From: CAB-MCGUINNESS
Sent: lundi 24 juillet 2023 16:07
To:
Cc: 
Subject: RE: sustainable finance legislation rushed without adequately addressing flaws ...(Ares(2023)5122998)

Dear ,

Thank you for your email.

Florian Denis and Katie Power from the Cabinet of Commissioner McGuinness would be happy to have an online meeting with you this Wednesday July 26th, at 11:00.

Would this be suitable for you?

Looking forward to hearing from you.

Kind regards,

European Commission
Cabinet of Commissioner Mairead McGuinness
Financial Services, Financial Stability and Capital Markets Union

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Dear all,

The European Round Table for Industry (ERT) and its member companies truly support the overall objective of the Green Deal and the various legislative and regulatory initiatives on sustainable finance to help mobilise finance towards environmentally sustainable activities.

However, we experience that some sustainable finance legislation has been and is rushed, for example, the EU Taxonomy or the European Sustainability Reporting Standards (ESRS), without adequately addressing the persisting fatal flaws in drafts and the implementation challenges brought forward by the EU industry.

We now fear that the establishment of the ESRS will also be rushed as there are only three weeks between the end of the public consultation on 7 July and the expected adoption of the final delegated act by the end of July. Quality should be more important than speed.

Three weeks are insufficient to thoroughly examine and assess the more than 600 contributions submitted by stakeholders and modify and adapt the draft wherever necessary to align definitions, clarify requirements, and correct inconsistencies. No one will benefit from inconsistent and incomparable disclosures from EU companies caused by severe flaws in the underlying legislation. We strongly fear that the aim of accelerating investment into decarbonisation purposes in Europe will not be achieved.
We therefore urge the Commission not to rush the delegated act but to give the examination of the contributions the time needed.

We fundamentally fear that the current methodology, requirements, and timelines applied by the European Commission on the various initiatives in the field of sustainable finance are underdeveloped and are leading to suboptimal results.

We have highlighted implementation challenges and inconsistencies in the underlying regulations (EU Taxonomy, CSRD, ESR) in various meetings with DG FISMA and the Commissioner, but also in several letters and contributions to a public consultation conducted by the European Commission over the last two years (attached).

We also repeatedly highlighted that alignment between the different initiatives (e.g., EU Taxonomy, SFDR, CSRD) is vital to achieving a meaningful reallocation of capital within the financial system. Unfortunately, DG FISMA has not taken on board the many constructive suggestions brought forward by European practitioners.

Against the background of the announced proposal to cut reporting requirements by European companies by 25%, we would also ask the Commission to reduce the disclosure requirements further and increase the number of phase-in and voluntary reporting requirements.

The introduction of the sector-specific standards should be delayed by at least three years to give preparers sufficient time to implement the requirements stemming from the delegated act. This should be formalized by adjusting the CSRD accordingly.

The co-legislators have agreed to introduce the European Single Access Point (ESAP) only 42 months after the date of entry into force of the underlying of the regulation. Yet, the obligation on companies to digitally tag sustainability information embedded in the CSRD persists.

We, therefore, call upon the Commission to make the necessary adjustments to the CSRD to ensure digital tagging is only required once the ESAP has been established.

Regarding the EU Taxonomy, the initiative to reduce the reporting requirements should be used to focus on the key KPIs (CapEx, revenues) by removing the obligation to disclose OpEx figures.

We would also urge the Commission to modify the timelines for implementing the new disclosure requirements in the Taxo4 and the amended Climate delegated act.

Contrary to the announcement to reduce the reporting requirements, DG FISMA deleted the existing phase-in provisions for new reporting requirements under EU Taxonomy, making reporting under the new requirements obligatory for the financial year 2023.

We stand ready for further exchange on these matters and how we can contribute to the announced proposal on reducing reporting requirements by 25%.

We remain at your disposal for any questions you may have.
Kind regards,

European Round Table for Industry (ERT)

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