

CSR IMPLEMENTATION



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From red tape to green impact: CSR, Omnibus and the future of green reporting

Ambitious sustainability reporting can show investors how green a company is, and the Corporate Sustainability Reporting Directive (CSRD) plays a major role in this. But if we want the CSRD to make a real green impact, we need to have a close eye on how green reporting can be done without huge burdens for European businesses.

CSR – a status update

The Danish Financial Supervisory Authority (DFSA) is responsible for the supervision of the CSRD for financial undertakings in Denmark. For the financial year 2024, 22 financial undertakings in Denmark are covered by the CSRD and are to submit their first annual report including sustainability reporting this year.

Leading up to supervising the first sustainability reports, the Danish authorities have put a large effort into guiding financial as well as non-financial undertakings on how to interpret the different requirements set out in the CSRD. A lot of effort has been put into developing step-by-step guidance on how to implement the CSRD. The Danish authorities have also formed a national Q&A-mechanism on sustainability with the aim to facilitate that undertakings, the auditors and the authorities can cooperate and utilize the work by the European Financial Reporting Advisory Group's (EFRAG) Q&A.

The DFSA is aware that the CSRD entails new and comprehensive reporting requirements. Market and supervisory practices are still evolving after the rules came into force and the DFSA, the auditors and the undertakings will continue the dialogue on how to meet the new requirements going forward. The DFSA's supervision of the new rules in 2025 will be an extension of this guidance effort and aim to strengthen companies' understanding and compliance with the rules, e.g. through the publication of observations that can contribute to increasing the cross-cutting knowledge and understanding of the rules. The overarching focus of DFSA's supervision will be in line with the sustainability ECEP for FY2024 with a view to be able to provide further guidance to the industry.

Simplifying sustainability reporting can drive real impact.

The focus on guidance has become even more apparent after the publishing of European Commission's proposal of an Omnibus Simplification Package that will simplify the undertakings' requirements for sustainability reporting.

Omnibus - a new road for a green and competitive EU

The business sector plays a crucial role towards reaching climate goals. This however requires companies to collaborate across industries and professions with transparency and ESG disclosures as important instruments to meet climate goals. Hence, the CSRD and

other sustainability legislations are much needed. However, we must not enforce reporting for the sake of reporting, risking a sole focus on compliance and not an actual green transition. The reporting obligations come with a significant price tag. According to Danish calculations, the implementation of the CSRD will cost the Danish business sector approx. EUR 800 million, with an annual cost of reporting of approx. EUR 670 million. This is far more than what was estimated on a European level when the CSRD was proposed.

Denmark welcomes the Omnibus. The proposal is ambitious and effective in creating proper simplification for businesses. The Danish Government is ready to ease the burdens even more than what is currently suggested. Simplifying sustainability reporting can enhance transparency and drive real impact. By reducing complex regulation and reporting, we promote alignment around the most important, standardized sustainability metrics, making it easier to compare progress across companies.

If Europe wants to succeed with the green transition, we must bring all tools into play. A strong focus on digitalization and automated sustainability reporting will support the aims while significantly easing the burdens on companies in the long run. This levels the playing field, allowing businesses genuinely committed to sustainability to distinguish themselves through credible and consistent data. Cutting administrative burdens and over-reporting not only incentivizes accountability but also rewards authentic efforts to transition into a more undertaking.

In conclusion, the initial thoughts from the CSRD are still extremely relevant and the first reading of the reports shows that the undertakings take this seriously and are already doing a lot on a variety of measures to take responsibility for the sustainable transition of society. However, the burdens and manifold reporting requirements can be eased to make the objective of sustainability reporting even more clear, meaningful and effective and thus leading the way for a quicker and more extensive transition.



