

## Press Release

Brussels, Belgium – 14 July 2021

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### EuropeanIssuers raises concerns on the European Commission's Corporate Sustainability Reporting Directive Proposal

On 14 July 2021, EuropeanIssuers contributed to the European Commission's [call for feedback](#) on the Corporate Sustainability Reporting Directive (CSRD) Proposal.

EuropeanIssuers welcomed the Commission's initiative on sustainability reporting and its primary goal of having a clearer and more coherent reporting framework within the EU. Nevertheless, in its [feedback](#) it stressed that the defined framework is too prescriptive and does not consider adequately the competitive issues that EU companies could face on international level, neither the costs generated to implement the new requirements.

EuropeanIssuers highlighted the concerns regarding the extension of the scope of the Directive.

- The extension of the provisions to all SMEs listed on regulated market is not justified as there is no correlation between the "listing status" and the companies' impact on ESG or ESG's impact on companies and is disproportionate as the SME definition covers very small companies whether SMEs listed on regulated market or not. SMEs should be exempted from the mandatory discipline of the CSRD or at least implement an opt-in mechanism allowing them to use simplified reporting regimes.
- The extension of the provisions to all large companies, including the ones who will be reporting on non-financial issues for the first time: for those companies who will be reporting for the first time, EuropeanIssuers proposed a regime of progressive application.
- The lack of extension to non-listed and non-EU companies exceeding a certain threshold of a global turnover: regarding the non-EU companies operating in the EU, EuropeanIssuers advised that they should be subjected to the CSRD discipline as well, in order to avoid unfair competition and social or environmental dumping.

Building up on its previous positions related to the Non-Financial Reporting Directive, EuropeanIssuers reiterated its views on the principle of both financial and non-financial materiality and the location of sustainability information reporting. On this matter EuropeanIssuers Secretary General Florence Bindelle commented: *"We believe that companies should be the ones defining what constitutes material information based on their specific sectors. Instead of what the CSRD proposal envisages, we should maintain flexibility regarding the location of non-financial information."*

EuropeanIssuers also commented on the general terms of the proposal concerning reporting standards. It called for more flexibility in its application and warned about the need of a

consistent timetable. The convergence between EU and international standards is crucial in avoiding cumulative effects of diverging reporting obligations. Therefore, while awaiting for this convergence, the companies should be able to report under approved international standards, by justifying their choice.

With regard to the digitalisation of sustainability reporting, EuropeanIssuers recommended clarifying the requirements to avoid undue burden for preparers.

The current proposal allows Member States to authorise independent assurance service providers other than statutory auditors or audit firms to carry out the assurance of sustainability reporting. On this matter, EuropeanIssuers suggested the authorisation to be compulsory in order to avoid restricting the market for this kind of service and to ensure alignment to EU freedom to provide services.

EuropeanIssuers will continue to monitor the developments of this legislative proposal, and engage with representatives from the European Parliament and Council to reiterate its position and make the voice of issuers across Europe heard.

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To view this press release online, please click [here](#).

For EuropeanIssuers' feedback on CSRD Proposal, please click [here](#).

For the European Commission's call for feedback, please click [here](#).

For EuropeanIssuers' Statement on Corporate Sustainability Reporting Directive, please click [here](#).

For EuropeanIssuers' response to public consultation on the revision of the nonfinancial reporting directive, please click [here](#) and [here](#).

## NOTES TO EDITORS

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### About EuropeanIssuers

EuropeanIssuers is a pan-European organisation representing the interests of publicly quoted companies across Europe to the EU institutions. Our members include both national associations and companies from all sectors in 15 European countries, covering markets worth €7.6 trillion market capitalisation with approximately 8,000 companies. We aim to ensure that EU policy creates an environment in which companies of all sizes—from emerging growth companies to the large blue chip companies—can easily raise capital through the public markets and deliver growth over the longer term. Published in 2019, [EuropeanIssuers Vision](#) presents key priorities and policy recommendations in a number of areas to support

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the EU policy makers during their mandate. More information on our positions can be found at [www.europeanissuers.eu](http://www.europeanissuers.eu) or on EuropeanIssuers [LinkedIn](#) and [Twitter](#) page.

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