



Corporate Sustainable Reporting: the business perspective

The European Commission earlier this year adopted its proposal for a [Corporate Sustainability Reporting Directive](#) (CSRD), amending the existing reporting requirements from the [Non-Financial Reporting Directive](#) (NFRD). With discussions in the Council and the European Parliament ongoing, our CEO Ben Butters offers the business perspective, based on feedback from the chamber network.

Q&A with EUROCHAMBRES CEO Ben Butters

The European Green Deal is the blueprint for responding to climate and environmental challenges in a manner that also creates opportunities for the business community. What is the view from businesses across the chamber network on their role in Europe's sustainability agenda?

Businesses understand the importance of contributing to the low-carbon and climate resilient targets. They also understand the need to create growth and jobs to drive Europe's post-pandemic economic recovery. The EU is at the forefront of the world's efforts to protect the environment and respond to climate change. This presents economic opportunities too and the Commission rightly identifies the Green Deal as a competitiveness strategy. The EU must ensure policy coherence to provide a supportive regulatory framework for our businesses to transition towards more sustainable practices in a manner that also enables them to compete. Policy-makers will need to be particularly attentive to the needs of small and medium sized enterprises (SMEs).



How can the Commission's proposal for a Corporate Sustainable Reporting Directive (CSRD) contribute to channelling much-needed investments towards businesses, particularly SMEs?

Corporate disclosure has developed significantly in recent years and has helped to increase awareness and understanding of risks and opportunities within companies. The CSRD proposal can reinforce this trend; it should allow European businesses to look at their business models and develop practical approaches to sustainability reporting. But it must not jeopardise access to finance or impose disproportionate administrative obligations on businesses. The sustainability of a company does not depend solely on non-financial reporting, but fundamentally on its strategy, its business model, its management, its market access and its general competitiveness.

EU sustainability policy measures should prioritise high quality, succinct reporting. They should also bear in mind the needs of SMEs, ensuring proportionality through voluntary and simplified sustainability reporting standards for smaller businesses, creating financial incentives for more responsible business conduct, and providing tailored guidance.

What concerns do you have regarding the CSRD? Can you identify solutions?

First, assurance/audit costs. A [study conducted for the European Commission on the Non-Financial Reporting Directive](#) underlines that the more stringent reporting frameworks are, the higher assurance costs become. This hinders SMEs that face substantially more significant insurance costs in relation to their turnover.

Second, the difficulty in reporting intangible assets and incorporating their valuation figures. While companies in distress can sell their buildings and factories, they cannot sell their corporate culture, innovation processes, or human capital, highlighting their complex reporting nature.

Third, an over emphasis on comparability of information. Meaningful information should be tailored to the needs of long-term investors. Businesses need more guidance, access to de-risking mechanisms and extra advisory services, focused on facilitating a market-based process towards sustainability.

Finally, this proposal should not be considered in isolation. It is part of a much broader set of initiatives in relation to the Green Deal, including the forthcoming legislation on sustainable corporate governance and due diligence in the supply chain. Policy-makers need to work with the business community to ensure that this package of measures reflects the competitiveness objective stated by Executive Vice-President Timmermans and thus also contributes to Europe's economic recovery.

For more information, please access our position paper [here](#).