with all information necessary to enable them to meet their obligations.
- (b) In the event that not all of the required information is provided, the applicable subsidiary undertaking or branch, as the case may be, shall draw-up, publish and make accessible the sustainability report, containing all information in its possession, obtained or acquired, and issue a statement indicating that the third-country undertaking did not make the necessary information available.

(5) The publication of the sustainability report shall be accompanied by an assurance opinion expressed by one or more persons authorised to give an opinion on the assurance of sustainability reporting under the national law of the third-country undertaking or the law of a Member State, or by a statutory auditor approved under this Part to carry out the assurance of sustainability reporting.

(6) In the event that the third-country undertaking does not provide the assurance opinion referred to in subsection (5), the applicable subsidiary or applicable branch, as the case may be, shall issue a statement indicating that the third-country undertaking did not make the necessary assurance opinion available.

Documents to be annexed to annual return: applicable subsidiaries

1604. Without prejudice to the requirements of Chapter 13 of Part 6, an applicable subsidiary shall, in addition to the documents referred to in section 347, annex the following documents to its annual return:

- (a) the sustainability report referred to in section 1603(1); and
- (b) either –
 - (i) the assurance opinion referred to in section 1603(5), or
 - (ii) the statement referred to in section 1603(6).

Documents to be delivered to Registrar: applicable branches

1605. Without prejudice to the requirements of section 1305, an applicable branch shall in each financial year deliver to the Registrar, in the prescribed manner, the following documents:

- (a) the sustainability report referred to in section 1603(2); and
- (b) either –
 - (i) the assurance opinion referred to in section 1603(5), or
 - (ii) the statement referred to in section 1603(6).

Responsibility for drawing-up, publishing and making accessible sustainability reports concerning third-country undertakings

1606. (1) The directors of an applicable subsidiary shall ensure that, to the best of their knowledge and ability, the sustainability report referred to section 1603(1) is drawn-up, published and made accessible in accordance with section 1601 and 1604.

(2) In the case of an applicable branch, the persons responsible for ensuring compliance by the branch with this Chapter shall ensure that, to the best of their knowledge and ability, the sustainability report referred to in section 1603(2) is drawn-up, published and made accessible in accordance with section 1603 and 1605.

Transitional provisions

1607. (1) Until 6 January 2030, a subsidiary of a third-country undertaking that –

- (a) is subject to the requirements of section 1590 or 1596, and
- (b) is one of the subsidiary undertakings of the group that generated the greatest turnover in the European Union in at least one of the preceding 5 financial years,

may prepare consolidated sustainability reporting in accordance with the requirements of section 1596 that includes all subsidiaries of the third-country undertaking that are subject to the requirements of Article 19a or Article 29a of the Accounting Directive.

(2) Until 6 January 2030, the consolidated sustainability reporting referred to in subsection (1) may include the disclosures laid down in Article 8 of Regulation (EU) 2020/852, covering the activities carried out by all subsidiaries of the holding undertaking referred to in subsection (1) that are subject to Article 19a or 29a of the Accounting Directive.

(3) For the purpose of the exemptions in sections 1594 and 1598, reporting in accordance with subsection (1) shall be considered to be reporting by a holding company at group level with respect to the undertakings included in the consolidation.

(4) Reporting in accordance with subsection (2) shall be considered to fulfil the conditions referred to in paragraph (c) of section 1595(1) and paragraph (c) of the section 1599(1), respectively.

Chapter 4

Assurance of Sustainability Reporting

Interpretation (Chapter 4)

1608. (1) In this Chapter, ‘group auditor’ means the statutory auditor appointed for the purposes of carrying out the assurance of consolidated sustainability reporting of an applicable holding company.

(2) A reference in this Chapter to a statutory auditor or statutory audit firm is a reference to a statutory auditor or statutory audit firm that is –

- (a) approved in accordance with Chapter 5 to carry out the assurance of sustainability reporting, or
- (b) registered in accordance with section 1633 to carry out the assurance of sustainability reporting.

Appointment of statutory auditor for purposes of carrying out assurance of sustainability reporting

1609. (1) An applicable company that is subject to the requirements of section 1590 or 1596 shall appoint one or more statutory auditors for each financial year of the company for the purpose of carrying out the assurance of sustainability reporting of the company.

(2) A statutory auditor appointed pursuant to subsection (1) may be a statutory auditor other than the statutory auditors appointed to carry out a statutory audit of the company.

(3) Chapter 18 of Part 6 shall apply to the appointment of statutory auditors for the purpose of carrying out the assurance of sustainability reporting in the same manner as it applies to the appointment of statutory auditors for the purpose of carrying out a statutory audit subject to the following modifications:

- (a) references (howsoever expressed) to carrying out a statutory audit shall be construed as a reference to carrying out the assurance of sustainability reporting;
- (b) any other necessary modifications.

Assurance standards to be applied

1610. (1) Statutory auditors and statutory audit firms shall carry out the assurance of sustainability reporting in accordance with the assurance standards adopted by the Commission in accordance with paragraph (3) of Article 26a of the Audit Directive.

(2) Subject to subsection (3), the Supervisory Authority may adopt assurance standards, procedures or requirements to be applied to the assurance of sustainability reporting, as long as the Commission has not adopted an assurance standard covering the same subject matter, and where assurance standards, procedures or requirements are so prescribed, statutory auditors and statutory audit firms shall carry out the assurance of sustainability reporting in accordance with those standards.

(3) The Supervisory Authority shall communicate the assurance standards, procedures or requirements referred to in subsection (2) to the Commission at least 3 months before their entry into force.

(4) In this section, ‘standards’ include standards on professional ethics and internal quality control in addition to standards on the assurance of sustainability reporting.

Organisation of work of statutory auditors and audit firms when carrying out assurance of sustainability reporting

1611. (1) A statutory audit firm, when carrying out the assurance of sustainability reporting of an applicable company, shall designate at least one key sustainability partner, who may be one of the key audit partners

designated under section 1542, who shall be actively involved in the carrying out of the assurance of sustainability reporting.

(2) A statutory audit firm shall –

- (a) provide the key sustainability partner with sufficient resources and with personnel that have the necessary competence and capabilities to discharge his or her duties appropriately, and
- (b) ensure that the main criteria in selecting the key sustainability partner are securing assurance quality, independence and competence.

(3) A statutory auditor, when carrying out the assurance of sustainability reporting of an applicable company, shall devote sufficient time to the assurance engagement and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.

(4) Without prejudice to section 1542(4), a statutory auditor or audit firm shall keep records of any contraventions by him or her of the relevant provisions in relation to the assurance of sustainability reporting.

(5) A statutory auditor or audit firm shall keep records of any consequences of any contravention referred to in subsection (4), including the measures taken to address such contravention and to modify his or her internal quality control system.

(6) A statutory auditor or audit firm shall prepare an annual report containing an overview of any measures taken pursuant to subsection (5) and, in the case of an audit firm, shall communicate that report internally to the partners or directors, as may be appropriate, of the audit firm.

