



Press release

Tapping the potential of the EU's Corporate Sustainability Reporting Directive - Recommendations for an effective regulatory regime

February 11, 2025 - The German government's Sustainable Finance Advisory Committee (SFB) presents a position paper with concrete recommendations for improving the EU Corporate Sustainability Reporting Directive (CSRD).

Sustainable finance can make a significant contribution to solving the challenges of our time, such as climate change or biodiversity loss. To support this, transparency about the future viability of business models is a key prerequisite for the sustainable allocation of capital.

The CSRD and the European Sustainability Reporting Standards (ESRS) were created to contribute to this by establishing uniform reporting standards for European market participants. This should increase the relevance, comparability and quality of sustainability data and close the gap between sustainability reporting and financial reporting.

Silke Stremlau, Chair to the SFB, explains: *"The CSRD will provide valid and comprehensive data in the future. This will enable investors to assess the sustainability of their investments' business models. The SFB makes concrete suggestions to reduce the burden for reporting companies while maintaining the benefits of reporting."*

The SFB sees potential for improvement in parts of the CSRD regulation, for example by reducing the number of data points to be reported or by reducing inconsistencies with other regulations. In order to strengthen the cost-benefit ratio, impact and practicability of the regulation, the SFB recommends the following improvements, among others:

1. **Reduce the extent of mandatory reporting**, especially for SMEs, while focussing on quantitative performance indicators with high informational value,
2. Introduce **sector materiality assessments** to increase uniformity and reduce effort, as well as **sector-specific reporting obligations** if additional benefits in reducing the reporting effort are actually identified,
3. **Limit reporting scope** in terms of consolidation and the value chain
4. Provide **templates for transition plans** or clear and simple rules for their development, and
5. **Swift adoption of German implementing legislation** to enhance planning certainty.

Bettina Storck, head of the working group in the SFB, explains: *"We welcome the idea of the CSRD. Sustainability aspects can only be considered in corporate or portfolio management with comparable, reliable and relevant data. At the same time, reporting must not distract from the actual goal - sustainable transformation. This is why we have developed ideas for reducing, specifying and correcting the CSRD requirements."*

The complete recommendations can be found on the website of Sustainable Finance Advisory Committee: www.sustainable-finance-beirat.de/en

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The Sustainable Finance Advisory Committee

The Sustainable Finance Advisory Committee (SFB) advises the German government on sustainability aspects in the financial system. Consisting of 34 experts from the financial sector, the real economy, civil society and academia and supported by 19 observers, it acts independently. It supports the German government in the implementation and further development of the German Sustainable Finance Strategy and advises relevant stakeholders on their positioning and the implementation and further development of sustainable finance guidelines.