SAM PRESTIDGE
 ISSB Technical Strategy Lead –
 International Financial
 Reporting Standards
 (IFRS) Foundation

The global baseline: connecting the European and International picture

The International Sustainability Standards Board (ISSB) works to deliver globally comparable sustainability-related disclosures to meet the information needs of investors. The ISSB and the European Union have complementary yet distinct objectives in relation to sustainability reporting with the European Union approach seeking to meet both investor and a broader range of stakeholder needs. Yet, at the core, both agree on the need for high-quality, globally-comparable disclosures. Additionally, companies, investors and market regulators continue to advocate for global alignment in sustainability-related disclosure standards.

We know that many companies will be required to, or will choose to, apply both the ISSB Standards and European Sustainability Reporting Standards (ESRS) (in compliance with the Corporate Sustainability Reporting Directive (CSRD)). To support this, the IFRS Foundation worked with the European Commission and EFRAG to deliver a high degree of alignment in climate-related disclosures and other areas such as the definition of financial

materiality in our respective standards. In May 2024, the IFRS Foundation and EFRAG jointly published an interoperability guide to help companies meet requirements when disclosing sustainability-related information under both sets of standards. The aim of this work has been to reduce complexity, fragmentation and duplication for companies applying both the ISSB Standards and ESRS.

Since our first two Standards—IFRS S1 and IFRS S2—were issued in June 2023, we have seen growing momentum in jurisdictional adoption. To date, more than 35 jurisdictions have taken steps to adopt or otherwise use the ISSB Standards. The ISSB is committed to supporting high-quality implementation, and this is the highest priority in our work plan through to 2026. The ISSB is achieving this through a wide range of activities, including the publication of educational material to support adoption. For example, we launched our roadmap development tool to support jurisdictions on their journey in adopting or otherwise using the ISSB Standards.

The ISSB is also looking ahead to what's next. Our current work plan expands our technical work into new research projects on Biodiversity, Ecosystems and Ecosystem Services and Human Capital, topics for which investors have asked for better information to inform their investment decisions. The ISSB is also enhancing its industry-based standards—SASB Standards—having identified an initial set of industries to prioritise in its work. The ISSB expects to consult on the enhancements in the first half of 2025. Through our expanded work plan we continue to engage other standard-setters, ensuring that interoperability considerations remain central to our work.

How the ISSB's work supports high-quality sustainability disclosure in Europe and beyond.

The European Commission announced its Omnibus package of proposals to simplify requirements in the CSRD, ESRS and other relevant European Union legislation in February 2025. The ISSB stands ready to continue to work closely with our European counterparts to build further alignment where possible. Importantly, we note that the European Commission has stated its intention to continue to further enhance interoperability with international

standards through this process. Through our ongoing collaboration we will strive to maintain and enhance alignment between the revised ESRS and the ISSB's global baseline of sustainability-related disclosures.

The European Commission has proposed to reduce the number of companies within the scope of the CSRD. Many of the jurisdictions around the world who are moving forward with their journeys to adopt the ISSB Standards are phasing in the number of companies within the scope of mandatory reporting over time. Phasing-in requirements considering the public accountability and size of companies is aligned with the adoption pathways outlined in the IFRS Foundation's *Inaugural Jurisdictional Guide*.

The ISSB's work on interoperability also includes close collaboration with the Global Reporting Initiative (GRI). Last year we announced a deeper collaboration with the GRI in which we seek to provide a seamless, global and comprehensive sustainability reporting system for companies looking to meet the information needs of both investors and a broader range of stakeholders. Through this collaboration agreement we are both committed to jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of our respective standards for both thematic and sector-based standard-setting.

Overall, our work on interoperability aims to reduce the level of cost and complexity for companies that need to or choose to meet the information needs of investors and a broader range of stakeholders internationally. Considering ongoing developments in the European Union, we look forward to collaborating and engaging with the European Commission and EFRAG, as well as other standard-setters such as the GRI, to maintain and enhance the high-level of alignment already achieved.