Organisation of work of statutory auditors and audit firms - assurance files

1612. (1) A statutory auditor or statutory audit firm shall maintain a client account record that includes the following data for each assurance client:

- (a) the name, address and place of business;
- (b) in the case of a statutory audit firm, the name of the key sustainability partner;
- (c) the fees charged for the assurance of sustainability reporting and the fees charged for other services in any financial year.

(2) A statutory auditor or a statutory audit firm shall create an assurance file for each assurance engagement which shall be closed not later than 60 days after the date of signature of the assurance report.

(3) A statutory auditor or a statutory audit firm shall document and retain at least the data recorded pursuant to section 1539 as applied by section 1621 as regards the assurance of sustainability reporting.

(4) A statutory auditor or a statutory audit firm shall retain any other data and documents that are of importance in support of the assurance report and for monitoring compliance with this Part, the Audit Directive and other applicable legal requirements as regards the assurance of sustainability reporting.

(5) A statutory auditor or a statutory audit firm shall keep records of any complaints made in writing about the performance of the assurance of sustainability reporting carried out by him or her.

(6) Where the same statutory auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting of an applicable company, the assurance file referred to in subsection (2) may be included in the audit file referred to in section 1543(2).

Assurance report on sustainability reporting

1613. (1) The statutory auditor or statutory audit firm shall present the results of the assurance of sustainability reporting in an assurance report on sustainability reporting (in this Part referred to as the ‘assurance report’) which shall be prepared in accordance with the assurance standards referred to in section 1610.

(2) The assurance report shall be in writing and shall:

- (a) identify the entities whose sustainability reporting or consolidated sustainability reporting is the subject of the assurance engagement;
- (b) specify the sustainability reporting concerned and the date and period it covers;
- (c) identify the sustainability reporting framework that has been applied in its preparation;
- (d) include a description of the scope of the assurance of sustainability reporting which shall, as a minimum, identify the assurance standards in accordance with which the assurance of sustainability reporting was conducted.

(3) The assurance report shall state clearly the statutory auditors’ opinion, based on a limited assurance engagement, as regards the compliance of the sustainability reporting of the applicable company with the requirements of this Part, including –

- (a) the compliance of the sustainability reporting with the sustainability reporting standards adopted by the Commission pursuant to Article 29b or Article 29c of the Accounting Directive,
- (b) the process carried out by the applicable company to identify the information reported pursuant to those sustainability reporting standards,

- (c) the compliance with the requirement to mark-up sustainability reporting in accordance with section 1600, and
 - (d) the compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852.
- (4) (a) Where the assurance of sustainability reporting was carried out by more than one statutory auditor or statutory audit firm, the statutory auditors or audit firms shall, subject to paragraph (b), agree on the results of the assurance of sustainability reporting and submit a joint assurance report and opinion.
- (b) In the case of disagreement, each statutory auditor or statutory audit firm shall submit his, her or its opinion in a separate paragraph of the assurance report and shall state the reason for the disagreement.
- (5) (a) The assurance report shall be signed and dated by the statutory auditor carrying out the assurance of sustainability reporting.
- (b) Where a statutory audit firm carries out the assurance of sustainability reporting, the assurance report shall bear the signature of at least the statutory auditors carrying out the assurance of sustainability reporting on behalf of the audit firm.
- (c) Where more than one statutory auditor or statutory audit firm have been simultaneously engaged, the assurance report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the assurance of sustainability reporting on behalf of each audit firm.
- (6) Where the same statutory auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting of an applicable company, the assurance report may be included as a separate section of the statutory auditors' report required by section 391.

Assurance of consolidated sustainability reporting

1614. (1) In the case of an assurance engagement concerning the consolidated sustainability reporting of a group, the group auditor shall bear the full responsibility for the assurance report.

- (2) The group auditor shall –
- (a) evaluate the assurance work carried out by any auditors for the purpose of the assurance of sustainability reporting of the group, and

(b) document the nature, timing and extent of the work carried out by those auditors, including the group auditor's review of the relevant parts of those auditors' assurance documentation.

(3) For the purposes of the assurance of consolidated sustainability reporting of a group, auditors may be one or more of the following:

- (a) statutory auditors;
- (b) statutory audit firms;
- (c) Member State auditors;
- (d) Member State audit firms;
- (e) third-country auditors;
- (f) third-country audit entities;
- (g) independent assurance services providers.

(4) The group auditor shall carry out a review, and maintain documentation of such review, of the work of whoever referred to in subsection (3) performed assurance work for the purposes of the assurance of consolidated sustainability reporting of the group.

(5) The documentation referred to in subsections (2)(b) and (4) to be retained by the group auditor shall be such as enables the Supervisory Authority, or the recognised accountancy body, where applicable, to conduct a quality assurance inspection or review, as the case may be, pursuant to Chapter 7.

(6) The group auditor shall request the agreement of the auditors referred to in subsection (3) to transfer relevant documentation during the carrying out of the assurance of consolidated sustainability reporting as a condition of the reliance by the group auditor on the work of such auditors.

(7) (a) Where the group auditor is unable to secure an agreement referred to in subsection (6), he or she shall take appropriate measures in order to form an opinion on the consolidated sustainability reporting of the group and inform the Supervisory Authority or the recognised accountancy body, where applicable.

(b) Such measures shall, as appropriate, include carrying out additional assurance work, either directly or by outsourcing the additional assurance work, in the relevant subsidiary.

(8) (a) The group auditor who is subject to a quality assurance inspection or review or an investigation concerning the assurance of the consolidated sustainability reporting of a group shall, when requested, make available to the Supervisory Authority or the recognised accountancy body,

where applicable, the relevant documentation he or she has retained concerning the assurance work performed by the entities referred to in subsection (3) for the purpose of the assurance of consolidated sustainability reporting of the group, including any working papers relevant to the assurance of consolidated sustainability reporting.

- (b) The Supervisory Authority may request additional documentation on the assurance work performed by a statutory auditor or audit firm for the purpose of the assurance of consolidated sustainability reporting from the competent authorities in other Member States, where applicable, pursuant to Chapter 17 of Part 27 as applied by section 1647.

Further responsibility of group auditor in relation to assurance of sustainability reporting

1615. (1) Subject to subsection (2), the Supervisory Authority may request additional documentation on the assurance work performed by any third-country auditor or third-country audit entity on a holding undertaking or on a subsidiary undertaking of a group from the relevant competent authorities in third countries through the working arrangements referred to in section 1568(1)(c) or 1569(c) as applied by section 1648.

(2) Where –

- (a) an assurance of consolidated sustainability reporting of a group is carried out, and
- (b) the assurance of sustainability reporting of a holding undertaking or subsidiary undertaking of the group is carried out by one or more third-country auditors, third-country entities or independent assurance services providers that have no working arrangements as referred to in section 1568(1)(c) or 1569(c),

the group auditor is responsible for ensuring proper delivery, when requested, to the Supervisory Authority of the additional documentation of the assurance work performed by those third-country auditors, third-country entities or independent assurance services providers, including the working papers relevant to the assurance of sustainability reporting of the group.

