

Position Paper

EuropeanIssuers' Position on the Competitive Simplification of the Sustainable Finance Framework proposed by the Omnibus Proposal

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Introductory remarks

While European companies remain committed to the objectives of the European Green Deal and reaffirm the importance of the green transition, recent developments underscore significant challenges with the current architecture of the sustainable finance framework. Among these, the Draghi report highlights the **administrative burden of the sustainability reporting framework as a major factor contributing to the EU's loss of competitiveness**, particularly vis-à-vis the United States.

In the face of intensifying global competition, **European companies must not be penalised by disproportionate requirements** and standards that others would not have to bear. Given the burdensome requirements of the CSRD, CS3D, and the EU Taxonomy, along with the challenge of implementing them within a too-short timeframe, it becomes clear that a crucial reassessment is needed. We therefore believe a process of simplification must be organised swiftly to balance competitiveness with the goals of the ecological transition.

Considering the momentum generated by the announcement of an Omnibus proposal, EuropeanIssuers, and its members wish to send a strong political message: reducing companies' reporting and administrative burdens is essential for achieving the green transition while strengthening European competitiveness

Therefore, in order to achieve this goal, we believe the sustainable finance framework must be reorganised around a new, coherent architecture. A **streamlined CSRD, with a stronger focus on business secrecy and fewer data points in the ESRS**, should serve as its foundation. Furthermore, the related legislation—including the EU Taxonomy Regulation, the CS3D, the SFDR, the EU Green Bonds Regulation, the Benchmark Regulation, etc. —must be adapted to align with this streamlined approach and ensure consistency within the framework.



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Overarching Principles

Overall, the following **overarching principles** are key for European Issuers and its members:

1. Ensure a **fair level playing field** compared to non-EU companies operating in the EU and refrain from putting EU companies in a position that weakens their capacity to compete on markets inside and outside of the EU;
2. **Protect business secrecy** as the CSRD requires companies to publish strategic information that may be used by non-EU competitors who are not subject to the same transparency requirements. The present provisions allowing to limit the publication of sensitive information must be strengthened;
3. **Focus sustainability reporting on the essentials**, so that it can be used by companies' management and investors to monitor their transition. The disproportionate amount of information required has an adverse effect on the transition. Rather than serving as a strategic compass, it becomes an exercise of pure compliance;
4. **Review digitisation requirements** according to the European Single Electronic Format (ESEF) taking into account the development of new technologies, in particular AI;
5. **Suspend sector-specific standardisation** until the simplification of cross-sectoral standards has been achieved. Any sector-specific standard must reduce rather than add complexity and should build on existing frameworks, such as the ISSB's SASB;
6. **Postponement** by at least 3 years of the assessment by the European Commission of the feasibility of reasonable assurance for auditors and for undertakings;
7. **Launch a comprehensive competitiveness assessment of the CS3D** before its application, in consultation with businesses and their business associations, to identify and address priority areas where clarification and burden reduction should be achieved. Leaving the text unaltered would force European companies to withdraw from certain regions of the world in favour of international competitors with lower sustainability standards. The CS3D will have to be renegotiated once this assessment has been completed. In the meantime, the application of CS3D must be postponed;
8. **Streamline and revise provisions on climate transition plans** to have one uniform and clear definition. The transition plan should strictly refer to the Paris Agreement and is to be the reference for any transition plan requirement. The notion of "compatibility" between individual companies' targets and the Paris Agreement targets should be clearly defined;
9. **The large majority of European Issuers members suggests making the application of the EU taxonomy optional**, since it covers only part of the economy and imposes a significant burden to demonstrate the alignment of eligible activities. This would allow companies looking for public funding or issuing EU Green Bonds to still use the EU Taxonomy without undermining the EU's commitment to environmental goals;
10. **Extend the simplification approach throughout the entire financing chain** to avoid financial institutions continuing to demand additional information from non-financial companies to meet their own reporting obligations in accordance with sectoral requirements. **Prudential requirements** applicable to financial institutions and insurance companies should **build on the sustainable regulatory framework** to ensure consistency and not add requirements. This principle should be included in the relevant legislation (CRD6 and Solvency 2).



