

Federale Raad voor Duurzame Ontwikkeling

Brussel, 29 September 2022

***Hilde Blomme, Deputy CEO,
Accountancy Europe***



**ACCOUNTANCY
EUROPE.**

**WE REPRESENT
ACCOUNTANTS,
AUDITORS
& ADVISORS.**

**What have we done to help accountants
prepare for their new role?**

Main themes of our work and our contributions

Legislative

Reporting

Standard
setting

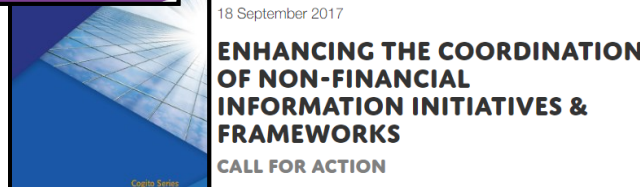
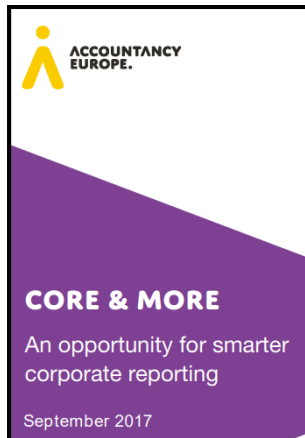
Assurance

Education

CONSULTATION RESPONSE

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Our work to support SMEs and SMPs



HIGHLIGHTS

As the [backbone](#) of the European economy, SMEs are increasingly in the centre of the focus on sustainable transition.¹

This is because the relationship between SMEs and sustainability is increasingly interdependent, and it is no longer possible to ignore the impact of sustainability discussions on SMEs' business and markets. The sustainable transition needs the involvement of SMEs, while long-term resilient SME success cannot be achieved without the integration of sustainability considerations into their business strategies.

Thinking about sustainability can feel overwhelming for many small businesses that deal with everyday challenges and business survival, especially given the current unprecedented COVID-19 crisis (see our publication [COVID 19: 5 key steps for accountants to guide SMEs through the crisis](#)). Yet, the pandemic has demonstrated the urgent need for more resilient and sustainable business



WHAT IS THE 3-STEP SUSTAINABILITY ASSESSMENT?

Many small and medium-sized enterprises (SMEs) are busy with the day-to-day running of their business. It can be daunting for them to prioritise their business' sustainable transition. This sustainability assessment checklist helps SME accountants and advisors to support their SME clients to build their sustainability profile. It can be the first step to enable a smoother shift to more durable business models and translate these challenges into new opportunities.

This checklist follows-up on our publication [SME risk management: sustainability \(2020\)](#). We encourage users to adjust it according to evolving sustainability related developments, market, partners' and authorities' expectations, and different SMEs' needs¹.

15 July 2022

INSIGHTS FROM SME ACCOUNTANTS: PRACTITIONERS HELP SMES GO GREEN

BY JESPER ESMAN ANDERSEN, ROESGAARD

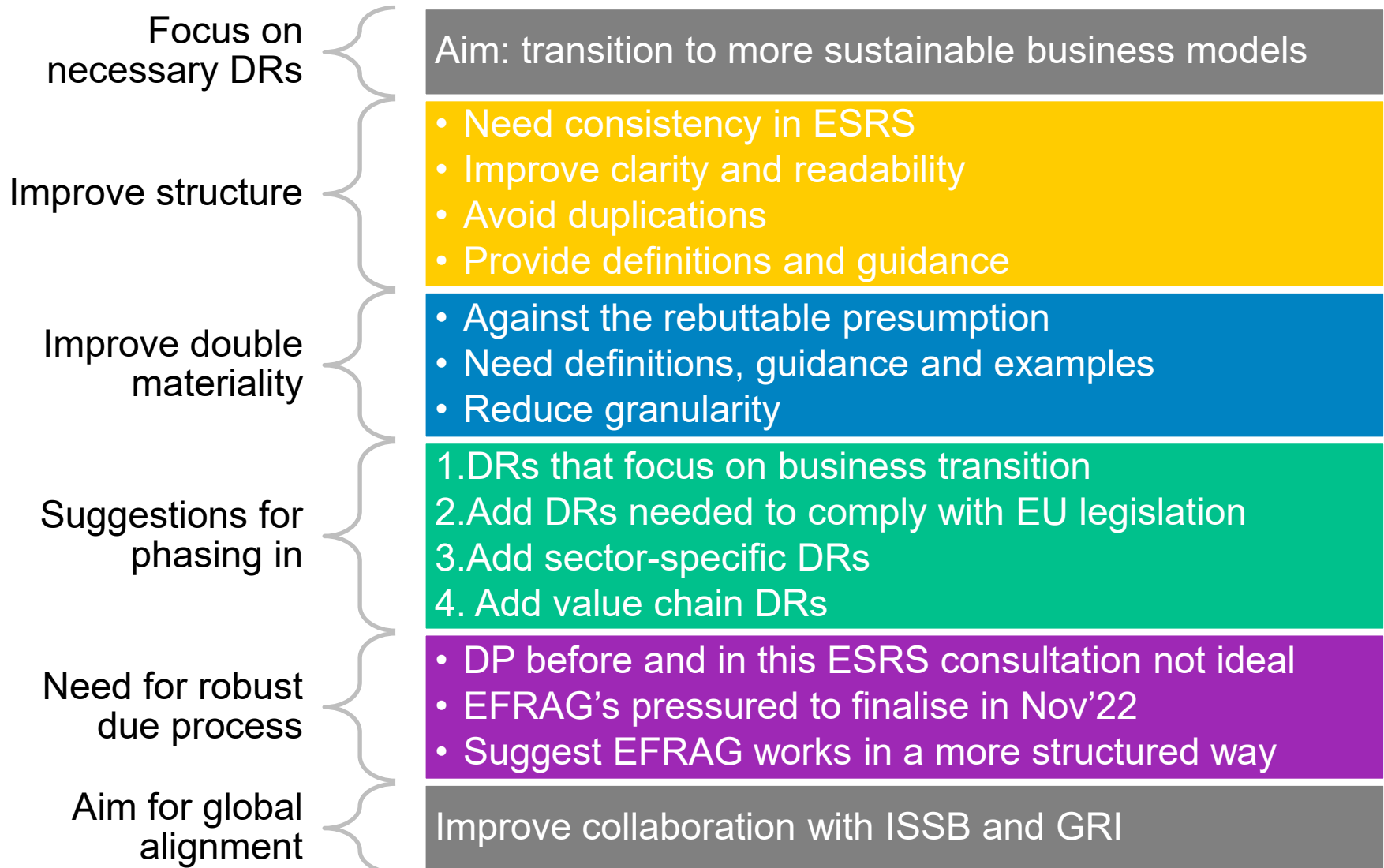
Category Good Governance & Sustainable Economy Professional Matters