(3) To ensure such delivery, the group auditor shall retain a copy of such assurance documentation, or alternatively –

- (a) agree, with one or more third-country auditors, third-country entities or independent assurance services providers, arrangements for the group auditor's proper and unrestricted access, upon request, to the documentation, or
- (b) take any other appropriate action.

(4) Where the assurance working papers cannot, for legal or other reasons, be passed from a third country to the group auditor, the documentation retained by the group auditor shall include –

- (a) evidence that he or she has undertaken the appropriate procedures in order to gain access to the assurance documentation, and
- (b) in the case of an impediment other than a legal one arising from legislation of the third country or countries concerned, evidence supporting the existence of such an impediment.

Audit committees for public-interest entities – responsibilities in relation to assurance of sustainability reporting

1616. Without prejudice to section 1551 and the responsibility of the directors of a public-interest entity, the responsibilities of an audit committee established pursuant to that section for an applicable company shall include –

- (a) informing directors of the entity of the outcome of the assurance of sustainability reporting and explaining how the assurance of sustainability reporting contributed to the integrity of the sustainability reporting and what the role of the audit committee was in that process,
- (b) monitoring the sustainability reporting process of the undertaking, including its electronic reporting process as referred to in section 1600 and the process carried out by the undertaking to identify the information reporting in accordance with the sustainability reporting standards, and submitting recommendations or proposals to the directors of the entity to ensure its integrity,
- (c) monitoring the effectiveness of the entity's internal quality control and risk management systems and, where applicable, its internal audit, regarding the sustainability reporting of the undertaking, including its electronic reporting process as referred to in section 1600, without breaching its independence,
- (d) monitoring the assurance of the entity and group sustainability reporting, in particular its performance, taking into account any findings and conclusions by the Supervisory Authority pursuant to Article 26(6) of Regulation (EU) No 537/2014, and
- (e) reviewing and monitoring the independence of the statutory auditors or audit firms carrying out the assurance of sustainability reporting of the entity in accordance with section 1621.

Resolution for accredited third party to prepare report on certain elements of sustainability reporting

1617. (1) Subject to subsection (3), in the case of an applicable company falling within paragraph (a) of the definition of ‘applicable company’ that is subject to the requirements of section 1590 or 1596, shareholders representing 5 per cent or more of the voting rights or of the share capital of the company, acting individually or collectively, shall have the right to table a draft resolution to be adopted in the annual general meeting of the company, requiring an accredited third party that does not belong to the same audit firm or network as the statutory auditor or audit firm carrying out the statutory audit to prepare a report on certain elements of the sustainability reporting and that such report be made available to the annual general meeting.

(2) Where an applicable company is required to have elements of its sustainability reporting verified by an accredited independent third party, the directors of the applicable company shall ensure that the report of the accredited independent third party is either –

- (a) annexed to the directors’ report of the company for the financial year concerned, or
- (b) published on the company’s website.

(3) This section does not apply to a public-interest entity falling within paragraph (a) of the definition of ‘public-interest entity’.

Prohibited non-audit services in case of assurance of sustainability reporting of public-interest entity

1618. (1) A statutory auditor or statutory audit firm carrying out the assurance of sustainability reporting of a public-interest entity, or any member of the network to which the relevant sustainability assurance provider belongs, shall not directly or indirectly provide to the public-interest entity that is the subject of the assurance of sustainability reporting, to its holding undertaking or to its controlled undertakings within the European Union, the prohibited non-audit services referred to in points (b) and (c) and points (e) to (k) of the second subparagraph of Article 5(1) of Regulation (EU) No 537/2014 during –

- (a) the period between the beginning of the period subject to the assurance of sustainability reporting and the issuing of the assurance report, and
- (b) the financial year immediately preceding the period referred to in paragraph (a) in relation to the services referred to in point (e) of the second subparagraph of Article 5(1) of Regulation (EU) No 537/2014.

(2) A statutory auditor or statutory audit firm carrying out the assurance of sustainability reporting of a public-interest entity and, where the statutory auditor or statutory audit firm belongs to a network, any

member of such network, may provide to the public-interest entity that is the subject of the assurance of sustainability reporting, to its holding undertaking or to its controlled undertakings, non-audit services other than the prohibited non-audit services referred to in subsection (1) or, if applicable, the prohibited non-audit services referred to in the second subparagraph of Article 5(1) of Regulation (EU) No 537/2014 or services considered by Member States to represent a threat to independence as referred to in Article 5(2) of that Regulation, subject to the approval of the audit committee after it has properly assessed threats to independence and the safeguards applied in accordance with sections 1538 and 1539.

(3) When a member of a network to which the statutory auditor or statutory audit firm belongs provides the prohibited non-audit services referred to in subsection (1) to an undertaking incorporated in a third country which is controlled by the public-interest entity that is the subject of the assurance of sustainability reporting, the statutory auditor or audit firm concerned shall assess whether his, her or its independence would be compromised by such provision of services by the member of the network.

(4) If his, her or its independence is affected, the statutory auditor or audit firm –

- (a) shall apply safeguards in order to mitigate the threats caused by the provision of prohibited non-audit services referred to in subsection (1) in a third country, and
- (b) may continue to carry out the assurance of sustainability reporting of the public-interest entity only if he, she or it can justify, in accordance with sections 1538 and 1539, that the provision of such services does not affect his, her or its professional judgement and the assurance report on sustainability reporting.

Restrictions with regard to fees

1619. (1) A recognised accountancy body shall ensure that its standards include provisions that fees for the assurance of sustainability reporting –

- (a) are not to be influenced by, or determined by, the provision of additional services to the undertaking that is the subject of the assurance of sustainability reporting, and
- (b) are not to be based on any form of contingency.

(2) In this section, ‘standards’ has the same meaning as it has in Part 27.

Confidentiality and professional secrecy

1620. The rules of confidentiality and professional secrecy in Chapter 11 of Part 27 shall apply with respect to information and documents to which a statutory auditor or audit firm has access when carrying out the

assurance of sustainability reporting in the same manner as they apply in relation to the carrying out of a statutory audit subject to the following modifications:

- (a) references (howsoever expressed) to carrying out a statutory audit shall be construed as references to carrying out the assurance of sustainability reporting;
- (b) references (howsoever expressed) to a statutory auditor or audit firm ceasing to be engaged in an audit shall be construed as references to a statutory auditor or audit firm ceasing to be engaged in the assurance of sustainability reporting of the company;
- (c) references to a key audit partner shall be construed as references to a key sustainability partner;
- (d) references to audit work shall be construed as references to assurance work;
- (e) references to audit working papers or other documents relating to the audit shall be construed as references to assurance working papers or other documents relating to the assurance of sustainability reporting;
- (f) references (howsoever expressed) to the audited undertaking shall be construed as references to the applicable company the subject of the assurance of sustainability reporting;
- (g) any other necessary modifications.

