

Feedback on draft delegated act on European sustainability reporting standards (ESRS)- 1st set

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The CorA Network for Corporate Accountability is a network of over 50 organisations and associations from the fields of human rights, environmental and climate protection, development, consumer protection and trade unions.

We welcome the opportunity to comment on the EU Commission's proposal for a delegated act on standards for sustainability reporting by companies. Public reporting is a core element of the UN Guiding Principles on Business and Human Rights. It is an important tool to help companies understand and address the risks in their value chains and is a key prerequisite for rights holders and other stakeholders to assess and be guided by companies' respect for human rights, environmental and climate protection. This is essential to make the transition to sustainable business in Europe.

The primary objective of the delegated act must therefore be to achieve meaningful and comparable reports by companies on their sustainability strategies and their measures to respect human rights, the environment and climate protection.

However, the European Commission's proposal gives great cause for concern as it undermines rather than promotes this objective.

EFRAG has developed a proposal based on extensive expertise that uses key indicators to measure the sustainability of corporate actions. It is incomprehensible why the Commission does not follow this proposal, but instead wants to leave it up to the companies to decide whether they regard numerous indicators as essential or not. This thwarts the actual intention of the reporting standards to create a comparable data basis. It also increases the danger that companies overlook important risks in their value chains or misinterpret aspects.

To name just two examples: Comparing the business model with the planetary boundaries is an important step to preserve the livelihoods of future generations and should therefore be undertaken by all companies. The CorA network is particularly committed to improving the working conditions in global value chains, to which end the EU is currently developing the Directive on Corporate Sustainability Due Diligence. Indicators such as the payment of adequate wages are central in this context and it should be mandatory for all companies to report on this; also in order to create a level playing field among companies.

Furthermore, the arbitrary distinction between companies with more or less than 750 employees should be abolished. The risks of a company for human rights, environmental and climate protection do not depend on the number of employees, but on the business activity and on how seriously a company strives for sustainability.

We therefore call on the Commission to **revise the delegated act so that all companies are required to report on all important data**, including greenhouse gas emissions, biodiversity, their own workforce and working conditions in the value chains. Furthermore, **the long transition periods should be dispensed with**. The UN Guiding Principles were adopted twelve years ago, which means that companies have had a long time to build up a corresponding reporting system, and the advancing climate change does not allow any more delays in reporting on greenhouse gas emissions and measures to reduce them. It is therefore unacceptable that many companies will not have to produce their first full report until 2029.

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