Ms Ursula von der Leyen
President of the European Commission
Mr Stéphane Séjourné
Executive Vice-President for Prosperity and Industrial Strategy
Mr Valdis Dombrovskis
Commissioner for Economy, Productivity
and Implementation and Simplification
Ms Maria Luís Albuquerque
Commissioner for Financial Services
and the Savings and Investments Union

18 February 2025

Dear President, Executive Vice-President and Commissioners,

On behalf of the Global Reporting Initiative (GRI), I am reaching out regarding the European Commission's preparations for the *First Omnibus package on sustainability*. While we fully understand the drive for a more competitive European economy, we believe CSRD and ESRS as currently set out deliver on this goal, by driving investment toward future-fit business. Double Materiality, aligned with international standards, strengthens Europe's competitiveness by creating a seamless, interoperable reporting system that cost-effectively delivers globally comparable, decision-useful data for investors and other stakeholders.

GRI believes strongly in purpose and intent of the CSRD. Through a formal MoU, we have worked closely with the Commission and EFRAG since the decision to revise the NFRD. As an official co-creator of the ESRS, we brought our expertise in impact reporting and standard setting, helping to ensure high-quality content in ESRS aligned with our global standards.

We also support the principle of double materiality in the CSRD. EU co-legislators and the European Commission agreed that this principle is essential for effective sustainability reporting, ensuring companies manage financial risks while also addressing their broader impacts on the environment, people, and the economy.

Disclosure of external impacts better enables investors, policymakers, businesses, and other stakeholders to navigate major risks—like climate change and human rights abuses. There is compelling evidence from a recent GRI and World Benchmarking Alliance report that companies using an impact reporting standards achieve their sustainability objectives at a greater pace than those that don't. Double materiality encourages climate transition planning, value chain oversight and corporate accountability.

Dropping Double Materiality would set Europe back to 2014 -- pre-NFRD. At that time, there was no mechanism to hold companies accountable for their impacts. The CSRD was introduced precisely because reliable, comparable, and comprehensive sustainability reporting is essential to achieving the Green Deal's goals.

The European Union is widely recognized as a leader in corporate transparency, inspiring others—such as China's largest stock exchanges—to adopt Double Materiality. Last week, this same approach was promoted by GRI and 11 global partners during preparatory talks for the 4th International Conference on Financing for Development (FfD4), when we urged governments to embed interoperable, Double Materiality-based corporate sustainability reporting system into national law (letter attached).

The EU has been a key driver of high-quality sustainability reporting standards -- maintaining this leadership is crucial for global convergence, a competitive and level playing field, and meaningful real-world impact. We strongly urge the European Commission to ensure that the *First Omnibus package on sustainability* maintains double materiality and the alignment between ESRS and international sustainability standards. Any dilution would undermine global data comparability, hindering effective capital allocation.

Please feel free to reach out if we can provide any further information.

Kind regards

Robin Hodess
CEO Global Reporting Initiative

Encl. Joint letter to the Delegates of the Fourth International Conference on Financing for Development by 12 organizations

Global Corporate Reporting and Aligned Taxonomies: Key to Aligning Private Business and Finance Legislation with Sustainable Development

3 February 2025

Dear Delegates of the Fourth International Conference on Financing for Development,

We, a coalition of twelve organizations actively engaged in sustainable finance and corporate reporting, call on Member States to preserve the ambition of the Zero Draft's "sustainable business and finance legislation" provisions captured in paragraph 36 during the 4th International Conference on Financing for Development (FfD4) negotiations. These provisions are key to mobilizing business and finance for sustainable development, strengthening their accountability toward the national implementation of UN frameworks, and supporting governments in achieving their development priorities. We agree that a renewed global financing framework will be critical to creating the transformative change needed. It will help align private capital with addressing sustainability challenges.

In particular, we applaud the Zero Draft's recognition of the critical role that the interoperable, double materiality-based corporate sustainability reporting system, outlined in sections 36(d) and 36(e), would play in creating a sustainable economy and mobilizing resources for development priorities. Corporate reporting that considers both how businesses **impact** economy, environment and people as well as how sustainability challenges affect business' financial **risks** and **opportunities** provides investors, governments, and other stakeholders with information that is essential to meeting broader sustainable finance objectives.

The proposed transposition into national law of two highly interoperable, complementary standards – the International Sustainability Standards Board (ISSB) standards, focused on investor information needs, and the Global Reporting Initiative (GRI) standards, focused on external impacts – facilitates swift government action, leveraging the standards' widespread adoption and complementarity.