Independence, objectivity and professional scepticism

1621. The requirements of independence, objectivity and professional scepticism in sections 1533 to 1541 shall apply to statutory auditors or audit firms carrying out the assurance of sustainability reporting in the same manner as they apply to statutory auditors or audit firms carrying out a statutory audit, subject to the following modifications:

- (a) references (howsoever expressed) to carrying out a statutory audit shall be construed as references to the carrying out of the assurance of sustainability reporting;
- (b) references to the key audit partner shall be construed as references to the key sustainability partner;
- (c) references (howsoever expressed) to the audited undertaking shall be construed as references to the applicable company the subject of the assurance of sustainability reporting;
- (d) references to audit working papers shall be construed as references to assurance working papers;
- (e) any other necessary modifications.

Irregularities

1622. Article 7 of Regulation (EU) No 537/2014 applies to a statutory auditor or audit firm carrying out the assurance of sustainability reporting of a public-interest entity in the same manner as it applies to a statutory auditor or audit firm carrying out the statutory audit of a public-interest entity, and for that purpose –

- (a) references to carrying out the statutory audit of a public-interest entity shall be construed as references to carrying out the assurance of sustainability reporting of a public-interest entity, and
- (b) references to the audited entity shall be construed as references to the entity the subject of the assurance of sustainability reporting.

Removal or resignation of statutory auditors from carrying out assurance of sustainability reporting

1623. Chapter 20 of Part 6 shall apply to the removal or resignation of statutory auditors appointed to carry out the assurance of sustainability reporting of an applicable company in the same manner as it applies to the removal or resignation of statutory auditors appointed to carry out a statutory audit, subject to the following modifications:

- (a) references to the removal or resignation of a statutory auditor shall be construed as references to the removal or resignation, as the case may be, of a statutory auditor in respect of the carrying out of the assurance of sustainability reporting of the company;
- (b) references to accounting treatments or audit procedures shall be construed as references to sustainability reporting or assurance procedures;
- (c) any other necessary modifications.

Removal of statutory auditors from carrying out assurance of sustainability reporting of public-interest entities

1624. (1) In the case of the assurance of sustainability reporting of a public-interest entity –

- (a) shareholders representing 5 per cent or more of the voting rights or of the share capital, or
- (b) the Supervisory Authority,

may bring a claim before the High Court for the removal of the statutory auditor or audit firm carrying out the assurance of sustainability reporting of the entity subject to there being good and substantial grounds for bringing such a claim before the Court.

(2) The grounds for bringing the claim before the High Court shall relate to –

- (a) the conduct of the auditor or audit firm with regard to the performance of his or her duties in relation to the carrying out of the assurance of sustainability reporting of the public-interest entity or otherwise, or
 - (b) the petitioner's opinion that it is in the best interests of the public-interest entity to do so.
- (3) For the purposes of subsection (2) –
- (a) diverging opinions on sustainability reporting or assurance procedures cannot constitute the basis for the passing of any resolution for the purposes of that subsection, and
 - (b) ‘best interests of the public-interest entity’ shall not include any illegal or improper motive with regard to avoiding disclosures or detection of any contravention by the entity of this Act.

Notification to Supervisory Authority of certain matters regarding cessation of office

1625. Sections 403 and 404 shall apply to a statutory auditor appointed for the purposes of carrying out the assurance of sustainability reporting of an applicable company in the same manner as it applies to statutory auditors appointed for the purposes of carrying out a statutory audit subject to the following:

- (a) a reference to section 394 or 400, or a provision of either of those sections, shall be construed as a reference to that section or that provision as applied by section 1623;
- (b) any other necessary modifications.

Chapter 5

Approval to carry out assurance of sustainability reporting

Approval to carry out assurance of sustainability reporting

1626. (1) A recognised accountancy body may, on application made to it by an individual or a firm, approve, under this Part, the applicant to carry out the assurance of sustainability reporting.

(2) A recognised accountancy body may, on application made to it by a third-country auditor and in accordance with section 1640, approve, under this Part, the applicant to carry out the assurance of sustainability reporting.

(3) The recognised accountancy body shall maintain a record in writing of all persons approved by it to carry out the assurance of sustainability reporting, including the individual identification number assigned to any such persons in accordance with section 1464.

Conditions for approval to carry out assurance of sustainability reporting as statutory auditor

1627. Subject to section 1635, a person shall not be eligible for approval to carry out the assurance of sustainability reporting unless he or she is approved and registered under Part 27 as a statutory auditor and either –

- (a) holds an appropriate qualification as referred to in section 1628,
- (b) in the case of a Member State auditor, complies with section 1629, or
- (c) in the case of a third-country auditor, complies with sections 1629 and 1640.

Appropriate qualification for purpose of section 1627(a)

1628. (1) A person holds an appropriate qualification, as required by section 1627(a), if he or she holds a qualification granted by a recognised accountancy body whose standards relating to training and qualifications for the approval to carry out the assurance of sustainability reporting are not less than those specified in Schedule 23.

(2) In subsection (1), ‘qualification’ means a qualification to undertake the assurance of sustainability reporting of a company in so far as required by European Union law.

(3) A recognised accountancy body may exempt in writing a person who has passed a university or equivalent examination, or who holds a university degree or equivalent qualification, in one or more of the subjects referred to in the test of theoretical knowledge specified in Schedule 23 if the body is satisfied that the passing of that examination, or the holding of that university degree or equivalent qualification, renders it unnecessary for the person to undergo that test in so far as those subjects are concerned.

(4) The Supervisory Authority shall, at such times as it thinks it appropriate to do so, issue guidelines to recognised accountancy bodies as to the specific matters that should be given regard to in reaching a decision under subsection (3) whether or not to grant an exemption under that subsection to a person.

Aptitude test to be passed

1629. (1) Subject to subsection (2), a Member State auditor or third-country auditor applying for approval to carry out the assurance of sustainability reporting in the State is required to sit and pass an aptitude test to demonstrate his or her knowledge of the enactments and practice that are relevant to the assurance of sustainability reporting in the State.

(2) Subsection (1) shall not apply to a Member State auditor or third-country auditor if the recognised accountancy body is satisfied that he or she has otherwise demonstrated sufficient knowledge of the enactments and practice referred to in that subsection.

(3) The Supervisory Authority shall, at such time as it thinks it appropriate to do so, issue guidelines to each recognised accountancy body as to the specific matters that should be given regard to in reaching a decision under subsection (2) whether or not a person has demonstrated the knowledge referred to in subsection (1).

(4) A recognised accountancy body may charge and impose on a Member State auditor or third-country auditor a fee, of an amount specified from time to time by the Minister, that is sufficient to meet the body's administrative expenses in respect of the administration of an aptitude test under this section in relation to him or her.

(5) A fee imposed under subsection (4) may, in default of payment, be recovered from the Member State auditor or third-country auditor concerned as a simple contract debt in any court of competent jurisdiction.

