

# EC consultation on the proposal for a Corporate Sustainability Reporting Directive (CSRD)

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A Eurelectric response paper

Eurelectric represents the interests of the electricity industry in Europe. Our work covers all major issues affecting our sector. Our members represent the electricity industry in over 30 European countries.

We cover the entire industry from electricity generation and markets to distribution networks and customer issues. We also have affiliates active on several other continents and business associates from a wide variety of sectors with a direct interest in the electricity industry.

## We stand for

The vision of the European power sector is to enable and sustain:

- A vibrant competitive European economy, reliably powered by clean, carbon-neutral energy
- A smart, energy efficient and truly sustainable society for all citizens of Europe

We are committed to lead a cost-effective energy transition by:

**investing** in clean power generation and transition-enabling solutions, to reduce emissions and actively pursue efforts to become carbon-neutral well before mid-century, taking into account different starting points and commercial availability of key transition technologies;

**transforming** the energy system to make it more responsive, resilient and efficient. This includes increased use of renewable energy, digitalisation, demand side response and reinforcement of grids so they can function as platforms and enablers for customers, cities and communities;

**accelerating** the energy transition in other economic sectors by offering competitive electricity as a transformation tool for transport, heating and industry;

**embedding** sustainability in all parts of our value chain and take measures to support the transformation of existing assets towards a zero carbon society;

**innovating** to discover the cutting-edge business models and develop the breakthrough technologies that are indispensable to allow our industry to lead this transition.

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## KEY MESSAGES

- **Consistency and coherence with existing EU acquis and the development of the EU Sustainable Finance framework must be ensured.**
- **The timeline for adopting this Directive and the further development of an EU reporting standard must consider the ongoing legislative processes in the context of the EU Sustainable finance framework.**
- **The CSRD should strive for a level playing field.** As such, we agree with the need for an adequate scope, including, in this case, listed and non-listed companies.
- **Content-wise, reporting requirements should not lead to disproportionate obligations for companies, particularly if the level of detail does not create added value for data users.**
- We **encourage applying a phase-in approach** together with a comply-or-explain procedure for data where it can be justified not to follow setup in full.
- **In terms of publication, companies should benefit from several options:** it should be mandatory to publish financial and non-financial documents jointly and with the same digital method, leaving companies the possibility of publishing the sustainability report separately.
- **Format-wise, implementing a single reporting platform should only occur after the full establishment of the necessary prerequisites and still make room for some flexibility** in choice of publication as it allows companies to better reflect their path towards a sustainable agenda.
- **We support the simplification of the reporting process at parent company level for subsidiary companies.**
- **Overall, we support the development of EU Reporting Standards. Nevertheless, the following elements should be considered:**

- The development and implementation of such a standard should be pragmatic and realistic. The timeline should fit ongoing EU sustainable finance legislative activity and process, ensuring that relevant stakeholders' perspectives are considered.
  - It is crucial to consider alignment and coherence with existing global standards largely used by companies.
  - It is crucial to keep in mind the ongoing development of the EU Taxonomy framework and the interlinkages between such framework and the CSRD.
  - Electronic reporting format should be implemented subsequently to the definition of the content requirements. It is key to outline the content first and then set up a standardised format.
- **We welcome a mandatory but simplified reporting standard for SMEs.** As such, implementation and compliance processes should also be facilitated for SMEs.
  - **An 'equivalence principle' should apply** when assessing non-EU activities being reported according to EU publication requirements. An EU company must rely on non-EU activity to be seen as sustainable – e.g. a US wind park. Vice versa, third-country companies must rely on EU activities to be seen as sustainable by the EU according to their national reporting standards - if the activity is subject to equivalent rules.
  - **We welcome clarification on the principle of materiality.** Nevertheless, some challenges could arise during implementation due to increasing EU sustainable finance obligations. Particularly, w.r.t. adapting to climate risks, it is important to avoid a disproportionate level of scenarios to be assessed and mitigated.
  - We support **the proposed third-party assurance** to ensure a level playing field for companies and improve the quality and disclosure of information. **We also support reasonable assurance.** However, it has taken time and resources to develop the necessary internal controls, data quality etc. for financial data. Mature handling of ESG data will take time to develop too. Thus, **a phasing-in period is required to allow new requirements for reporting and assurance practices for sustainability information to reach a higher degree of maturity. Moreover, the assurance level should be reviewed after one or two reporting cycles based on global or EU standards.**
  - **Information on intangibles is a particularly sensitive issue.** Although intangibles play an increasingly significant role in modern business, it is difficult to identify and measure them. Thus, **at this stage, regulating the issue of intangibles is premature.** At best, regulation of intangibles should be considered in the coming years to allow companies time to explore the topic.

Eurelectric pursues in all its activities the application of the following sustainable development values:

Economic Development

- Growth, added-value, efficiency

Environmental Leadership

- Commitment, innovation, pro-activeness

Social Responsibility

- Transparency, ethics, accountability



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