BIRGIT PUCK

Managing Director Securities
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Omnibus proposal: paving the way to reducing sustainability reporting burden

As of the end of January 2025, around 30% of EU member states had not yet transposed the CSRD into national law. Many issuers in those member states had nevertheless already adopted ESRS on a voluntary basis in their Sustainability Reporting for the 2024 financial year. This was driven by the complexity of reporting under ESRS that requires lengthy preparation. Most issuers began preparations for initial application as soon as ESRS were published, using all valuable supporting materials like Q&As and EFRAG guidelines. For practical reasons, many issuers did not suspend their work once it became apparent that they would not be obliged to report based on ESRS for the 2024 financial year. In many aspects, the Omnibus Proposal in February 2025 indicates a sharp change of direction compared to the previously adopted CSRD.

The intended reduction of ESRS Set 1 datapoints contributes strongly to burden reduction and is welcome in reducing the risk of information overload. The focus on essential information to achieve the goal of burden reduction fosters high-quality reporting. When preparing a revised ESRS Set 1, the focus should be on investors'

needs, measurable and comparable data. In this regard, plans to scrap future sector-specific standards should be considered when reviewing required datapoints. By providing meaningful information to Sustainability Report users, the one-size-fits-all approach of sector agnostic standards should be reconsidered critically, especially for financial undertakings. Financial undertakings play a specific role in fulfilling the Green Deal's vision. Concerning environmental standards, specific information requirements about customers of financial undertakings may prove more useful than information requirements about the financial undertaking itself. This also mirrors the concept used for disclosures under the Taxonomy Regulation. From a supervisory view, special emphasis on harmonization of quantitative data and on definition of terms between ESRS and the prudential supervision framework like CRD or EBA Pillar III Disclosure of ESG risks is necessary to achieve overall simplification. Finally, the information required should be limited to a useful and processible extent, covering only essential information needs, and not obscuring substantial information by information overload.

Essential, measurable and comparable datapoints are key for a simplified Sustainability Report

Another significant point of the proposal is the envisaged limitation in the scope of undertakings under CSRD to large undertakings of over 1,000 employees. This goes far beyond a burden reduction: instead, it eliminates a burden for all undertakings dropping out of scope. Fewer undertakings being obliged to disclose sustainability information would however contradict the SFDR's endeavors to provide the financial market with necessary sustainability information. It would also affect those credit institutions required to provide more regulatory information about their counterparties under CRR/CRD. For undertakings within the CSRD's original scope with less than 1,000 employees, a risk of sunken costs arises from narrowing the scope at this late stage, as many have already reported on ESRS for the 2024 financial year (compulsory or voluntary) or already started preparing for initial ESRS application in the years ahead. From the users' perspective, it is essential

to obtain clarity about transitional provisions as soon as possible.

Shelving the planned extension from limited to reasonable assurance for Sustainability Report contradicts the original view expressed in the CSRD's recitals: Recital 60 states an objective to have similar levels of assurance for Financial Reporting and Sustainability Report. A lack of a reasonable assurance requirement for Sustainability Report, in contrast to the existing reasonable assurance requirement for Financial Reporting, would threaten the disclosed sustainability information's credibility, thus failing to meet the user's needs. Lowering the assurance further seems excessive in addition to the planned reduction in ESRS Set 1 datapoints. Any deviation from reasonable assurance for Sustainability Report is hazardous, as it opens the way for potential greenwashing.

While a substantial shortening for ESRS Set 1 seems reasonable, it remains a delicate balancing act. The consequences of all changes need careful consideration, whether in the interplay of the EU's Sustainability Framework – such as the SFDR or CRR/CRD, or the scope of undertakings. Its objective should be a thoughtful and robust reporting requirement applicable for the long-term that allows undertakings to build long-lasting structures based on legal certainty for Sustainability Report. Finally, scrapping reasonable assurance for Sustainability Report threatens the quality of disclosed information, and could lead to Sustainability Report that is less effective in driving change towards a green future.