Broader actions to be taken on a European level

I . The Corporate Sustainability Reporting Directive at the core

A streamlined CSRD as the cornerstone of the sustainable finance framework

The recently published EuropeanIssuers' report "[Key Findings from European Listed Companies on the Implementation of the Corporate Sustainability Reporting Directive \(CSRD\)](#)" has revealed the considerable efforts and investments European companies are making to address the CSRD's requirements, despite uncertainties and inconsistencies. Among these, we have identified how the **delayed transposition in many Member States causes legal uncertainty** and compliance difficulties. In addition, undertakings have also highlighted the complexity of double materiality assessments and value chain reporting, both of which demand extensive data collection, due to its inherent granularity, and methodological uncertainty.

Consequently, we believe that **the excessive amount of required information negatively impacts the ecological transition of businesses**, as it forces companies to allocate significant resources to reporting on the green transition rather than using those resources to advance the transition itself. Rather than serving as the strategic compass, it is becoming a heavy compliance exercise, from which it is difficult to conclude terms of steering the necessary transition.

In addition, this burden imposes a **detrimental effect on the entire value chain and also impacts small and medium-sized enterprises (SMEs)**, on whom it is automatically shifted through requirements imposed on business relations.

Based on this evidence, EuropeanIssuers calls on:

- The **European Securities and Markets Authority (ESMA)** to avoid penalising EU companies that are among the first to implement the CSRD, which has yet to be fully transposed in many Member States, while supporting its implementation. The first reporting exercise will entail a necessary learning curve, as it is new for both the companies and their auditors. Overly strict controls on this initial reporting would create difficulties for both the auditors and the companies, penalise those EU companies trying hard to comply with the new rules, and would be contrary to the spirit of **gradual implementation** called for by the companies and already reflected in the CSRD and the ESRS.
- To the **European Central Bank, the European Banking Authority** and the **European Insurance and Occupational Pensions Authority** to refrain from imposing additional requirements on credit institutions and insurance companies that would be passed on to non-financial undertakings.

1. Postpone CSRD application for 'second wave' companies by two years

Level I

According to the CSRD, large undertakings other than PIE are expected to apply the directive starting from the financial year 2025 (for publication in 2026). EuropeanIssuers asks for a postponement of the application to those undertaking to the financial year 2027 (for publication in 2028).



2. Reinforce the business secrecy and legal certainty in the CSRD

Level I

The CSRD requires companies to disclose strategically sensitive information¹, which, in a highly competitive global environment, could be exploited by competitors not subject to the same transparency requirements. This poses a potential sovereignty risk for the European Union, particularly in an increasingly tense international trade context. **Trade secrets must be preserved.**

The provisions of the Directive allowing derogations from the publication of sensitive information must therefore be strengthened and amended to (i) exempt companies from the obligation to disclose information that could be seriously detrimental to their legitimate interests or information that is subject to legal limitation disclosure; and (ii) remove the reference to members of the administrative, management and supervisory bodies. Furthermore, a safe harbour should be granted to companies regarding forward looking-information.

3. Making CSRD and ESRS a strategic steering tool

Level II

The excessive amount of information required under the ESRS has negatively impacted European companies, subsequently transforming it from a potential strategic tool into a compliance exercise. In this context, EuropeanIssuers believes necessary measures must be very rapidly taken by the European Commission, and announced at the same time as the publication of the "Omnibus" vehicle, to ensure the ESRS serves rather than impede European companies' transition.

The CSRD provides for the European Commission to review the ESRS at least every three years from their date of application (1st January 2024), taking into account the opinion of EFRAG, and to amend these Delegated Acts if necessary.

