

Position Paper on the Future of Sustainability Reporting

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POSITIONS DEVELOPED IN PALATINATE 2025

INCREASING COMPETITIVENESS – IMPROVING RESILIENCE – STRENGTHENING SOCIAL RESPONSIBILITY

Reporting obligations under the Green Deal need to undergo targeted, practical revision based on the experience of early adopters. The goal is to reduce the administrative burden on businesses in the European Union and to shift the focus back to the core objective of the regulations: to create additional investment capacity for the sustainable transformation of the economy and to enhance companies' competitiveness and resilience.

The current policy debate on simplifying sustainability reporting – extending in some cases to calls for far-reaching changes – does not reflect the shared goals of stakeholders and companies. Improving the European Sustainability Reporting Standards (ESRS) requires trust-based and constructive collaboration together with factual and nuanced dialogue with stakeholders.

To this end, Allianz SE, BASF SE, the Accounting Standards Committee of Germany (ASCG), EnBW Energie Baden-Württemberg AG (EnBW), Germanwatch e.V., the Hans Böckler Foundation's Institute for Codetermination and Corporate Governance and the University of Hamburg as well as capital market participants and assurance providers have formulated seven positions:

1

Even if reporting requirements are postponed, sustainability-related impacts, opportunities and risks remain.

User-oriented sustainability reporting based on efficiently designed standards is an important tool to strengthen companies' resilience, maintain the competitiveness of companies in the European Union and bring about sustainable transformation.

2

European standards should be interoperable with emerging global regulations.

Regulatory requirements for sustainability reporting are relevant to EU companies in the international competitive arena. Efficient European standards preserve strategic latitude for Europe.



Stability in regulation is essential.

Abrupt and rushed standard-setting leads to technical errors. What is needed is a facts-based revision, taking into account the experience of first-time preparer and stakeholders and remaining valid across legislative periods. This provides a predictable regulatory environment and gives time to plan ahead, thus minimising legal risks and enabling companies to allocate resources efficiently and prudently.



Sustainability information needs to be decision-useful.

Transparency regarding decision-useful sustainability information creates added value in corporate steering and provides stakeholders with a valuable assessment tool. This enhances companies' resilience in the short, medium and long term, strengthens international competitiveness and supports efficient capital allocation.



A user- and preparer-oriented simplification of the sector-agnostic ESRS is attainable.

A structural revision of the European Sustainability Reporting Standards can simplify them without compromising the needs of relevant stakeholders or the transformation goals. With the elimination of sector-specific ESRS, it is essential that companies are given sufficient leeway to interpret sector-agnostic ESRS in a sector-specific manner.



Focusing on material information increases the meaningfulness and the comparability of companies' reports.

Double materiality and a risk-based approach to analysing value chains are key elements that should be retained. Including important stakeholder interests in the materiality assessment – especially the interests of employee representatives – enhances the quality and robustness of the results.



The application of target-oriented ESRS increases the resilience of business models and value chains across companies.

Companies of all sizes and their suppliers can better identify and manage the material impacts, risks and opportunities of their business models.

SIGNATORIES



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