Scope of aptitude test

1630. (1) The aptitude test referred to in section 1629 shall –

- (a) be conducted in either the Irish language or the English language, and
- (b) relate only to the applicant's adequate knowledge of the enactments and practice that are relevant to the assurance of sustainability reporting in the State.

(2) Subject to subsection (3), the various matters that shall constitute the contents of the aptitude test shall be decided by the recognised accountancy body after it has received the approval of the Supervisory Authority of the contents of the test.

(3) A recognised accountancy body shall not alter the contents of an aptitude test approved under subsection (2) unless such alteration has been approved by the Supervisory Authority.

Adequate standards to be applied in administration of aptitude test

1631. (1) Subject to subsection (2), a recognised accountancy body shall apply adequate standards in the administration of the aptitude test referred to in section 1629.

(2) No standards shall be used by a recognised accountancy body for the purposes of subsection (1) unless those standards have (with respect to that use) first been approved by the Supervisory Authority.

Conditions for approval to carry out assurance of sustainability reporting as a statutory audit firm

1632. (1) In this section, references to a firm include references to a Member State audit firm if the firm is not seeking registration in accordance with section 1633.

- (2) A firm shall not be eligible for approval to carry out the assurance of sustainability reporting unless –
- (a) the firm is approved and registered under Part 27 as a statutory audit firm, and
 - (b) the individuals who carry out the assurance of sustainability reporting in the State on behalf of the firm are approved to do so in accordance with this Part.

Basis on which audit firms approved in other Member States may carry out assurance of sustainability reporting in State

1633. (1) A Member State audit firm shall be entitled to carry out the assurance of sustainability reporting in the State if the key sustainability partner who carries out the assurance on behalf of the audit firm, both at the time of registration (in accordance with subsection (2)) and at all times during the registration of the firm, complies with the requirements of this Chapter.

- (2) (a) An audit firm that wishes to carry out the assurance of sustainability reporting in the State where the State is not its home Member State shall, before carrying out any such assurance, register with the recognised accountancy body by which the key sustainability partner referred to in subsection (1) is approved.
 - (b) The recognised accountancy body shall ensure that an audit firm which complies with subsection (1) is registered in accordance with the requirements of Chapter 5 of Part 27, section 1636 and Schedules 20 and 24.
 - (3) (a) The recognised accountancy body shall register the Member State audit firm if it is satisfied that the audit firm is registered with the counterpart authority in the audit firm's home Member State to carry out the assurance of sustainability reporting.
 - (b) Where the recognised accountancy body intends to rely on a certificate, issued by the counterpart authority in the home Member State, attesting to the registration of the audit firm in the home Member State, the recognised accountancy body may require that such certificate be issued on a date falling within the 3 months immediately preceding that date on which the recognised accountancy body is given that certificate.
- (4) The recognised accountancy body shall maintain a record of all Member State audit firms registered with it under subsection (2)(a), including the individual identification number assigned to such firms in accordance with section 1465.

(5) The recognised accountancy body shall inform the counterpart authority in the home Member State of the registration of the audit firm.

(6) Where a recognised accountancy body receives a notification from another Member State that an audit firm, whose home Member State is the State, has registered with the counterpart authority in the host Member State to carry out the assurance of sustainability reporting, the recognised accountancy body shall ensure that such registration is recorded in the public register.

Restriction as to persons who may carry out assurance of sustainability reporting

1634. (1) The assurance of sustainability reporting shall be carried out only by –

- (a) statutory auditors or statutory audit firms that are approved under this Part to carry out the assurance of sustainability reporting, or
- (b) audit firms registered in accordance with section 1633.

(2) A person shall not –

- (a) act as if he or she is approved to carry out the assurance of sustainability reporting,
- (b) describe himself or herself as a person who may carry out the assurance of sustainability reporting, or
- (c) so hold himself or herself out as to indicate, or be reasonably understood to indicate, that he or she may carry out the assurance of sustainability reporting,

unless he or she has been approved in accordance with this Part.

(3) A firm shall not –

- (a) act as if it is approved to carry out the assurance of sustainability reporting,
- (b) describe itself as a firm who may carry out the assurance of sustainability reporting, or
- (c) so hold itself out as to indicate, or be reasonably understood to indicate, that it may carry out the assurance of sustainability reporting,

unless it has been approved in accordance with this Part or registered in accordance with section 1633.

Transitional provisions relating to approval of certain statutory auditors

1635. (1) Subject to subsection (3), a statutory auditor who, immediately before 1 January 2024, stood approved under Part 27 to

carry out statutory audits shall not be subject to the requirements of paragraph (a), (b) or (c) of section 1627 and Schedule 23.

(2) Subject to subsection (3), where a person was, on 1 January 2024, undergoing the approval process provided for in Part 27, that person shall not be subject to the requirements of paragraph (a), (b) or (c) of section 1627 and Schedule 23, provided the person completes that process by 1 January 2026.

(3) A statutory auditor who, immediately before 1 January 2026, stands approved under this Part shall acquire the necessary knowledge of sustainability reporting and the assurance of sustainability reporting, including the subjects listed in Schedule 23, by taking part in the continuing education required by section 1638.

Public register

1636. The public register referred to in section 1484(1) shall, in addition to the information referred to in that section, contain the information set out in Schedule 24 in relation to the categories of persons referred to in paragraphs (a), (b) and (c) of that subsection.

Notification of information to Registrar

1637. (1) (a) An auditor or audit firm shall, as soon as may be after he or she is approved under this Chapter to carry out the assurance of sustainability reporting, notify the relevant information to the recognised accountancy body.

(b) A Member State audit firm shall, as soon as may be after it is registered in accordance with section 1633, notify the relevant information to the recognised accountancy body.

(c) A third-country auditor shall, as soon as may be after he or she is approved under this Part to carry out the assurance of sustainability reporting, notify the relevant information to the recognised accountancy body.

(2) On receipt of a notification under subsection (1), and having carried out any verification of the information as seems to it to be necessary, the recognised accountancy body, as appropriate, shall notify to the Registrar –

(a) the relevant information contained in the notification, and
 (b) the individual identification number assigned by it to the auditor, audit firm or third-country auditor under section 1464(6) or a Member State audit firm under section 1465(4).

(3) The notifications under subsections (1) and (2) shall each be made in such form and manner as the Registrar specifies.

(4) In this section, ‘relevant information’ means the information set out in paragraph 1, 2 or 3, as the case may be, of Schedule 24.

(5) For the avoidance of doubt, in the event that a recognised accountancy body is no longer recognised by the Supervisory Authority for the purposes of the relevant provisions or otherwise ceases to exist, the notifications under subsections (1) and (2) shall cease to have effect and the Registrar shall remove all information contained in such notifications from the public register.

Continuing education

1638. (1) It shall be a condition of an approval granted under this Chapter that the statutory auditor shall take part in appropriate programmes of continuing education in order to maintain his or her theoretical knowledge, professional skills and values, including, in particular, in relation to the assurance of sustainability reporting, at a sufficiently high level.

