



ecoDa's response to the European Commission's call for feedback on the Decision to postpone the adoption of the sector-specific European Sustainability Reporting Standards (ESRS)

15 December 2023

About ecoDa:

ecoDa, the European Confederation of Directors Associations, is a unique umbrella organization, representing the main national institutes of directors in Europe. In total, our member institutes cover about 55,000 individual directors across 22 countries, sitting on the board of companies of all sizes and sectors. All our member institutes are well recognized in their country and are trusted market players on the topic of Corporate Governance.

Opinion:

The Corporate Sustainability Reporting Directive (CSRD) requires large companies, listed small and medium-sized companies, and parent companies of large groups to report certain sustainability information. This reporting must follow the sector-agnostic sustainability standards (applicable to companies across all industries) adopted by the Commission through delegated acts.

While the EU Corporate Sustainability Reporting Directive requires the adoption of complementary sector-specific standards by 2024, the European Commission is considering to delay the adoption of these standards by two years until 2026.

ecoDa is concerned about the ability of European companies targeted by the CSRD to meet all the legal requirements that will be imposed on them in an excessively short period of time.

However, groups well advanced in sustainability reporting have indeed expressed a view that the overall implementation of the CSRD will benefit from early access to sector-specific standards so that the full scope of required information is addressed in the initial stages.

ecoDa is therefore of the opinion that **the public release of these standards within the deadlines initially announced (2026) will be welcomed by the market, with voluntary application encouraged until they become mandatory, with a requirement pushed by two years (2028).**

With respect to a two-year delay regarding sustainability information to be published by certain third country entities, the proposed decision should be clarified so that the two-year delay applies only to the sector-specific sustainability reporting obligations and not to the sector-agnostic sustainability reporting obligations. ecoDa would like to stress the necessity of a level-playing field for all entities in the EU markets as far as sustainability information is required, so EU entities are not at a disadvantage in terms of effort to comply, but also higher transparency (and exposure to environmental activism and litigation). Compliance in 2028 for sector-agnostic sustainability reporting obligations is already a delay compared to requirements for EU entities and should not be pushed again by another two years.

ecoDa is taking this opportunity to express its concern on a more general subject. The likelihood that companies will not be able to provide all the data necessary to meet ESRS standards is high. The statements (qualifications) that will be used in the context of limited assurance should not generate concerns from the market (investors) as well as negative reactions from NGOs for companies. Raising awareness about the interpretation of this information by stakeholders would be necessary to preserve European competitiveness.

Transparency Register: TR ID 37854527418-86

Contact details:

Béatrice Richez-Baum
Director General
ecoDa
Avenue des Arts 41
1040 Brussels
Tel: +32498502687
www.ecoDa.eu
contact@ecoDa.eu

Anne-Hélène Monsellato
Chair of ecoDa WG on Audit Committees
ahmonsellato@icloud.com