**ROZANNE
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**CSRD regulation:
what are the
first lessons for
Crédit Agricole?**

Crédit Agricole is a committed player in terms of corporate social responsibility. With more than a hundred years of service, Crédit Agricole has always placed its actions at the heart of major societal transformations, in a universal and useful approach, expressed by its *raison d'être*: “Acting every day in the interest of its customers and society”. Being at the service of all, in all regions, to meet all customers’ wealth concerns, has made it possible to create the Bank model of global and sustainable relations.

Our Group Project has three intertwined dimensions that determine a unique relationship model: The Client Project defines our priorities to act in the interest of each of our clients. The Human Project organizes the increased role of the Group’s women and men. The Societal Project, presented in 2021, enriched by the climate strategy (2022 and 2023) expresses our ambition to act in the collective interest of society, around three main priorities: climate, social cohesion and the agricultural and agri-food transition.

Crédit Agricole understands and shares the usefulness of the CSRD’ requirements, to adopt shared standards and reporting methods on environmental issues. It helps to address environmental risks and opportunities and contributes to a constructive strategic dialogue at the highest level of governance. These issues, however, were already largely taken into account in our sector policies and our climate strategy published in June 2019 and updated in 2022 and 2023.

CSRD has placed sustainability at the heart of companies’ strategic challenges. In its philosophy, the directive takes a fresh look at the idea of measuring impact, expressed through the dual materiality matrix. The proposed methodology provides a harmonized reporting framework for companies, which is a real step forward.

Another contribution of this standard is that it aims to improve the quality of data. For a leading banking player, such as Crédit Agricole, this point is essential in the dialogue and financial support of its corporate clients. From the perspective of the investor that we are also, it is a vector of orientation of capital. Indeed, quality and a sufficient amount of data make it possible to better compare, trigger trends, and in so doing a market dynamic.

While it may be a little early to draw all the lessons from CSRD, it is already possible to say that it has proven to be complex to implement.

**Shared and useful
fundamentals in
supporting transitions
which has proven
complex to implement.**

Firstly, the timing of the implementation has been too tight or even rushed, which probably has not helped its acceptance. Secondly, operationalization has proven highly complex, thereby challenging its purpose. Indeed, the methodology suffers from insufficient insights that are sometimes difficult to apply to the financial sector. By way of illustration, the approach of questioning the materiality of nature: this approach remains highly theoretical for the financial sector. CSRD did not specify the method that should be used to objectively define the nature footprint, which was the case for the climate. It remains ambiguous about the very notion of the value chain to be taken into account. Therefore, we

considered that we could not conclude on this topic as we would run the risk of publishing incorrect information. Moreover, the exchanges we have had with the regulatory institutions have not allowed us to get away from the ambiguous nature of the texts.

Similarly, it is probably impossible for the financial sector to produce clear and understandable reporting when we do not have sector-specific standards.

The other lesson of the CSRD methodology is that it is too granular, which leads to an incredible number of data collection: more than 1400 data points, most of which are derived from estimates or extrapolations! From an investor perspective, again, there’s no need for such a large volume of data. What matters is not so much the verticality of the data (data points) but the horizontality of the data (companies concerned).

As a conclusion, standards cannot be an exercise in itself but should serve the purpose of the economic players on the ground, in their transformation towards a low-carbon and sustainable economy. We are also concerned about the use and understanding by stakeholders of the vast amount of data produced.

We also regret the multiplicity of standards which are particularly numerous for our sector of activity, especially on certain subjects that are identical or very close.

We therefore welcome the spirit of simplification of the “omnibus” approach, while maintaining the key principle of double materiality. We also welcome the guidelines on limited insurance, the relief proposed on the DNSH principle and the abolition of sector-specific ESRS, a major constraint, as many potential steps in the right direction.

However, there are still many issues to be clarified: the reduction of the scope (providing a gap between the data we will need and the data provided by businesses) and the calendar of the expected simplification.