(2) The Supervisory Authority shall, at such times as it thinks it appropriate to do so, issue guidelines to the recognised accountancy bodies with regard to what constitutes compliance with the condition referred to in subsection (1).

Withdrawal of approval under this Part

1639. (1) Without prejudice to Chapter 4 of Part 27, a recognised accountancy body shall, subject to subsection (2), withdraw an approval of a person to carry out the assurance of sustainability reporting under this Part if, but only if, the person –

- (a) no longer stands approved under Part 27 as a statutory auditor or statutory audit firm, or
- (b) no longer complies with paragraph (a), (b) or (c) of section 1627.

(2) For the purposes of subsection (1), sections 1479(3) to (16), 1480(3) to (16), 1481, 1482 and 1483 shall apply to the withdrawal of approval under this Part in the same manner as they apply to the withdrawal of approval under Part 27 subject to the following modifications:

- (a) a reference (howsoever expressed) to the approval under Part 27 of the person as a statutory auditor or statutory audit firm shall be construed as a reference to the approval under this Part of a person to carry out the assurance of sustainability reporting;
- (b) a reference in sections 1479 and 1480 to subsection (2)(a), (b) or (c) shall be construed as reference to subsection (1)(a) or (b) of this section;
- (c) any other necessary modifications.

Chapter 6

Approval and registration of third-country auditors for purposes of carrying out assurance of sustainability reporting

Approval of third-country auditors to carry out assurance of sustainability reporting

1640. (1) Without prejudice to the requirements of Chapter 5 and subject to subsection (2), a recognised accountancy body may approve a third-country auditor to carry out the assurance of sustainability reporting if that person has furnished proof that he or she complies with requirements equivalent to those specified in section 1628.

(2) A third-country auditor shall not be approved under subsection (1) unless reciprocal arrangements with the third country concerned are in place, that is to say arrangements that enable a statutory auditor to carry out the assurance of sustainability reporting in that third country –

- (a) by virtue of the law of that third country, and
- (b) on fulfilment by the statutory auditor concerned of requirements no more onerous than those specified by this section and Chapter 5 for the third-country auditor's approval under subsection (1).

Registration of third-country audit firms and third-country audit entities for assurance of sustainability reporting

1641. (1) (a) Subject to paragraph (b) and Chapter 21 of Part 27 as applied by subsection (2), the Supervisory Authority shall, in accordance with the relevant provisions of Chapter 5 of Part 27, section 1636 and Schedules 20 and 24, cause to be registered in each year in the public register every third-country auditor and third-country audit entity that indicates, in writing to it, his or her intention to provide an assurance report concerning the sustainability reporting of an applicable company that falls within section 1573(3).

- (b) Paragraph (a) shall not apply to a third-country auditor or third-country audit entity that provides assurance reports of undertakings incorporated in third countries in respect of which –
 - (i) the Commission has not yet made a decision that the public oversight, quality assurance and investigation and penalty systems for third-country auditors and third-country audit entities meet requirements which shall be considered equivalent to those of Articles 29, 30 and 32 of the Audit Directive, or

(ii) such a decision was made but for a specified period of time which has now expired.

(2) Chapter 21 of Part 27 shall apply in relation to the registration of a third-country auditor and third-country audit entity pursuant to subsection (1) in the same manner as it applies in respect of the registration of a third-country auditor and third-country audit entity pursuant to section 1573 subject to the following modifications:

- (a) subsection (1) of this section shall be substituted for subsection (1) of section 1573;
- (b) references in section 1573 to subsection (1) of that section shall be construed as references to subsection (1) of this section;
- (c) references (howsoever expressed) to registration pursuant to section 1573 shall be construed as references to registration pursuant to subsection (1);
- (d) a reference to registration under Chapter 5 shall include reference to registration in accordance with section 1636;
- (e) references to Schedule 20 shall be construed as including a reference to Schedule 24;
- (f) a reference in section 1576 to an audit report provided by a third-country auditor or third-country audit entity concerning the accounts or consolidated accounts of an undertaking falling within section 1573(3) shall be construed as a reference to an assurance report provided by a third-country auditor or third-country audit entity concerning the sustainability reporting of an applicable company that falls within section 1573(3);
- (g) a reference in section 1577(2) to sections 1464 and 1472 shall include a reference to sections 1626 and 1628;
- (h) a reference to the audit of accounts or consolidated accounts shall be construed as reference to the assurance of sustainability reporting;
 - (i) a reference to international auditing standards as referred to in section 1526 shall be construed as reference to assurance standards as referred to in section 1610;
- (j) any other necessary modifications.

Chapter 7

Quality assurance and oversight of statutory auditors carrying out assurance of sustainability reporting

System of quality assurance

1642. (1) Without prejudice to Chapter 7 of Part 27, the Supervisory Authority shall ensure that the quality assurance systems it has in place pursuant to that Chapter include a system of quality assurance in relation

to the carrying out of the assurance of sustainability reporting in accordance with this Part.

(2) Without prejudice to Chapter 7 of Part 27, a recognised accountancy body shall ensure that the system of quality assurance it has in place pursuant to that Chapter includes a system of quality assurance of –

- (a) the body's members' activities as statutory auditors and audit firms that carry out the assurance of sustainability reporting of entities not referred to in section 1494(1) and (2), and
- (b) the activities, as statutory auditors and audit firms that carry out the assurance of sustainability reporting, of persons who, though not members of the recognised accountancy body, are persons in relation to whom the body may perform functions under the relevant provisions.

(3) For the purposes of subsection (1), a reference in Chapter 7 of Part 27 to registered third-country auditors and third-country audit entities shall include a reference to a third-country auditor or third-country audit entity registered under section 1641.

Organisation of quality assurance system

1643. (1) Section 1496 shall apply in relation to the quality assurance system referred to in section 1642(2) in the same manner as it applies in relation to the quality assurance system referred to in section 1495(2) subject to the following modifications:

- (a) the reference in subsection (1)(d) and subsection (2)(a) to appropriate professional education and relevant experience in statutory audit and financial reporting shall be construed as a reference to appropriate professional education and relevant experience in sustainability reporting and the assurance of sustainability reporting or other sustainability-related services;
- (b) the following shall be substituted for paragraph (f) of subsection (1):

“(f) the scope of quality assurance reviews of assurance of sustainability reporting, supported by adequate testing of selected assurance files, includes, except where otherwise agreed with the Supervisory Authority, an assessment of –

- (i) compliance with applicable assurance of sustainability

- standards and independence requirements,
- (ii) the quantity and quality of resources spent,
 - (iii) the fees charged in respect of the assurance of sustainability reporting, and
 - (iv) the internal quality control system of the audit firm,”;
- (c) the reference in subsection (1)(h) to section 1497 shall be construed as a reference to section 1644;
- (d) the following shall be substituted for subsection (3):
- “(3) For the purpose of subsection (1)(k), a recognised accountancy body, when undertaking quality assurance reviews of the assurance of sustainability reporting of the consolidated sustainability reporting of medium or small companies, shall take account of the fact that assurance standards adopted in accordance with Article 26a of the Audit Directive are designed to be applied in a manner that is proportionate to the scale and complexity of the business of the undertaking.”;
- (e) any other necessary modifications.

