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Consequences from 2024 of the transposition of the CSRD for large listed companies

The Corporate Sustainability Reporting Directive, known as the "CSRD", was transposed into French law in December 2023. The aim of this directive is to improve the quality and comparability of sustainability reporting. As from 2024, large listed companies are covered by the new obligations.

France has transposed the CSRD into its national law by the

[Ordinance n° 2023-1142 of 6 December 2023](https://www.legifrance.gouv.fr/download/pdf?id=fOTM7ilGbxYwc159WYE-xp0eSIBFgHonwOt6OlvQA=) URL =

[[https://www.legifrance.gouv.fr/download/pdf?id=fOTM7ilGbxYwc159WYE-](https://www.legifrance.gouv.fr/download/pdf?id=fOTM7ilGbxYwc159WYE-xp0eSIBFgHonwOt6OlvQA=)

[xsp0eSIBFgHonwOt6OlvQA=](https://www.legifrance.gouv.fr/download/pdf?id=fOTM7ilGbxYwc159WYE-xp0eSIBFgHonwOt6OlvQA=)] "on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial

companies" and the [Decree n° 2023-1394 of 30 December 2023](https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000048735301). URL =

[<https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000048735301>] These texts pursue two objectives:

- To transpose the provisions of the CSRD of 14 December 2022 on the publication of sustainability reporting by companies;
- To harmonise and bring consistency to the framework of CSR obligations in France, particularly within the French Commercial Code.

The preparation of harmonised sustainability reporting from 2024



A progressive time table

Large companies listed on EU regulated market with a turnover that exceeds €40 million or a balance sheet above €20 million⁽¹⁾, and more than 500 employees on average, will be required to publish a sustainability report in 2025 containing detailed information on environmental, social and governance-related matters.

The information to be published relates to financial years starting from 1st January 2024.

A phased-in implementation is planned for other companies:

- Starting from 1st January 2025 (publication in 2026) for all other large companies, i.e. those exceeding two of the following three criteria: average number of 250 employees, turnover of €40m and balance sheet total of €20m (1);
- Starting from 1st January 2026 (publication in 2027) for SMEs listed on EU regulated markets (except micro-undertakings). However, SMEs may defer the first application of their reporting obligations by two years.

(1) The thresholds defined here are those set out in the French Decree of 30 December 2023. However, the turnover and balance sheet total criteria defining the categories of company have been revised by the [Commission Delegated Directive \(EU\) 2023/2775 of 17 October 2023](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202302775) URL = [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202302775] amending the Accounting Directive in order to limit the administrative burden for SMEs and take into account inflation. The revised criteria applicable in France will be defined by an upcoming decree.

To find out more about the applicable thresholds: see detailed timetable on the [AMF website](https://www.amf-france.org/en/news-publications/depth/csrd-sustainability-reporting) URL = [https://www.amf-france.org/en/news-publications/depth/csrd-sustainability-reporting]

Information to report in the sustainability statement

In their annual financial report, companies will have to disclose sustainability information in the management report. The details of the sustainability information to be published are set out in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023, to which the French Decree 2023-1394 refers. This delegated regulation introduces 12 European sustainability reporting standards (“ESRS”):



| | |
|-------------|-----------------------------------|
| 1. ESRS 1 | General requirements |
| 2. ESRS 2 | General disclosures |
| 3. ESRS E1 | Climate change |
| 4. ESRS E2 | Pollution |
| 5. ESRS E3 | Water and marine resources |
| 6. ESRS E4 | Biodiversity and ecosystems |
| 7. ESRS E5 | Resource use and circular economy |
| 8. ESRS S1 | Own workforce |
| 9. ESRS S2 | Workers in the value chain |
| 10. ESRS S3 | Affected communities |
| 11. ESRS S4 | Consumers and end-users |
| 12. ESRS G1 | Business conduct |

Under these standards, companies have to disclose material sustainability information according to the principle of "double materiality", i.e. the information necessary to understand not only the effects of sustainability issues on their financial position and performance (financial materiality), but also their impact on the environment and society (impact materiality).

