TRANSCRIPT

IAASA Insights Podcast Episode #5: 'CSRD Wave 1 Observations'

Host Welcome to "**IAASA Insights**," the podcast that explores the work of the Irish Auditing and Accounting Supervisory Authority to uphold quality corporate reporting and an accountable profession.

I'm Eileen Townsend, Head of Standards, Policy, and Organisational Development here at IAASA.

Today, we'll be discussing IAASA's recent publication on wave I of sustainability reporting in Ireland under the CSRD – the Corporate Sustainability Reporting Directive.

Joining me is Lisa Campbell, IAASA's Head of Operations.

Lisa, great to have you.

Guest Thanks Eileen. It's great to be here again

Host **So CSRD officially hit Wave 1 companies in Ireland in 2025. So can you outline what does the directive require and what must companies report?**

Guest So the directive applies to companies that are considered to have a really important impact on the world around them. And then they're required to report certain facts about their activities and the impact that those activities have on the environment, including nature and people. And they have to consider a broad range of topics such as climate, pollution, water use, biodiversity, circular economy, and then some people specifics. So information about their workers, their consumers, communities near where they operate. And then finally, they have to consider some governance aspects. So for each of these topics, they have to consider both how the topics impact the company, but also how the company impacted on each of those things. So of course, not all of those topics will be relevant to every company. But where a company decides that it's relevant and material, then they have to report. And then the last piece of the puzzle, I suppose, is that the companies have to get independence assurance on the information as well.

Host **And then in Ireland, who was in Wave I – so which companies had to report first and from when?**

Guest Wave 1 in Ireland covers *public-interest entities, which we call PIEs, with more than 500 employees*. So a public interest entity, or PIE is a bank, an insurance company or a listed company. And in Ireland, we had 17 **companies** that had to publish sustainability statements covering financial years beginning on or after **January 1st, 2024**. So really, we saw those reports being published in early 2025. So the full list is in the report, which you can find on our website. But you'll see plenty of household names in there. So like, the main banks in Ireland, AIB, Bank of Ireland, PTSB, some of the big companies that I'm sure we all hold insurance with, like Allianz, Axa, FBD and Zurich. And then other names we'd be very familiar with like Ryanair, Kerry Group and Kingspan.

Host **Ok, and so based on the work that we've done, that IAASA has done on Wave I, how do you think companies have found the first year?**

Guest Yeah, so we have a bit of detail on this in our report, and I think it's safe to say companies really did find the process pretty challenging. So we're talking about a really broad range of topics, you know, companies really might not have historically thought about very much, and certainly probably didn't have any data on them either. So producing the reports is not unlike producing your annual report on financial information. But when you think about CSRD and that range of topics, there's lots of other people across the organisation that had to come in and contribute to the process. And they probably weren't used to producing information in this kind of specific way to be able to produce this report and then have assurance on it. And then also all of this had to be done very quickly. So the law only came into effect in Ireland in mid-2024 and these reports had to be issued then in early 2025. Now, people knew a little bit about it before then, but it was a pretty tight turnaround. And then I suppose the other point is that this was all done blind because it was new for everyone. So there weren't other examples of reporting out there that they could kind of look at to sort of inspire them. So all very challenging.

But having said all that, we do hear that it wasn't all negative. So companies have told us that the process really did enable them to report in a very structured way on the positive actions that they were already taking. And in some cases, you know, surface new opportunities as well that companies are now addressing or taking advantage of. So definitely very challenging but not all negative certainly. And of course sustainability data doesn't sit neatly in financial systems at present.

Host **And of course sustainability data doesn't sit neatly in financial systems at present. So I imagine data availability and quality were also a challenge?**

Guest Yeah, exactly. So lots of companies realised that their systems really weren't designed for, you know, the scale or breadth of topics, and then the granularity of the data points as well that they had to report. So you know they had to develop new processes and procedures to measure and aggregate, and then validate all this information. Also, they had to engage with their whole value chain. And what that means is, obviously, their supply chain is part of it, but it's wider than that. So it includes their business partners, their finance providers, even their customers. And so they have to gather information from all those aspects and then try and aggregate it. So the issue with the data coming from different places was definitely a challenge, both for preparers and assurance providers as well, and engaging with those different people in a new way.

Host **So then turning to the reports themselves, what did the first sustainability statements look like in practice?**

Guest Yeah, so there's a good bit of detail in our report now on this, but I think we can summarise it as saying that the reports varied quite a lot. So even just thinking about the length of the reports, that ranged from 60 to 176 pages. And from talking to the companies, they tell us that they find it difficult to tell their story in a succinct way while also meeting, there's fairly extensive requirements in the standards, you know, so ticking both those boxes was definitely challenging. And then, you might have heard of double materiality, which is a sort of a fundamental part of sustainability reporting. And that really what the materiality is measuring whether activities are material, both in terms of the company and in terns of the stakeholders. So it's a really big process that requires a lot of stakeholder engagement. And there was a lot of variation in how companies undertook this process in the 1st place, and then how they presented it in the reports. So our publication includes a couple of extracts to demonstrate the variation. Now, we're not saying that one way is better than another, because all the facts and circumstances differ and the way they do the process differs company by company. But we just wanted to kind of note that variation to be useful information in this report.