Therefore, EuropeanIssuers calls on the European Commission, to conduct a feedback exercise, as early as, **the second quarter of 2025**, taking into account the lessons learned from the first reporting exercise carried out by large public interest entities in reporting year 2024, in order to **revise the Delegated Act containing the ESRS and simplify them in depth**. Given the extensive number of 1,100 datapoints, with an average disclosure of more than 700 datapoints, we believe it is crucial to **significantly decrease the total number of ESRS datapoints**. We propose adopting the **ESRS for Listed SMEs (ESRS LSME)** as the "reference standard" for the largest listed and non-listed companies in the scope of the directive, and a simplified version for the smallest ones.

Moreover, we suggest **limiting the issuance of new implementation guidance** or Q&A/FAQs by EFRAG until the initial years of ESRS implementation have provided a clearer understanding of which disclosure requirements require further attention. We emphasise the **need for quality, principle-based standards as the foundation, with any supplementary guidance focused on clarification rather than adding complexity**. This approach will help avoid confusion caused by non-authoritative documents introducing additional specifications to the ESRS. Additionally, based on the feedback received from our members, it is crucial to **provide companies with adequate time to implement the guidance**. Suggestions include **issuing the guidance well in advance, ideally 12 months prior to the deadline for publication of sustainability reports, or always in a specific period of the year**, as the ongoing

¹ For example, disclosures on forward-looking information, detailed investment plans, financial impacts of sustainability-related factors etc.



publication of such documents, often during preparers' reporting cycles, makes it extremely challenging for companies to compile all the necessary information and adequately prepare for the following year's reporting.

The simplification shall also aim at **increasing interoperability** consistently, focusing on common elements of higher priority. The question of interoperability is paramount as companies may be listed in more than one market (e.g., in the UK being potentially subject to ISSB standards) or have a subsidiary that is subject to different reporting requirements compared to the parent company. The same considerations also apply to SMEs that export to non-European markets and that can be subject to divergent rules in different markets. Therefore, European Issuers stresses the need to aim at a **"true interoperability"** and not only at "referencing" some of the disclosures contained in the ESRS to others contained in the ISSB standards.

3.1. The amount of information required must be reduced and flexibility introduced to allow sustainability reporting to serve the strategic steering of transition policies by boards of directors.

The European Commission should also re-assess the requirement of collecting quantitative metrics on the entire Value Chain about material impacts. While it is essential to identify, assess, and disclose the Impact Risks and Opportunities (IROs) within the value chain, it is equally critical to eliminate the obligation to gather quantitative data, particularly beyond Tier 1, as companies often lack sufficient leverage to obtain such information effectively.

Moreover, **flexibility** should be introduced when data are not available: in some cases, data are not available at the date of reporting, and/or it can be technically impossible to collect data from multiple sources. In such cases, companies should not be required to publish estimates. **The notion of reasonable effort in data collection should be recognised** as is the case under the IFRS framework ("reasonable and supportable information that is available at the reporting date without undue cost or effort").²

In addition, at level II, some indicators, such as those for biodiversity, are particularly challenging to calculate due to the absence of clear, internationally recognised and validated methodological frameworks, which complicates data collection. Furthermore, European companies are facing difficulties in disclosing social indicators, largely due to the lack of a global harmonised HR information system. For instance, the ratio between the total annual remuneration of the highest-paid person and the median total annual remuneration of all employees, **calculating a global ratio makes no sense** given the differences in salary levels between geographical areas. As regards **decent pay**, what should be the basis for monitoring in the absence of a common benchmark (outside the EU)?

² Therefore, we propose the following change in ESRS 1 Para.33:

*"If the undertaking cannot disclose the information prescribed by either the Disclosure Requirements and datapoints in the topical or sector-specific ESRS, or the Minimum Disclosure Requirements in ESRS 2 on policies, actions and targets, because **the information is not available at the reporting date without undue cost or effort** or because it has not adopted the respective policies, implemented the respective actions or set the respective targets, it shall disclose this to be the case and it may report a timeframe in which it aims to have these **policies, actions or targets** in place."*



Other indicators may present a **major and unjustified reputational risk**, for example, the publication of the number of labour-related human rights complaints (rather than final convictions).

