

(English version)

**Question for written answer E-002253/24
to the Commission
Christine Anderson (ESN)
(24 October 2024)**

Subject: Possible location drawbacks in Member States as a result of the Sustainability Directive

The Commission recently brought infringement proceedings against Germany for late transposition of the Sustainability Reporting Directive. Many businesses are voicing concerns about the additional red tape involved.

1. What does the Commission think of the criticism that the new reporting obligations run counter to the stated objective of cutting red tape in the EU?
2. What is the average cost of sustainability reporting per business and what is the total annual cost for all businesses in the EU?
3. To what extent does the Commission, when enforcing the directive, take account of the fact that additional reporting obligations and the associated costs could detract from the EU's attractiveness as an international economic hub?

Submitted: 24.10.2024

**Answer given by Ms Albuquerque on behalf of the European Commission
(30 January 2025)**

European Sustainability Reporting Standards (ESRS) ⁽¹⁾ will benefit companies by improving access to sustainable finance and reducing the burden caused by multiple overlapping voluntary reporting standards and frameworks.

They will help European companies to identify and manage their sustainability impacts and risks, enhancing their resilience and international competitiveness in the medium and long term.

The Commission acknowledges that the new rules create costs, especially in the short term. To address this the Commission has: i) agreed with the Parliament and the Council to postpone by two years the deadline for adoption of sector standards; ii) raised the monetary thresholds to define large companies, thus reducing the number of companies in scope by 14%; iii) required EFRAG ⁽²⁾ to provide additional guidance for companies; iv) published Question & Answers to clarify key questions ⁽³⁾; v) written to Member States to urge them to adopt a proportionate approach to enforcement; vi) and mobilised EU funds for the provision of technical support to companies at national level.

In addition, the Commission is working towards adopting an Omnibus Simplification package, that will look, among other legislation, at the Corporate Sustainability Reporting Directive (CSRD) ⁽⁴⁾.

The Commission estimated at EUR 1 700 million the total annual recurring costs of reporting ⁽⁵⁾. It is a significant reduction compared to the estimates in the 2021 CSRD impact assessment ⁽⁶⁾ which was published before the adoption of the ESRS.

Assuming that about 49 000 groups are in scope, the estimated average recurring costs would be approximately EUR 35 000 per group.

With the increase of the monetary thresholds for 'large undertakings', the total costs should be even lower.

⁽¹⁾ https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31_en

⁽²⁾ Commission's advisory body on ESRS

⁽³⁾ https://finance.ec.europa.eu/publications/frequently-asked-questions-implementation-eu-corporate-sustainability-reporting-rules_en

⁽⁴⁾ OJ L 322, 16.12.2022, p. 15-80.

⁽⁵⁾ According to the ESRS for companies within its scope.

⁽⁶⁾ SWD/2021/150 final.