

## Position Paper

# Sustainable business calls for ambitious European sustainability reporting standards

Brussels, 7 July 2023

*Ecopreneur.eu - the European Sustainable Business Federation - and its seven member organisations **welcome** the official proposal for the draft first set of European Sustainability Reporting Standards (ESRS) that was published on 09.06.2023 but **oppose** the additional weakening of the standards. This position paper summarises our feedback form on this draft in the context of the European Commission's Open Consultation.<sup>1</sup>*

Ecopreneur.eu welcomes the publication of the draft ESRS, which is important for timely implementation of the Corporate Sustainability Reporting Standard (CSRD).

However, Ecopreneur.eu urges the European Commission to uphold the ambitious nature of the ESRS, as previously proposed by the European Financial Reporting Advisory Group (EFRAG). **We strongly oppose any additional weakening of the standards and emphasize the criticality of their full adoption.** Our concern lies in the potential issues that could arise if the mandatory core of these standards is removed. ESG topics are deeply interconnected, and thus the integrity of the EU standards must be safeguarded.

Given the strategic importance of having ambitious and complete EU reporting standards, and of meeting the EU long-term targets of the Paris Agreement and the Europe Green Deal, our recommendations to the Commission are as follows:

1. **Make it obligatory for companies to disclose core impacts, such as climate change and workers in the value chain.** The Commission's proposal allows companies to assess the materiality of certain disclosure requirements that were previously mandatory. This enables them to omit complete disclosures, or specific details within a disclosure. Considering the significance of the topics covered by the ESRS, all companies should be obligated to report key metrics pertaining to climate change and social issues. This should include greenhouse gas emissions and comprehensive information about fair wages, social protection, employee accidents and sickness rates within the value chain. Regardless of a company's stance on climate change and these social issues, it should be imperative for them to provide this essential information. Allowing a company, for instance, to determine that climate change is not a material subject and thus avoid reporting on GHG emissions does not align with scientific, policy, or risk-reduction perspectives.
2. **Close the "voluntary" loophole that permits companies to opt out of reporting on agency workers and an organisation's biodiversity transition plan.** This

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<sup>1</sup> [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13765-European-sustainability-reporting-standards-first-set/F3429901\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13765-European-sustainability-reporting-standards-first-set/F3429901_en)

loophole may further delay corporate efforts to reduce biodiversity impacts and enhance working conditions for non-employees in the value chain.

- 3. Ensure that companies provide the data required by investors to fulfil their obligations under the Sustainable Finance Disclosure Regulation (SFDR).**  
Eliminating the requirement to disclose SFDR-related information would create a regulatory patchwork with gaps for investors and asset managers, hindering their ability to obtain the necessary information from investee companies. When investors and asset managers possess this information, they can drive the transition towards a more sustainable economy by allocating resources to the most sustainable enterprises. The SFDR should not be watered down either.
- 4. Immediately implement topical standards** for all target groups, including companies with 500-750 employees. There should be **no delayed phase-ins** for reporting on scope 3 GHG emissions, biodiversity, financial effects related to non-climate environmental issues (pollution, water, and resource use), value chain workers and their own workforce. Many of these companies have to provide these data anyway in response to requests from their corporate clients, banks and investors.

In this way, watering down of the CSRD ambitions can be **avoided** while proper implementation of the Directive is **improved**. Moreover, implementation of the ESRS as planned **helps creating the right business environment for the EU to reach the 2030 and 2050 targets for climate, the circular economy and biodiversity**, and create an economy within planetary boundaries.

### About Ecopreneur.eu

Ecopreneur.eu is the European Sustainable Business Federation of currently seven national associations representing over 3000 sustainable companies - mostly SMEs. A member of the Coordination Group of the European Circular Economy Stakeholder Platform, Ecopreneur.eu is the *only* cross-sectoral EU business organisation committed to ambitious measures, rules and regulations for a low-carbon circular economy. We advocate a new economic framework in which sustainability is promoted, the environment respected, and ecological principles are followed. Ecopreneur.eu and our members bring concrete experience from pioneering companies into the political debate, show best practice examples and represent the needs of green SMEs in a credible way.

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