

To: Sustainability WG, Corporate Reporting - Investments & Sustainable Finance WG  
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Subject: ERT's CFO Platform publishes position paper on reducing reporting burden

## Summary

On 27 January, the European Round Table for Industry's (ERT) CFO Platform published a position paper on how to reduce reporting burden in the EU: [here](#). In view of the European Commission's simplification package, the [position paper](#) makes concrete proposals for the EU's upcoming Omnibus regulation.

ERT's CFO Platform states that although sustainability remains both a key driver for decision-making and a factor in securing competitive advantage for companies, there remain significant challenges stemming from the overlapping and often non-comparable regulatory framework in the EU.

The position paper sets out the key issues and proposed policy remedies for reporting under 1) the Sustainable Finance Regulatory Framework - discussing mainly the CSRD, EU Taxonomy, CSDDD; 2) the Carbon Border Adjustment Mechanism's (CBAM) implementation; and 3) corporate taxation.

Across all three areas, companies led by the ERT members agree on the following points:

- Overall reporting complexity needs to be reduced, and requirements need to be simplified and reduced in line with the Commission's target to reduce the reporting burden on EU companies.
- Realistic timelines for implementing new legal requirements should be set.

According to the ERT, the Commission's proposal for an Omnibus Simplification Package presents a unique opportunity to overcome some of these constraints. Hence, the ERT proposes the following action points.

### Action points on the CSRD-ESRS

- The Commission and the European Financial Reporting Advisory Group (EFRAG) should:
  - Halt all work on developing sector-specific standards
  - Review existing ESRS as early as 2025 to simplify/rationalise the ESRS based on experience from reports published by preparers in year 1.
  - Clarify the standards in ESRS set 1. Harmonised assurance requirements need to be developed.
  - EFRAG's work on the digital taxonomy urgently needs to be revisited.
- Finding an agreement with the ISSB to use SASB as European sector-specific standards will avoid a lot of duplication and enhance efficiency.
- Under the CSRD, the subsidiary exemption should be extended to all subsidiaries of larger groups.
- A meaningful revision of the CSRD should also entail a revision of the SFDR in parallel.

### Action points on the EU Taxonomy

- A materiality threshold should be included.

- The current OpEx KPI should be removed completely as there is no definition for OpEx under IFRS, and it is an artificial KPI that cannot be reconciled with the financial statement.
- Existing usability issues in the substantial contribution and Do No Significant Harm criteria should be addressed.
- Usage of the EU Taxonomy by investors might increase if the Regulation covered more manufacturing and technological sectors and their economic activities in the EU, including those with very limited production capacity.

#### Action points on the CSDDD

- Due diligence requirements should be limited to Tier 1 of the value chain.
- Removing article 29 on civil liability and relying on Member States' law to avoid introducing undue responsibility on companies over business partners' activities where a company has no control, influence or visibility, and prevent expensive litigation.
- Reducing compliance costs and improving efficiency by removing any conflicting or double requirements in other EU legislation.
- The Commission should provide clarifications and official guidelines (article 19) quickly and earlier than 2027. Guidelines should not complicate or expand the scope and requirements of the Directive.

#### Next Steps

The Secretariat will continue to monitor any further communication which could influence the development of the Omnibus Simplification Package.