THOMAS BÉHAR

Chief Financial and Extra
Financial Officer –
CNP Assurances

Disclosing financial and extra-financial information at the same level

This first year of publication of sustainability reports in compliance with the CSRD directive marks a significant milestone in the commitment to transparency and trustworthiness in terms of sustainability. These reports provide a comprehensive overview of the company's efforts in its sustainability agenda.

Usefulness and Comparability of Information

EFRAG, to which the European Commission has entrusted the mandate to develop sustainable development reporting, has made available 10 thematic standards which cover all sustainability subjects: environment in all its dimensions (climate, biodiversity, pollution, circular economy, water), social and governance, with the creation of understandable, reliable and comparable indicators, based on homogeneous data, allowing control by an independent external third party.

In its first report, published on 3rd March 2025, CNP Assurances disclose more than 800 data points on 9 standards, allowing a complete assessment of the group's impacts and commitments. This publication thus reflects the importance of sustainability issues for a responsible

insurer and investor of international dimension. It outlines detailed policies and targets for climate change mitigation, just transition, and social inclusion. For instance, CNP Assurances has set ambitious targets such as a 50% reduction in GHG emissions by 2030 on different scopes, or on professional equality to reach 45% women in its top management by 2025. These clear and measurable targets enhance the comparability of the information provided.

Double Materiality Approach

The double materiality approach makes a significant difference compared to the single materiality approach. The methodology we used in our report considered both financial performance and socio-environmental impacts, providing a more holistic view of our company's sustainability efforts. By evaluating impacts, risks, and opportunities across the value chain, double materiality approach ensures that both financial and non-financial factors are considered, leading to more comprehensive and transparent reporting.

As a committed investor with more than €400 billion in assets – a large part of which is invested in the real economy in Europe – double materiality is also a key element allowing to considerably enrich the knowledge of the business model of the companies to be financed or in which to invest.

Furthermore, this approach allows a certain flexibility because the information related to the different themes must be material to the company's activities to be published. CNP Assurances therefore welcomes CSRD retention in the proposals of the European Commission for the Omnibus 1 texts published on 26th February.

Considering financial performance and socio-environmental impacts, provides a more holistic view.

Complexities, Difficulties, and Costs

The exercise of preparing the sustainability report is complex and costly, primarily due to the challenges in interpreting new regulations and the lack of established practices for double materiality analysis. Our report highlights the uncertainties faced in defining criteria for relevant

sustainability information. For instance, the calculation of scope 3 emissions continues to pose evident methodological challenges and thus the standards should clearly treat it differently from scope 1 & 2.

In the revision of the texts introduced by Omnibus 1, several simplifications were proposed to remedy these challenges. What the preparation of our report has highlighted is the need for sector-specific guidance rather than additional standards, the elimination of duplicate contributions where data points must be populated multiple times in the final document, and the emergence of an auditing standard that more clearly delineates the scope of the limited assurance engagement entrusted to auditors.

Despite these challenges, the commitment to continuous improvement in reporting and communication practices is evident.

The Omnibus 1 proposal

As a responsible insurer and investor, CNP Assurances calls for preserving the spirit and ambition of the European Union's sustainable finance regulatory framework, which helps manage risks, identify opportunities and redirect capital towards sustainability issues.

We are particularly attentive to making the transition to a low-carbon economy a pillar of European competitiveness. For that, we share the objective of simplifying the European regulatory framework based on initial implementation feedback to develop a flexible regulatory environment that promotes innovation, growth and just transition.

Indeed, we recognize that these ambitious policies were implemented quickly, and often in parallel, which led to difficulties in implementation with too much unmanaged redundancies between regulations. We therefore support the Commission's targeted technical actions to ensure the framework's simplification, clarity, and coherence. Regarding the CSRD directive, CNP Assurances believes that while maintaining the text's high standards, there is potential for simplification and rationalization.