3.2. At level I and II, EuropeanIssuers asks the European Commission for an immediate freeze on sectoral standardisation until all the simplifications of cross-sectoral standards have been carried out.

In addition, we have already identified significant issues with how these sectorial standards are being developed. For instance, the first two drafts drafted by EFRAG for the oil and gas sector and for extractive activities of the mining sector **are too granular** (e.g. site-by-site information) and require sensitive information that could hinder the competitiveness of European companies (such as production targets, additional disclosures on reserves, investment plan, etc.).

Moreover, these drafts also appear as **insufficiently interoperable with the ISSB's SASB international standards**. To ensure a 'true' interoperability, ESRS sector standards should be drafted to be interoperable "by design" with ISSB standards from the outset of standard-setting, rather than as a retrofitting effort. For instance, for companies subject to both the CSRD and ISSB standards, the sector specific requirements regarding financial materiality should be identical, avoiding slight variations in similar disclosures, which would only create confusion. (e.g. ISSB's SASB disclosures on Oil & Gas reserves that are required with some additional specifications in the sectorial ESRS³).

A possible solution would be to consider ISSB's SASB standards as the main reference in drafting sectorial ESRS when it comes to the financial materiality. The **sector nomenclature** employed by EFRAG is a European nomenclature, NACE, which is **poorly adapted to sustainability issues and disconnected from the ISSB standards' international classification**.

On these grounds, EuropeanIssuers believes sector standardisation must be conditional **on the prior simplification of cross-sectoral standards and a radical change in the method and outcome of the development of sectoral standards** provided for by the CSRD.

Lastly, EuropeanIssuers propose that **all standards undergo field testing before their mandatory application**. Additionally, we suggest that any new standards or amendments to existing standards **should only take effect after a period of 24 to 36 months following their publication**, as is the case for financial reporting, to allow preparers ample time to prepare for the new standards.

4. Reconsider CSRD scope of application

Level I

EuropeanIssuers believes that the scope of application of the CSRD should be reconsidered, particularly regarding the thresholds, to ensure better alignment with the CS3D.

Additionally, the regime for purely participative holdings should be re-evaluated for exclusion, as well as the approach for subsidiaries. Currently, the CSRD provides for two different regimes for subsidiaries within the same group: listed subsidiaries must publish their own sustainability report, while unlisted subsidiaries are exempt.

³ *ESRS: The undertaking shall disclose the total proven reserves of oil (bbl) and gas (Nm³) with a breakdown into proven reserves (percentage): (c) in countries with high-risks of corruption, money laundering and financing of terrorism; ISSB's SASB: Reserves in countries with 20 lowest rankings in Transparency International's Corruption Perception Index.*



In order to maintain a level playing field and reduce the burden on SMEs, EuropeanIssuers believes in the necessity to **remove the requirement for a listed subsidiary of a parent company subject to CSRD to produce its own sustainability report** when it is included in the parent company's report.

5. *Review of the digitisation obligations*

The digitisation of sustainability information will represent a significant additional burden for companies. The digitisation of sustainability reports will have to be carried out as soon as the technical measures defining the format (XBRL) and digitisation methods (ESRS digital taxonomy) are adopted by the European Commission (first application in 2027).

The development of new technologies and, in particular, **artificial intelligence, calls into question the relevance of digitising** sustainability reports. Thus, EuropeanIssuers calls for **work in this area to be put on hold** and for a **detailed impact analysis** to be carried out, **including feedback on the costs and benefits of digitising financial statements**, before deciding whether or not and how to move forward.

6. *Three year postponement of the assessment regarding the feasibility of the transition to reasonable assurance*

Level I

As highlighted in our [Report](#), the auditing process of CSRD reports remains highly costly, complex, and time-consuming for companies, also considering the lack of EU-wide assurance standards for non-financial information. Furthermore, sustainability assurance expertise in the market is not yet as mature or well-established as that of financial auditing. Therefore, the timeline for assessing whether the conditions for the introduction of reasonable assurance are met should be extended at least by three years from 1 October 2028 to 1 October 2031 to allow market practices to gain the necessary experience in this area.