(2) Until 31 December 2025, persons who carry out quality assurance reviews relating to the assurance of sustainability reporting shall be exempted from the requirement in section 1496(2)(a) as applied by subsection (1) to have relevant experience in sustainability reporting and the assurance of sustainability reporting or other sustainability-related services.

Quality assurance review deemed to include individual auditors in certain cases

1644. For the purpose of section 1496(1)(h) as applied by section 1643, a quality assurance review conducted in relation to a statutory audit firm shall be regarded as a quality assurance review of all statutory auditors carrying out the assurance of sustainability reporting on behalf of the firm provided that the firm has a common quality assurance policy with which each such statutory auditor is required to comply.

Right of recognised accountancy body as regards professional discipline

1645. A recognised accountancy body shall have the right to take disciplinary actions or impose sanctions in respect of statutory auditors and audit firms who carry out the assurance of sustainability reporting and shall have procedures in place to facilitate the taking or imposition of such action or sanctions.

System of investigation and penalties

1646. (1) Without prejudice to section 1499 and subject to subsection (2), each recognised accountancy body shall, in respect of those auditors and audit firms in relation to whom, by virtue of section 930C, it may perform functions, institute arrangements to ensure that there are effective systems of investigations and penalties to detect, correct and prevent the inadequate execution of the assurance of sustainability reporting by those statutory auditors and audit firms.

(2) Subsection (1) shall not be construed to empower a recognised accountancy body referred to in that subsection to impose a penalty on a statutory auditor or audit firm of a public-interest entity in the case of a relevant contravention committed by that auditor or audit firm that relates (whether in whole or in part) to that entity.

(3) For the purposes of this section, sections 1500, 1501 and 1502, and Chapter 9 of Part 27, shall apply subject to the following modifications:

- (a) a reference to the carrying out of a statutory audit (howsoever expressed) shall be construed as reference to the carrying out of the assurance of sustainability reporting;
- (b) the penalties referred to in section 1501, provision for which shall be made by the means referred to in that section, shall, where appropriate, include withdrawal of approval under this Part or, if applicable, withdrawal of a registration under section 1633 and a temporary prohibition referred to in point (ca) of Article 30a(1) of the Audit Directive and a declaration referred to in point (da) of that Article;
- (c) the following shall be substituted for paragraphs (d) and (e) of section 1506(1):

“(d) a declaration by the Supervisory Authority that the assurance report concerned does not meet the requirements of Chapter 4 of Part 28;

(e) a direction by the Supervisory Authority to the specified person (being any one or

more of a statutory auditor or key sustainability partner) prohibiting him or her, for the period specified in the direction (which may be up to and including an indefinite period), from carrying out the assurance of sustainability reporting or signing assurance reports, or both;”;

- (d) any other necessary modifications.

Co-operation and mutual recognition of regulatory arrangements between Member States

1647. The requirements of Chapters 17 and 18 of Part 27 shall apply in relation to the carrying out of the assurance of sustainability reporting in the same manner as they apply to the carrying out of statutory audits subject to the following modifications:

- (a) references (howsoever expressed) to the carrying out of statutory audits shall be construed as a reference to the carrying out of the assurance of sustainability reporting;
- (b) references (howsoever expressed) to the audited undertaking shall be construed as a reference to the applicable company the subject of the assurance of sustainability reporting;
- (c) any other necessary modifications.

Transfer of assurance working papers etc. to third-country competent authorities

1648. Chapter 19 of Part 27 shall apply to the transfer of working papers or other documents and inspection or investigation reports relating to the assurance of sustainability reporting in the same manner as it applies to audit working papers or other documents and inspection or investigation reports relating to audits subject to the following modifications:

- (a) references to audit working papers shall be construed as references to assurance working papers;
- (b) references to inspection or investigation reports relating to the audits shall be construed as references to inspection or investigation reports relating to the assurance of sustainability reporting;
- (c) references to an audit shall be construed as references to the assurance of sustainability reporting;
- (d) any other necessary modifications.”.

Insertion of Schedules 23 and 24 in Principal Act

25. The Principal Act is amended by the insertion of the following Schedules after Schedule 22:

“SCHEDULE 23

Standards relating to training and qualifications for approval to carry out assurance of sustainability reporting

Section 1628

1. An individual shall have attained university entrance or equivalent level and then –

- (a) completed a course of theoretical instruction,
- (b) undergone practical training, and
- (c) passed an examination of professional competence which is of at least the standard required in the State for university final or equivalent examination level.

2. (1) The examination of professional competence referred to in paragraph 1 shall be such as guarantees the necessary level of theoretical knowledge of subjects relevant to the assurance of sustainability reporting and the ability to apply such knowledge in practice. Part at least of that examination shall be in writing.

(2) The test of theoretical knowledge included in the examination shall include the following subjects in particular:

- (a) legal requirements and standards relating to the preparation of annual and consolidated sustainability reporting;
- (b) sustainability analysis;
- (c) due diligence processes with regard to sustainability matters;
- (d) legal requirements and assurance standards for the sustainability reporting referred to in section 1610.

3. (1) In order to ensure the ability to apply theoretical knowledge in practice, a test of which is included in the examination, the statutory auditor or trainee shall complete a minimum of eight months' practical training on the assurance of annual and consolidated sustainability reporting or on other sustainability-related services.

(2) All such training shall be carried out with persons who a recognised accountancy body is satisfied possess, to an adequate standard, the ability to provide practical training.

SCHEDULE 24

Additional information required to be supplied and entered in Public Register

Section 1636

Statutory auditors

1. In relation to a statutory auditor, the public register shall contain at least the following additional information:

- (a) whether the statutory auditor is approved under Part 28 to carry out the assurance of sustainability reporting;
- (b) if he or she is registered with one or more recognised accountancy bodies, counterpart authorities or third-country competent authorities, whether the registration concerns the assurance of sustainability reporting.

Statutory audit firms and audit firms approved in another Member State

2. In relation to a statutory audit firm, the public register shall contain at least the following additional information:

- (a) the name of every individual employed by or associated as partner or otherwise with the audit firm who is approved under Part 28 to carry out the assurance of sustainability reporting;
- (b) if the audit firm is registered with one or more recognised accountancy bodies, counterpart authorities or third-country competent authorities, whether the registration concerns the assurance of sustainability reporting;
- (c) where the audit firm is approved in another Member State to carry out the assurance of sustainability reporting and is registered in the public register of that Member State –
 - (i) the fact that the firm is so registered, and
 - (ii) the name of the Member State and the counterpart authority in that Member State.