In addition, we strongly support the inclusion of the Zero Draft's call in section 36 (g) to leverage existing efforts to develop a roadmap for global interoperable taxonomies and the emphasis it puts on integration of impact management practices by private entities in sections 36(b) and 36(f). Effective sustainability due diligence is also a prerequisite for robust impact management and reporting and therefore we support the emphasis in section 36 (c) on the UN Guiding Principles on Business and Human Rights and the call for guidance on their implementation. Without these provisions, there is a risk that specific targets for the financial sector misalign with objectives set for the rest of the private sector.

A Comprehensive Reporting System supports sustainable capital allocation

The Zero Draft rightly identifies in section 36 (d and e) the need to align regulatory frameworks to accelerate and mainstream sustainable business behavior, including adopting sustainability disclosure legislation based on what the UN calls "double materiality". This ensures that both sustainability-related risks and opportunities and business impacts on economy, environment and people are considered in capital allocation decisions. Furthermore, aligning such legislation would work to address existing fragmentation in sustainability reporting that creates an uneven playing field, introduces unnecessary complexity, and increases costs for businesses, investors, and governments alike.

A harmonized corporate sustainability disclosure system, covering both impact and financial materiality, is key to advancing sustainable finance objectives while supporting market competitiveness. Such a system accomplishes this by:

- Directing private capital toward national development priorities and the Sustainable Development Goals (SDGs) ensuring effective resources mobilization.
- Facilitating effective oversight of private sector contributions to and impacts on those national development goals.
- Supporting evidence-based policymaking through enhanced data availability.
- Strengthening government capacity to assess and manage systemic risks related to the impacts of the private sector (e.g. impacts on climate change, biodiversity loss, corruption, social inequalities) and their implications for financial stability.
- Boosting investor confidence by providing transparent, consistent, and high-quality sustainability data aligned with global standards.
- Strengthening impact investment strategies by equipping financial markets with insights to address sustainability challenges and align capital with outcome-focused investment objectives.
- Increasing the attractiveness and competitiveness of national SMEs in global value chains through compliance with international sustainability reporting standards.

Benefits of a corporate reporting system based on existing standards

Only a comprehensive reporting system can effectively support national development goals and global sustainability commitments by addressing both sustainability-related financial risks and opportunities, as well as impacts on people and the planet.

The Zero Draft's call for "interoperable sustainable business and finance legislation" including the proposal to transpose the ISSB and GRI Standards at the national level as detailed in section 36 (e) is essential to meeting the overall objectives of the conference. The Zero Draft recognizes that the GRI standards cover the private sector's impact on sustainable development, providing a necessary complement to the ISSB standards that focus on financial risks and opportunities related to sustainability topics.

Leveraging the two globally established, complementary standards that have already gained widespread market adoption guarantees the availability of globally comparable and decision-useful information for investors, governments, and other stakeholders.
Moreover, by adopting these credible, high-quality standards, governments create a level playing field and help reduce reporting costs for their national companies.

This system offers governments a ready-to-implement solution that:

- Encompasses both impact and financial materiality perspectives, providing insights on corporate impacts, risks, and opportunities for evidence-based policy making.
- Builds on existing market practice, regulatory frameworks, and authoritative intergovernmental agreements.
- Reduces market fragmentation while accommodating jurisdictional policy flexibility.
- Offers standards taking a materiality-based approach and thus addressing proportionality concerns.
- Reduces reporting burden and costs due to coordinated standard-setting and streamlined disclosure requirements.
- Provides flexibility for proportional application based on company size and sector, particularly for SMEs.
- Is fully interoperable with the European reporting system owing to close collaboration of GRI and ISSB with EFRAG in the design of the EU standards.
- Supports digital reporting for efficient and consistent data monitoring and analysis.

Call to Action - Aligning private business and finance legislation with sustainable development through adopting corporate reporting and aligned taxonomies

In closing, we express our support for the Zero Draft's inclusion of a more comprehensive and accessible system of sustainability reporting. By promoting transparency around the impacts of private sector activities on sustainable development, and not only the impacts of sustainability on business, the Fourth International Conference on Financing for Development seizes a unique opportunity to help generate globally comparable, decision-useful information. That is, information that governments (and investors) can use to channel investment towards national and global sustainable development priorities and that encourages private investment in developing countries.

As negotiations on the Zero Draft advance, we thus urge Member States to maintain Sections 36(d) and 36(e) - particularly the provisions on double materiality-based reporting, the simultaneous transposition of the GRI and ISSB standards, and the roadmap for the interoperability of taxonomies.

We stand ready to support the Financing for Development process and its Member States with guidance for the adoption and implementation of these critical provisions.

Sincerely,

B Lab
B Lab Switzerland
Capitals Coalition
CDP
Danish Institute for Human Rights
Global Reporting Initiative (GRI)
GSG Impact
International Trade Union Confederation
Social Value International
Shift
UNI Global Union
World Benchmark Alliance (WBA)