This additional period would serve as a learning phase, enabling both preparers and practitioners to refine their processes and effectively address the challenges associated with sustainability assurance.

II. Corporate Sustainability Due-Diligence Directive postponement

Postpone the application of CS3D to assess its impacts on the competitiveness of EU companies and amend the text

Level I

The assessment of the CS3D's competitive risks is a prerequisite to its application. At the end of this assessment, its results should lead to the text being renegotiated. To initiate this process, the **postponement of the directive's application** should be included in the 'Omnibus', along with an obligation for the European Commission to carry out, within 2 years, an **assessment of the directive's (post-adoption) impact on the Union's competitiveness** and to report back to the European Parliament and the Council.

Leaving the text as it stands will, on one side, lead EU companies to **withdraw from certain regions of the world** and to **abandon these markets to international competitors** who are not subject to such obligations and who often have less ambitious climate ambitions and ESG policies, and on the other



side, lead some non-EU companies to leave the EU market or restructure their financial consolidation. **Non-European companies not wishing to bear the legal risks associated with CS3D will reduce their supplies to the EU**, particularly of strategic products, as some countries are already suggesting.

The CS3D Directive, which was negotiated in haste on a highly complex subject, raises problems of clarity and legal certainty and places excessive demands and legal risks on companies under its scope. By way of illustration, these difficulties concern inter alia:

- The particularly broad definition of the chain of activities to which the obligations of vigilance must relate which leads to an infeasible and complex exercise;
- The obligation to carry out meaningful engagement with an indefinite number of internal or external stakeholders;
- The interactions between competition law and the requirement to provide support to SMEs which are business partners of the company;
- The uncertainty as to how the transition plans must be assessed to qualify as compatible with the Paris Agreement (see the detailed description of the difficulties linked to the notion of compatibility with 1.5 °C in point III.1. here below).
- The obligation to “suspend and terminate” a business relationship even in cases when this business relation is indispensable and irreplaceable for a company.

This penalises EU companies’ competitiveness, in a geopolitical context of exacerbated competition. In particular:

- Regarding the chain of activities, the CS3D lays down that due diligence obligations must cover the upstream chain of activities and part of the downstream chain. This requirement is not feasible in practice. Companies can hardly carry out due diligence beyond one or two tiers, depending on their situation. Indeed, there are no reliable and robust tools that allow the chain of activities to be traced automatically. This approach will involve sending hundreds of questionnaires to the various business relations, who will then have to deploy them within their own business relations. Some may even refuse to respond, especially if they are economically more powerful than the companies placing the orders. The possibility of adopting a risk-based approach and prioritising risks will not be sufficient to rationalise the considerable workload and to reduce the legal uncertainty.
- Regarding engagement with stakeholders, the particularly broad definition of stakeholders, which covers not only the company's own stakeholders but also those of all its partners throughout the value chain, makes the obligation of engagement infeasible in the light of the obligations placed on companies to:
 - Consult stakeholders at several stages of the due diligence process (including when deciding to terminate a business relationship) which may give rise to problems of business secrecy,
 - Respond to requests for additional information from the ‘stakeholders consulted’, it being specified that the company must respond ‘within a reasonable time’ and ‘in an appropriate and understandable format’ or justify in writing its refusal to respond to a request for additional information. This will lead to litigation by stakeholders who feel that they should have been consulted or that the responses given to their requests are pointless.



