
European Sustainability Reporting Standards: Postponement of deadlines under the Accounting Directive: ECIIA views

We thank the opportunity to share our views on delaying the adoption of the specific standards (in the context of the EU Corporate Sustainability Reporting Directive), until 2026.

Delaying the sector specific ESRS may lead to the creation of stopgap measures resulting in a non-harmonized framework, which may jeopardize effective compliance with sustainability criteria in the long run. Overall, delaying these sector-specific standards will reduce clarity for companies, making it harder for them to adapt to the new reporting regime, while also starving investors of the meaningful information they need to make decisions. It will also place an unfair burden on the audit community who will effectively be asked to provide limited assurance without clear guidance from standards on typical sectoral issues

ECIIA is concerned about the ability of European companies (in the CSRD scope) to meet all legal requirements, imposed on them in an excessively short period of time in terms of sustainability reporting. This may lead to an implementation characterized by a compliance attitude, focused on (minimum) reporting instead of starting a business transformation and embedding ESG.

ECIIA advises that the sector-specific standards would be published within the deadlines initially announced, but the implementation would be delayed to give time to companies to be ready.

We are also concerned about the fact that the assurance guidance will only be issued in 2026, while many companies must comply as from next year. It creates confusion and leaves open questions for all involved in the reporting and assurance chain, where judgement will be necessary. Already at this moment a debate has started on whether limited assurance can be appropriate for sustainability reporting in which basic elements of the CSRD are lacking or non-compliance with ESRS is evident.

Another concern is the auditors' statements (qualifications) provided in the context of the limited assurance. It might generate concerns from the market (investors and other stakeholders) as well as negative reactions from NGOs for companies. It is crucial to clearly motivate the interpretation of the audit reports, to preserve competitiveness for the European companies (in the CSRD scope).

Internal auditors can and should play an important role in the assurance chain, next to and in cooperation with the external auditors. Besides the topics mentioned above, clear and practical guidance is needed on key topics such as the double materiality assessment, auditing forward-looking information, and the value chain assessment.

If additional standards and guidance will only become available after one or two years of emerging pragmatic practices developed by companies and their auditors, these practices may impact the quality of sustainability reporting and effectiveness of CSRD implementation, and may take time to convert. One may wonder whether time is not a crucial factor.

We thank you for your consideration and remain at disposal for further details.