



Implications of the EU CSRD for SR of Public Enterprises

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Agenda

1. Motivation and Research Question
2. Recent changes in SR in the European Union
3. Implications for Public Enterprises

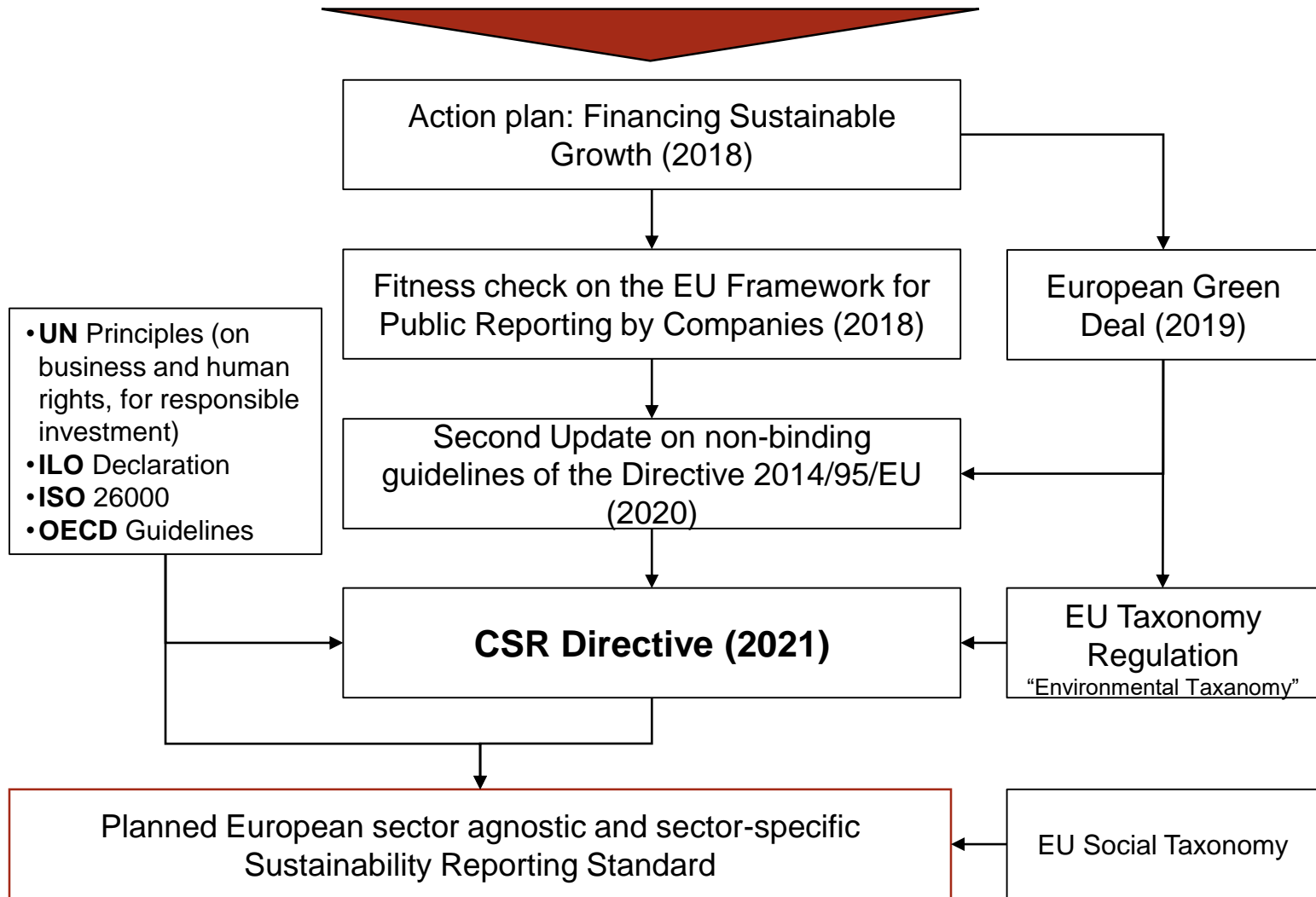
Motivation and Research Question

- Importance of Accounting for the triple bottom line has risen in the past decade
 - Partly investor-driven
 - Partly driven by other stakeholders
- Accounting for the SDGs as an emerging practice
- Sustainability Reporting as an option for public enterprises to demonstrate their public value creation
- CSR Directive is regarded by some authors as a big step towards a more transparent, stakeholder accountability driven sustainability reporting

RQ: What are the implication of the CSR Directive for Sustainability Reporting in Public Enterprises?

COP 2015: Paris

Signing of the UN Sustainable Development Goals (2015)



Comparison of the 2014 NFI Directive and the 2021 CSR Directive

| | NFI Directive 2014 | CSR Directive 2021 |
|---|--|--|
| Objective | Information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity | Information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position |
| Minimum Content | Five sustainability matters covered ("environmental, social and employee matters, respect for human rights, anti corruption and bribery matters") | <ul style="list-style-type: none"> • Three sustainability matters covered ("environmental, social and governance factors") • Sector-specific, sector-agnostic information defined by EFRAG |
| Perspective and main target group | (Ultimately) outside-in; providers of financial resources | Outside-in and inside-out; stakeholders (in a broad sense) |
| Relevant time horizons | Not specified | Short-, medium- and long-term |
| Options to omit information Links to financial reporting | <ul style="list-style-type: none"> • Safeguard clause • Comply or explain principle • Optional reporting as part of the management commentary • Mandatory references to, and additional explanations of, other information included in the annual report | <ul style="list-style-type: none"> • Safeguard clause • Mandatory reporting as part of the management report • Mandatory references to, and additional explanations of, other information included in management commentary and the annual report |
| External assurance | Non-mandatory | Mandatory |

Implications of the CSR Directive on SR of Public Enterprises

- Increasing numbers of Public Enterprises will be affected by mandatory reporting
- Double materiality as a complex task
- Challenges of meeting the environmental reporting requirements of the EU Taxonomy
- Potential to play a pro- active role in demonstrating public value creation
- Internally
 - Investing in a risk management system for environmental and social risk
 - Investing in sustainable management control
- Lobbying for sector-specific standards which meet the specific accountability obligations of Public Enterprises/Public Sector Organisations

**Many thanks and I am
looking forward to
your comments**

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