For example, if the company concludes that climate change is not a "material" matter according to its materiality assessment and therefore does not disclose the information required by ESRS E1 ("climate change"), the company must justify it by providing a detailed explanation of the conclusions of its assessment (ESRS 1 §32).

To find out more about sustainability standards and their content: see in-depth on [CSR D sustainability reporting](https://www.amf-france.org/en/news-publications/depth/csr-d-sustainability-reporting) URL = [https://www.amf-france.org/en/news-publications/depth/csr-d-sustainability-reporting]

In the context of the implementation of this first set of ESRS, EFRAG launched in October 2023 a [platform](https://survey.alchemer.eu/s3/90634629/EFRAG-ESRS-Q-A-platform) URL = [https://survey.alchemer.eu/s3/90634629/EFRAG-ESRS-Q-A-platform] to collect technical questions from companies and questions from the general public.



Appointment of a statutory auditor or an independent assurance services provider from 2024 General Meeting

The law stipulates that the sustainability reporting must be verified by a statutory auditor or an independent assurance services provider (IASP). Large listed companies have to propose the appointment of a statutory auditor or an IASP at the ordinary general meeting of shareholders held in 2024.

Issues concerning the preparation and control of sustainability statement (and, where applicable, accounting and financial information) must also be monitored by a dedicated committee under the responsibility of the Board of Directors (article L.821-67 of the French Commercial Code).

This committee is responsible for:

- monitoring the effectiveness of internal control and risk management systems and, where applicable, internal audit, about procedures relating to the preparation and processing of accounting and financial information and sustainability information, including in digital form;
- issuing a recommendation on the statutory auditors (or IASP) proposed for appointment by the General Meeting or the body with a similar function;
- monitoring the work of the statutory auditors (or IASP) and the certification of sustainability reporting;
- Ensuring compliance with the conditions of independence required of the parties carrying out the statutory audits and assurance of sustainability reporting.

This committee, which may be different from the audit committee, include solely members of the administrative or supervisory body in office in the company - except those exercising management functions. At least one member of this committee must have special expertise in finance, accounting or statutory auditing and be independent according to criteria specified and made public by the Board.

The Ordinance also defines provisions applicable to professionals in charge of carrying out the assurance of sustainability reporting (training, approval, control, sanctions).

EFRAG's consultations



The European Financial Reporting Advisory Group (EFRAG) has published

[three draft ESRS Implementation Guidance](https://efrag-website.azurewebsites.net/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2302241029050867%2F08.01%20EFRAG%202024%20SR%20Work%20programme.pdf&AspxAutoDetectCookieSupport=1) URL = [https://efrag-

website.azurewebsites.net/Assets/Download?

assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2302241029050867%2F08.01%20EFRAG%202024%20SR%20Work%20programme.pdf&AspxAutoDetectCookieSupport=1] documents (subject to public consultation until 2 February 2024):

- The first draft [guidance on materiality assessment](#) explains how companies will have to assess materiality and then communicate on this assessment. It also provides possible steps to follow in order to carry out this materiality analysis;
- a second [guidance on the value chain](#) detailed the treatment of the corporate value chain (materiality assessment, impacts, risks and opportunities management, and indicators and targets);
- The last [implementation guidance](#) lists all the datapoints defined in the ESRS sector-agnostic standards in a Microsoft Excel table with an explanatory note.

In parallel, EFRAG has [launched a public consultation](#) URL =

[https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/20240123 -

EFRAG - projet norme volontaire VF janvier 2024_.pdf] (open until 21 May 2024), on the

Exposure Draft ESRS for listed SMEs (ESRS LSME ED) and on the Exposure Draft for the voluntary reporting standards applicable to non-listed SMEs or micro-undertakings (VSME ED).

Read more:

AMF : CSRD sustainability reporting, preparing for the new requirements (in depth)

Ordinance no 2023-1142 of 6 December 2023 "on the publication and certification of sustainability reporting and the environmental, social and corporate governance obligations of commercial companies" (FR)

Decree n° 2023-1394 of 30 December 2023 (FR)

Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 published in the Official Journal of the EU (OJEU) on 22 December 2023




Haut-Commissariat aux commissaires aux comptes (H3C)'s recommendations on audit committees, December 2023 (FR)

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