III. Transition Plans and Competitiveness

Streamline the provisions on climate transition plans and revise those that jeopardise competitiveness

The European directives adopted during the last term of office create a **tangle of provisions relating to transition plans of different kinds and with different scopes, which need to be rationalised, and made consistent if only to have a clear and effective legislative architecture.** The provisions in question relate to:

- The Corporate Sustainability Reporting Directive ([CSRD](#)), which refers to "climate transition plans" at group level;
- The European Emissions Trading Directive ([ETS Directive](#)), which refers to "climate neutrality plans" at plant level;
- The Industrial Emissions Directive ([IED](#)), which encourages "transformation plans" at facility level;
- The Corporate Social Responsibility Directive ([CS3D](#)), Article 22 of which requires the adoption and implementation of a transition plan for climate change mitigation, and which provides that companies that declare a plan under the CSRD are deemed to have complied with the obligation to adopt a plan under the CS3D, with the *proviso* that it must be implemented and updated every 12 months. More generally, the CS3D, which was hastily adopted at the end of the mandate, not only lacks the legitimately expected clarity and is, therefore, a source of considerable legal uncertainty, but above all presents clear risks for the continent's competitiveness and its energy supply security;
- The Capital Requirements Directive ([CRD](#)), recently amended to include the requirement for banks to develop plans to monitor financial risks arising from ESG factors and in particular the objective to achieve climate neutrality.

Consequently, to avoid the overlap of various pieces of legislation, EuropeanIssuers emphasises the urgent need for a single, consistent set of transition plan requirements to be outlined in one legislation: the CSRD. The conditionality on free allocations set up in the EU Emissions Trading Scheme (EU ETS) should be suppressed thus triggering the deletion of "climate neutrality plans" at installation level. Furthermore, the transformation plans of the Industrial Emissions Directive should not include information on greenhouse gases that do not create a local pollution.

In addition, other fundamental issues for companies should be clarified in order to ensure transparency and quality of climate disclosures: **The notion of "compatibility" must be clarified, and references to companies' climate actions should align with the obligations of the Paris Agreement (including "well below +2°C") rather than only the "+1.5°C" target.**

At the level I, the CSRD obligations on companies to report on climate targets outside the EU—specifically for scope 1, 2, and 3 emissions, and for all countries where they are located, which go far beyond what the Paris Agreement mandates for the States (The Paris Agreement does not impose any constraints on companies). Therefore, the CSRD creates a competitive disadvantage for EU businesses compared to global companies operating only under voluntary frameworks.



Thus, EuropeanIssuers supports DG FISMA's initiative to address those issues and urge amendments to the CSRD at least to refer to all the objectives of the Paris Agreement ("well below +2" and "pursuing efforts (...) to +1.5°C").

IV. The EU Taxonomy Regulation

Reassessment of the EU Taxonomy Regulation

Level I

EuropeanIssuers believes that the purpose and usefulness of the EU Taxonomy Regulation need to be reassessed, taking into consideration the disclosures required by the CSRD and its ultimate effectiveness in the overall framework.

The EU Taxonomy Regulation is extremely complicated for preparers and especially the Technical Screening Criteria (TSC) **do not support the broader transition** but instead focus only on already green activities. Significant investments will be necessary to support decarbonisation and transition activities while ensuring the security of energy supplies. In this regard, it is crucial that the evolving EU framework on transition finance does not simply exclude entire sectors. For the whole economy to transition, **all sectors need access to finance for their own transition**. In addition, the lack of a clear definition and boundaries for transition finance is leading investors to self-regulate, adopting various approaches. Tackling this would require **amending technical screening criteria** relative to several activities to ensure their inclusion⁴.

Furthermore, the EU Taxonomy is not fit for purpose considering the following points:

- The EU Taxonomy covers only part of the EU economy and for eligible activities, the alignment based on the revenue, CapEx, or OpEx KPIs is still low. The investment universe is therefore very small;
- Generally speaking, the EU Taxonomy is a too complex tool, and its usability needs to be improved;