Third-country auditors and third-country audit entities

3. (1) In relation to a third-country auditor or third-country audit entity, the public register shall contain at least the following information:

- (a) whether the third-country auditor or audit entity is registered under section 1641,
- (b) the information specified in the provisions of paragraph 1 or, as the case may be, 2 (as, in either case, those provisions are applied by subparagraph (2)).

(2) The provisions of paragraph 1 or 2, as the case may be, apply for the purposes of this paragraph save so much of them as are inapplicable in the case of a third-country auditor or third-country audit entity, as appropriate.

(3) Third-country auditors or third-country audit entities so registered shall be clearly indicated in the register as such and not as statutory auditors or audit firms.”.

PART 3

AMENDMENT OF TRANSPARENCY (DIRECTIVE 2004/109/EC) REGULATIONS 2007

Definition – Part 3

26. In this Part, “Regulations of 2007” means the Transparency (Directive 2004/109/EC) Regulations 2007 (No. 277 of 2007).

Amendment of Regulation 2 of Regulations of 2007

27. Regulation 2 of the Regulations of 2007 is amended by the insertion of the following definition:

“ ‘Regulation (EU) 2020/852’ means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020¹⁶ on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;

‘sustainability reporting’ means sustainability reporting as defined in point (18) of Article 2 of the Accounting Directive;”.

Application of Regulation 5(2)(d) and (e), (3)(a) and (b) and (4)(c)

28. The Regulations of 2007 are amended by the insertion of the following Regulation after Regulation 3:

“3A. (1) Without prejudice to Part 28 of the Act of 2014, and subject to paragraph (2), the requirements in paragraphs (2)(d) and (e), (3)(a) and (b) and (4)(c) of Regulation 5 shall apply –

(a) for financial years commencing on or after 1 January 2024 –

(i) to issuers which are large undertakings within the meaning of Article 3(4) of the Accounting Directive exceeding on their balance sheet dates the average number of 500 employees during the financial year, and

(ii) to issuers which are parent undertakings of a large group within the meaning of Article 3(7) of the Accounting Directive exceeding on its balance sheet dates, on a consolidated basis, the average number of 500 employees during the financial year,

(b) for financial years commencing on or after 1 January 2025 –

¹⁶ OJ No. L 198, 22.06.2020, p. 13

- (i) to issuers which are large undertakings within the meaning of Article 3(4) of the Accounting Directive other than those referred to in point (a)(i) of this Regulation, and
 - (ii) to issuers which are parent undertakings of a large group within the meaning of Article 3(7) of the Accounting Directive other than those referred to in point (a) (ii) of this subparagraph,
 - (c) for financial years commencing on or after 1 January 2026:
 - (i) to issuers which are small and medium-sized undertakings within the meaning of Article 3(2) and (3) of the Accounting Directive and which are not micro-undertakings as defined in Article 3(1) of that Directive,
 - (ii) to issuers defined as small and non-complex institutions in point (145) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013¹⁷, provided they are large undertakings within the meaning of Article 3(4) of the Accounting Directive or that they are small and medium-sized undertakings within the meaning of Article 3(2) and (3) of that Directive which are public-interest entities as defined in point (a) of point (1) of Article 2 of that Directive and which are not micro-undertakings as defined in Article 3(1) of that Directive,
 - (iii) to issuers defined as captive insurance undertakings in point (2) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009¹⁸, or as captive reinsurance undertakings in point (5) of Article 13 of that Directive, provided that they are large undertakings within the meaning of Article 3(4) of the Accounting Directive or that they are small and medium-sized undertakings within the meaning of Article 3(2) and (3) of that Directive which are public-interest entities as defined in point (a) of point (1) of Article 2 of that Directive and which are not micro-undertakings as defined in Article 3(1) of that Directive.
- (2) This Regulation applies to the requirements in paragraph (3)(a) and (b) of Regulation 5 only insofar as that paragraph relates to the requirements of Articles 19a, 29a and 29d of the Accounting Directive and Article 8(4) of Regulation (EU) 2020/852.”.

Amendment of Regulation 5 of Regulations of 2007

29. Regulation 5 of the Regulations of 2007 is amended –

- (a) in paragraph (2), by the insertion of the following subparagraphs after subparagraph (c):

¹⁷ OJ No. L 176, 27.06.2013, p. 1

¹⁸ OJ No. L 335, 17/12/2009, p. 1

- “(d) Where applicable, an assurance opinion on sustainability reporting shall be provided in accordance with point (aa) of the second subparagraph of Article 34(1) and Article 34(2) to (5) of the Accounting Directive.
- (e) The assurance report on sustainability reporting referred to in Article 28a of Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006¹⁹ shall be disclosed in full to the public together with the annual financial report.”,
- (b) in paragraph (3) –
- (i) by the substitution, in paragraph (a), of “Articles 29, 29a and 29d(2) of the Accounting Directive and shall include the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852, when drawn up by undertakings referred to in those provisions” for “Article 29 of the Accounting Directive”, and
 - (ii) by the substitution, in paragraph (b), of “Article 19, 19a, 20 and 29d(1) of the Accounting Directive and shall include the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852, when drawn up by undertakings referred to in those provisions” for “Article 19, and where relevant, Article 20 of the Accounting Directive”,
- (c) in paragraph (4), by the substitution of the following paragraph for subparagraph (c):
- “(c) For each person making a responsibility statement, the statement shall set out that to the best of his or her knowledge –
- (i) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole,
 - (ii) the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face, and if applicable, that it is prepared in accordance with sustainability reporting standards referred to in Article 29b of the Accounting

¹⁹ OJ No. L 157, 09.06.2006, p. 87

Directive and with the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852.”.



L.S.

GIVEN under my Official Seal,
5 July, 2024.

PETER BURKE,
Minister for Enterprise, Trade and Employment.

EXPLANATORY NOTE

(This note is not part of the Instrument and does not purport to be a legal interpretation.)

The European Union (Corporate Sustainability Reporting) Regulations 2024 transpose Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, into national law.

The Regulations are in 3 Parts. Part 1 provides for the citation, construction and commencement. Part 2 makes consequential amendments to the Companies Act 2014 and inserts a new Part 28 on Sustainability Reporting, whilst Part 3 makes amendments to the Transparency Regulations 2007.

The Regulations require all large companies, and all listed companies (except listed micro-enterprises) to provide information on sustainability matters, defined as environmental, social and governance ('ESG') including human rights matters according to mandatory European Sustainability Reporting Standards in the directors' report.

The Regulations amend relevant provisions of the Companies Act 2014, providing rules on sustainability assurance standards and oversight including the approval and registration of statutory auditors and audit firms to carryout assurance of sustainability reporting, along with providing for provisions concerning the audit committees' role.

The sustainability reporting is gradually applicable across the period 2024 to 2028 commencing for financial years on or after:

- 1 January 2024 for public interest entities (greater than 500 employees)
- 1 January 2025 for other larger companies (greater than 250 employees)
- 1 January 2026 for listed SMEs, with an 'opt out' possible until 2028
- 1 January 2028 for large subsidiaries and branches of non-EU companies with a net turnover of €150 million in the EU.

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