

PRESS RELEASE

INVESTORS AND FINANCIAL INDUSTRY CALL FOR AMBITIOUS EU SUSTAINABILITY REPORTING STANDARDS (ESRS)

BRUSSELS, 7TH JULY 2023



The investment and financial industry community is calling on the European Commission to uphold the ambition of the European Sustainability Reporting Standards and reconsider its latest changes to the first set of ESRS.

In a [joint statement](#) published on 7 July, Eurosif alongside UN PRI, IIGCC, EFAMA and UNEP FI as well as 92 asset managers, institutional investors and other financial markets participants, are expressing concerns about the latest changes applied by the European Commission to the first set of the European Sustainability Reporting Standards (ESRS).

The investment and financial industry community jointly call on the European Commission to uphold the integrity and ambition of the first set of ESRS, as envisaged within EFRAG's final [proposals](#) of November 2022. This is crucial to meet EU Climate and Green Deal goals and fill the sustainability data gaps across the EU, enabling investors to make informed investment decisions and comply with their own disclosure requirements under EU sustainable finance rules.

The statement cosignatories request that the European Commission implements the following adjustments to the draft Delegated Act laying down provisions for set 1 of ESRS:

- Require key climate disclosure indicators as mandatory, including scope 1, 2, and 3 GHG emissions and disclosures enabling investors to assess the credibility of corporate transition plans.
- Ensure that environmental and social indicators relevant to SFDR, EU Climate Benchmark Regulation and Climate Benchmarks Delegated Acts, Pillar 3 disclosures and other investor reporting regulations are disclosed by in-scope companies on a mandatory basis.
- Require explanations as to why certain sustainability topics are not considered material by a company.
- Reconsider the fully optional nature of: (i) own workforce disclosures on non-employees; and (ii) biodiversity transition plans to provide investors with information on how companies will align their strategy and business models in line with the EU Biodiversity Strategy for 2030 and Kunming-Montreal Global Biodiversity Framework.
- Ensure maximum possible interoperability of the ESRS with ISSB and GRI Standards, to reduce fragmentation across the global reporting landscape and support cross-border

capital flows while upholding the double materiality principle enshrined in CSRD and ESRS

Aleksandra Palinska, Eurosif's Executive Director, commented: *"The first set of the European Sustainability Reporting Standards, as published by the European Commission on 9 June, fails to address investors' needs and risks undermining the effective implementation of the EU sustainable finance regulatory framework. The European Commission is now presented with a final opportunity to correct its course and find a compromise that would truly reflect all industry and stakeholders' needs and better match the ambition of EU climate neutrality targets and the EU Green Deal"*.

Eurosif has also submitted its individual [response](#) to the European Commission consultation on its draft Delegated Acts on ESRS.

- Ends -

Notes to editors

Background information

On Friday 9th June, the European Commission published the draft Delegated Act laying down the contents of the first set of European Sustainability Reporting Standards (ESRS) as required by the Corporate Sustainability Reporting Directive (CSRD)¹ adopted in December 2022. The text of the draft Delegated Act and both its Annexes are [available](#) for public consultation until 7th July 2023. The main changes, compared to the EFRAG [proposals](#) submitted to the European Commission in November, include:

- All disclosure requirements are to be subject to materiality assessment (apart from ESRS 2 and fully voluntary disclosures), including disclosures on climate, own-workforce, SFDR, EU climate benchmarks and Pillar III-related disclosures which in the EFRAG proposals were always considered material and hence mandatory.
- Certain disclosures, in particular on scope 3 GHG emissions, biodiversity and social matters, are to be phased in over time, some for all companies in scope, some for companies with less than 750 employees.
- Increased number of voluntary disclosures. This includes explanations of why a topic is not considered material, biodiversity transition plans and certain own work force disclosures, particularly regarding non-employees.
- Additional flexibility by raised thresholds and changed definitions, as well as in materiality assessment disclosures requirements.

Next steps

After the adoption of the final Delegated Act expected on 28 July, the text will be submitted to an examination period of two months by the European Parliament and Council of the EU, extendable by two additional months. In the absence of objection from co-legislators during the scrutiny period, the Delegated Act will enter into force. It will apply as of 1 January 2024 for the

¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464>

largest EU companies, for a first reporting expected in 2025. The remaining companies in the scope of the directive will report following a phased-in approach foreseen by CSRD and ESRS.

About Eurosif

Eurosif is the leading pan-European association promoting sustainable finance at the European level - encompassing the European Union (EU), the wider European Economic Area (EEA) and the United Kingdom (UK). Eurosif is a partnership comprised of Europe-based national Sustainable Investment Fora (SIFs). Each of the SIFs has a broad and diverse membership including asset managers, institutional investors, index providers and ESG research & analytics providers. Eurosif's activities involve contributing substantively to public policy and conducting research that enables a better understanding of ESG and SRI markets and the obstacles encountered by sustainability-oriented investors.

Eurosif and its members are committed to the growth and development of sustainable finance and support the ambition of global and European policymakers in enabling a fully transparent and reliable sustainable investment market through appropriate and well-designed regulation and industry practice. If you wish to find out more, please visit our website at www.eurosif.org.

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