Host **And do we know how readers of these reports have reacted as yet – So what's been useful or indeed not so useful for users?**

Guest The companies tell us that they really haven't had much engagement from their users so far. So we don't really know, to be honest. So, it would be really useful, I suppose, if any listener has looked at a sustainability report or a few of them. You know, if you have any feedback, good, bad or otherwise, please do let the company know, I suppose, what you found useful, maybe what you found difficult to follow, if that's applicable, because that will really help the companies, I suppose, to allow the reports to evolve, to be as useful and as accessible as possible.

Host **You mentioned a broad list of CSRD topics earlier. So which topics did Irish companies report on most often in practice?**

Guest Yeah, so we've done a good bit of analysis in the report showing, you know, which topics are reported company by company. But I'll summarise it a bit. So all of the companies who produced a report in Ireland reported on climate change and their own workforce. They were the two topics that every company reported on. And then another two topics, consumers and governance, they were reported on by the majority of companies. But across the other topics, so they're pollution, water, biodiversity, circular use, workers in the value chain and affected communities, so we see around five or six of the 17 companies reporting on each of those standards.

And then the other thing is companies have to consider whether there's anything they need to report outside of the prescribed list and so we did see eight of the 17 companies included those kind of entity-specific matters. So ones that we saw, I suppose more than once are housing. So that's actually relevant to the banks. We saw cyber security across a range of companies, data privacy and then food safety as well cropped up a couple of times. So again, a lot of detail when you, if people go into the report on our website and there's a lot of detail there analysed by company if anyone is interested in that.

Host	**Ok, so then if we can turn to the assurance side. How did the assurance providers find the first CSRD cycle?**
	Yeah, I think, very similar to the companies. It was challenging, and it was new to the assurers as well. A lot of work, again, went into it by the assurance providers setting up to do this work, again, in a very short space of time. And I'd say, one of the most difficult judgments for the assurance providers is concluding on the double materiality process. Because if your double materiality process, you know, results in a wrong outcome, that, you know, has knock on effects for the whole rest of the reporting. So it's really fundamental. And the assurance providers therefore had to get comfort that where a company decided a topic wasn't material, that that was the right judgement, the correct answer. So I know for preparers, they go through the process, they determine which topics are material, and then their focus shifts to gathering the data and preparing the reporting. So it might have been a little bit surprising, I suppose, the first time around to have to, you know, set their minds back to that judgement and justify why topics weren't material. But that is the requirement, I suppose, of the law, that the assurance providers do need to make sure that list of material topics is complete. And again, just new, hadn't been though it before, nobody had, so they weren't even able to learn from others' experience. So a tough year for the assurance providers as well.
Host	**And so IAASA has inspected both the sustainability statements and the assurance work. So does the report talk about what we found in that work?**
	It does, yeah. So we did quite a bit of work around both the reports themselves and as you say, inspecting the assurance across all of the firms involved. And the overall result is that we didn't find any significant breaches, which is great. So it reflects you know the amount of time and effort put in by these companies and by their assurance provider. We really did see across the board, there was a lot of time, and effort and money going into the process from both sides. And so that resulted in compliant reports all round, which is great news, I suppose, when you consider all the challenges that were there and it being the first time.
Host	**So lots of information there in the report that people can dig into. But if we can look ahead to 2026, what should preparers and users expect? Do you think there'll be stability or more change?**
Guest	Well, there is a lot of flux in this area Eileen, as you know. So the European Commission are working to simplify the reporting and they do want to reduce burden on business. Which is obviously very welcome. But on the flipside, it does mean ongoing sort of change and a bit of uncertainty, which is just challenging in itself. So we know that the reporting standards will be revised in mid-2026 and that is going to result in changes to reports then from 2027 onwards. We also know that companies want to continue to evolve their reporting, to keep it useful and understandable and informative. But, I suppose companies are thinking about whether it makes sense to do that this year or to wait until they're revising anyway for the new standards. So there's a little bit of

uncertainty there. Definitely, you know year one was always going to be the most challenging so year two should be easier for preparers and the assurance providers.

But we do highlight in the report, I suppose, that there are lots of reliefs coming and some of them we know what they are, but most of them aren't actually available for reporting on 2025 year ends. So the longer, I suppose, more complex standards do still apply for this year end. And another important point to make is that, the double materiality process that I mentioned, doesn't have to be repeated in full, but it is really important that companies do consider is all that judgement still correct, or has anything changed that would cause them to reassess one way or the other to either scope in a new topic or scope out a topic that they previously reported on. And then the assurance providers will obviously have to make sure that has been done properly as well. So a bit of learning, I suppose, to bed in and continue to be challenging, I think, in the next couple of years.

Host **Lisa, thank you very much for sharing your insights on the Wave I reporting by Irish issuers. And so for any listeners who'd like to read the Wave 1 publication or indeed learn more about IAASA's role in supervising corporate reporting and assurance in Ireland, visit our website IAASA.ie. There you can download the report on IAASA's Observations on the first year of CSRD in Ireland and you can find a range of other useful resources.**

So thank you for listening to IAASA Insights. Until next time.