



## **Stellungnahme zum Richtlinienvorschlag der Europäischen Kommission *Corporate Sustainability Reporting Directive***

Die WPK hat mit Schreiben vom 21. Juni 2021 gegenüber der Europäischen Kommission zu deren Richtlinienvorschlag zur nachhaltigkeitsbezogenen Unternehmensberichterstattung wie nachfolgend wiedergegeben Stellung genommen.

We thank you for the opportunity to comment on the proposed Corporate Sustainability Reporting Directive. We would like to provide you with our comments as follows:

### **Timeline for the implementation of the proposed Directive**

**We consider this timeline to be very ambitious.**

According to the proposal, the final Directive is to be adopted by June 2022, so that the new regulations would become mandatory on January 1st, 2023. The EU Member States would therefore only have six months to transpose the Directive into national law.

The Sustainability Reporting Standards, which specify the content of the company's sustainability reports, are to be adopted by the EU Commission by October 2022. The companies concerned even have only two months to deal with the new, complex requirements for their sustainability reporting.

The proposed Directive leads to a significant extension of the volume of information to be provided in the non-financial reports and at the same time expands its scope. In Germany, around 15,000 companies will have to provide sustainability-related information compared to approx. 500 under the current NFR Directive. The majority of the companies affected will be confronted with the requirements of sustainability reporting for the first time. Assumably the necessary expertise and corresponding personnel capacities are not yet sufficiently available in these companies.

It is essential, that all affected companies have enough time to become familiar with the specific legal framework and the sustainability reporting standards in order to be able to set up the necessary complex processes for information gathering, preparation, consolidation and quality assurance. Depending on the company's industry, group structure, supply chains and language boundaries, the challenges can be very individual.

### **EU Standard Setting for Sustainability Reporting**

**We support an EU standard setting that is based on international sustainability frameworks.**

We welcome the intention to introduce uniform standards for sustainability reporting thereby creating a level playing field for all European companies concerned. We also support the intended introduction of 'simplified' reporting standards for small and medium-sized enterprises.

However, we would like to point out that a number of international frameworks for sustainability reporting already do exist. The IFRS Foundation is also currently working on a set of international sustainability reporting standards. Against this background, the European sustainability reporting standards should be based on existing international frameworks. This would save time and costs at the EU level, but also for those companies that already prepare sustainability reports based on existing international requirements. Furthermore, close alignment with international frameworks should reduce competitive disadvantages for European companies compared to companies from third countries.

We would like to emphasise that European standards for sustainability reporting should not be politically influenced. Rather, the setting of standards should be based on the information needs of relevant stakeholders and thus be professionally oriented and verifiable.

### **Assurance on Sustainability Reporting and Independent Assurance Services Provider**

**In order to ensure the high quality of assurance engagements, 'independent assurance service providers' must be subject to the same strict requirements and regulations as the audit profession.**

The proposed Directive is intended to put non-financial sustainability reporting on a par with financial reporting. This appropriately includes a mandatory assurance on sustainability reporting.

We consider a limited assurance engagement until the adoption of a 'reasonable assurance' standard for sustainability reporting by the EU Commission to be an appropriate interim solution. This procedure allows the reporting company and the auditor certain higher levels of freedom for the first sustainability reports undertaken than a reasonable assurance audit. Nevertheless, the

assurance requirement as a whole increase the informative value of the sustainability reports for the public.

We welcome the fact that the assurance of sustainability reporting is regarded as a task of the profession of auditors and certified public accountants. The intended extension of the Statutory Audit Directive, particularly in the areas of education and training, auditor examinations, professional requirements, work organisation and quality control, to include the assurance of sustainability reporting is the logical consequence. Accordingly, the high, quality-assuring requirements for audits of financial statements including liability regulations are thus transferred to the assurance of sustainability reporting. This extension emphasizes how much importance the European legislator dedicates to the assurance of sustainability reporting.

However, we see some difficulties with regard to the Member State option in the proposed Art. 34 (3) of the Accounting Directive, according to which 'independent assurance services provider' may be allowed to express an opinion on the sustainability reporting in addition to the (statutory) auditor. Apart from the inherent risk of an inconsistent exercise of the option ('patchwork') in the Member States, the proposal also leaves open who can be considered an 'independent assurance service provider'. Moreover, it is not clear which regulations these independent assurance service providers are subject to and who is responsible for their supervision.

At this point, the Member States are only assigned with the task of ensuring that requirements are imposed on these independent assurance service providers that correspond to those of the Audit Directive for the assurance of sustainability reports. Accordingly, regulatory requirements and structures would have to be created at national level for the independent assurance service providers that correspond to those of the profession of auditors (e.g. professional principles on independence and confidentiality, training and continuing education obligations, quality assurance, professional supervision, liability).

### **Assurance Standards for Sustainability Reporting**

**Due to the complexity of the subject matter, the expertise of the profession of auditors needs to be integrated into the process of developing possible European auditing standards. As with the sustainability reporting standards, a close orientation towards international assurance standards would be appreciated.**

The proposed new Article 26a ('Assurance standards for sustainability reporting') in the Audit Directive empowers the EU Commission to adopt standards for the assurance of sustainability reporting by means of delegated acts. However, the proposal does not explain which assurance

standards these should be. Currently no standard setter for audit and assurance standards at European level exists.

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