



Improving Sustainability Reporting for Businesses

Context

Sustainable finance facilitates re-orientating investment towards sustainable economic activities. Two of its key elements are the **Corporate Sustainability Reporting Directive (CSRD)** and the **EU Taxonomy Regulation, with specific reporting requirements and standards**. These requirements and the corresponding standards represent new terrain for a large range of companies which are new to this and are now obliged to report sustainability information. Companies' reporting is, on the other hand, essential for other financial sector actors (banks, insurance companies, etc) to be able to fulfil their own reporting obligations and adequately price their services and products [\[1\]](#).

The proposed flagship initiative would provide implementation support and capacity

building to allow public authorities to assist all companies, in particular SMEs, with sustainability reporting. By supporting SMEs, the initiative would be **consistent with the Commission priority aiming to reduce the reporting burden for SMEs, as envisaged in 2023 SOTEU and the SMEs Relief Package launched on 12 September 2023** [\[2\]](#).

[\[1\]](#) In line with CSRD, the largest companies (currently subject to the Non-Financial Reporting Directive, NFRD) will report according to the ESRS as of financial year 2024. From financial year 2025, the new reporting obligations will apply to other large companies (currently not subject to the Non-Financial Reporting Directive), and as of financial year 2026 will apply to listed SMEs, with the possibility of an additional two-year opt-out after that.

[\[2\]](#) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - SME Relief Package.

Sustainability reporting plays a crucial role for organizations, providing a transparent and comprehensive account of their environmental, social, and governance (ESG) performance

Objectives

The proposed flagship will **support Member States** to enhance companies' capacity to implement the existing and forthcoming EU sustainability reporting framework, stemming from the CSRD and the EU Taxonomy. The support, to be provided via the Member State authorities, will target all companies in the scope of the CSRD.



Indicative support measures

The below is an indicative, non-exhaustive list of support measures:

Diagnosis measures such as:

- Mapping of national good practices, developing comparative analyses/stock-taking exercises.
- Mapping available data and providing gap analysis.

Implementation measures such as:

- Support for the improvement of data availability to match disclosure and reporting requirements.
- Drafting guidance for the design and implementation of systems and arrangements necessary to meet disclosure and reporting requirements and to identify ESG impacts, risks and opportunities, including the development of reporting templates, in particular for SMEs.
- Mapping, advice, and support on the development of analytical tools for companies aimed at automating disclosure and reporting obligations.
- Designing of public data hubs as single access points for ESG information.

Capacity building and awareness raising actions such as:

- Organisation of cross-sectoral capacity building exchanges among national competent authorities, including workshops, study visits and personnel exchanges, to promote broad understanding of sustainability disclosure and reporting practices covering the CSRD and the EU Taxonomy.
- Organisation of conferences/public events to raise awareness of various stakeholders about the CSRD and the EU Taxonomy.
- Development of communication campaigns, including targeted educational and training initiatives for companies subject to disclosure and reporting requirements, and for public stakeholders that advise companies on the CSRD and the EU Taxonomy.
- Development of free online training packages and advice on the development of helpdesk support (on-line self-service portal) to help companies using the EU Taxonomy for the transition of their activities, and for ease of implementation of the disclosure and reporting requirements.