Tag SME support SME/SMP Sustainability



Jesper Andersen is an accountant in a medium-sized accounting firm in Horsens, central Denmark. For over 40 years, the practice has been supporting its diverse SME client base– ranging from 1-employee businesses to EUR 250 million turnover medium-sized companies. Last year, it opened a new service line: sustainability.

Sustainability reporting: our response to ESRS





CSRD, SMEs and sustainability



CSRD scope

Large companies



2024/2025

Subsidiary exemption

Listed entities



- Except *listed micro-enterprises*
- For *listed SMEs*: (1) simpler, proportionate standards applicable; (2) Possibility to opt out for the 2 first years

2026

Non-EU companies with branches/subsidiaries in the EU above certain thresholds



- €150M net turnover + a subsidiary/branch
- Separate standards
- Not covering all *reporting areas*: impact focus, no reporting on risks

2028

CSRD - *value chain* – *impact for SMEs*

“[...] a description of the principal actual or potential adverse impacts connected with the group’s own operations **and with its value chain**[...]”



The CSRD allows a **3-year period** to phase- in the value chain requirements



Value chain and SMEs:

- Disclosure Requirements must be **proportionate**
- SMEs information as part of value chain limited to the information required by the ESRS for SMEs

Why is sustainability relevant for SMEs?



- We spoke with our experts/SMPs on relevance for SMEs
- 5 key reasons:
 - Access to finance
 - Value chain requirements
 - Expectations from consumers, employees, new generations
 - Legislation
 - Sustainability urgency

Role of accountants in supporting SMEs



Why accountants?

Know clients' business

Ongoing professional relationship

Have experience from SME advice

What can they do?

Map supply chains

Assess risks, identify opportunities

Advice on funding access

Build partnerships in SME ecosystem



What can be done on national level?

How can legislators help SMEs' transition?



- We discussed with our experts/SME accountants:
 - Free tools
 - Clear & simple benchmarks
 - SME support hubs
 - Financial assistance & incentives
 - Shift tax burden
- What would YOU propose at local/national/EU levels?

CSRD: sustainability assurance

CSRD - assurance



- EU-wide **limited assurance requirement**, ultimate goal is **reasonable assurance** (= audit)
- Statutory auditor opinion on sustainability reporting
 - EU Member States can permit another auditor or independence assurance service provider
 - **National decision** – or leave to companies
- EC to adopt **limited assurance standards** by 1/10/2026
 - Time lag as assurance to be provided on 2024 reporting in 2025
 - **National decision** – or leave to assurance providers
 - **National decision** on assurance report – separate or not
- EC to adopt **reasonable assurance standards** by 1/10/2028

CSRD: professional education

CSRD – professional education of auditors

The Three E's: Education, Experience, and Exposure

- **Theoretical & practical** knowledge should be acquired on sustainability reporting and assurance via continuing education (CPD)
- **8 months** of practical **training** in sustainability assurance or other sustainability related services + theoretical **exam**
 - To be organized by **national (professional) bodies** under public oversight (College van Toezicht of Bedrijfsrevisoren under FSMA)
 - Be practical

THANK YOU

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**BECAUSE
QUESTIONS
COUNT.**