⁴ For example: i) *The EU Taxonomy formally recognises the role of natural gas as a transition fuel and that its use for power generation may contribute to climate change mitigation. However, operators (and in a wider sense, countries/national economies) that have already transitioned to less polluting gaseous fossil fuels to produce electricity do not receive recognition nor benefits in terms of EU Taxonomy KPI due to the excessively low threshold of 100 g of CO₂ per 1 kWh produced. In contrast, operators that still make use of hard coal/lignite to produce electricity and are planning to replace coal with gas are awarded with a higher threshold. Furthermore, the treatment of natural gas in the EU Taxonomy Regulation and in the wider framework of EU sustainable finance requires further reflection. This is relevant not only for the use of natural gas in the power sector, but also for activities related to natural gas extraction, which are essential for energy security and EU competitiveness, underpinning the transition.* ii) Screening criteria for the manufacturing of plastics in primary form (Climate delegated act, point 3.17) establish that the product must be fully obtained by mechanical or chemical recycling of plastic waste. The 100% threshold for recycled feedstock does not reflect current industry practices and technical feasibility. As a result, producers who are gradually phasing out fossil-based feedstocks do not see their efforts recognised and do not benefit in terms of EU Taxonomy KPI due to this overly stringent threshold. The criteria should allow companies to report the proportion of the recycled feedstock introduced in their production process, to reflect their efforts more accurately; iii) *EU Taxonomy criteria for manufacturing plastic packaging (Environment delegated act, annex II, point 1.1) grant the possibility to use bio-waste feedstocks, but do not allow the use of sustainable primary biomass or other alternative feedstocks. These feedstocks can contribute to decarbonise this economic activity and should be recognised under the EU Taxonomy.*



- The **criteria used to determine alignment need to be amended** in particular to better support the transition. For instance, the Do No Significant Harm (DNSH) test is not properly designed regarding the objective of pollution reduction and prevention. This situation results in a disproportionate burden to prove that the test is passed or in the exclusion of many activities;
- The EU Taxonomy reporting requirements raise many issues and are too burdensome. The OpEx indicator appears to be of little relevance but requires considerable efforts to collect the necessary data and disclose the indicator. The definition and the implementation methods of the Green Asset Ratio (GAR) need to be revised and simplified to make it applicable.
- Companies are currently required to dedicate substantial time and resources to compiling unrelated data tables (e.g., Gas and Nuclear) to meet the EU Taxonomy requirements. Hence, this results in providing EU Taxonomy data that provides little value to investors and is not useful for the companies' own environmental objectives. **Introducing a materiality filter, aligned with the CSRD, would allow companies to focus on reporting only relevant information**, thus enhancing the usability of the EU Taxonomy.

The large majority of European Issuers' members consider that the EU **Taxonomy Regulation should be amended to address the issues mentioned above and made voluntary**. Companies seeking for instance public sector financing for their projects or issuing EU Green Bonds could use the EU Taxonomy to demonstrate the alignment of their activities. All references to the EU Taxonomy in other legislations (SFDR, ESG Ratings, MiFID/MiFIR and Pillar 3 ESG) should be amended accordingly to take into account the would-be voluntary nature of the EU Taxonomy.

V. The Sustainable Finance Disclosure Regulation

Amend the Sustainable Finance Disclosure Regulation (SFDR)

Level I

Some of the administrative burden from CSRD has been designed to ensure the availability of data for the financial sector's ability to comply with SFDR. SFDR should also be streamlined to avoid that it imposes more disclosures to sectors using financial services.

To ensure that the disclosure requirements are fit for purpose and consistent with the Corporate Sustainability Reporting Directive (CSRD), the materiality principle should be introduced in the SFDR meaning that all PAI indicators should be subject to a materiality test. The CSRD must mark the boundary of corporate reporting from which all information is derived for any other reporting frameworks such as the SFDR or data required by banking regulators.

Furthermore, the number of PAI indicators should be reduced and their content based on the disclosures required by the ESRS. Requirements applicable to financial market participants should be amended accordingly.



EuropeanIssuers is the 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 €12.4 trillion market capitalisation with approximately 6,000 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 2024, [EuropeanIssuers' Key Messages for the next Legislative Cycle](#) present key priorities and policy recommendations in a number of areas to support the EU policy makers during their mandate.

More information on our positions can be found at www.europeanissuers.eu or on EuropeanIssuers LinkedIn and X

For more information: Sofia Deiro, Senior Policy Adviser, sofia.deiro@europeanissuers.eu

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