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Reducing, simplifying and streamlining reporting requirements under the EU Framework on Sustainable Finance: *Eurogas preliminary views*

The European Framework on Sustainable Finance is essential for meeting Europe's climate goals under the Green Deal. Integrating ESG criteria into corporate strategies allows companies to showcase their commitment to the green transition, drawing critical investments toward renewable and low-carbon technologies. Although significant progress has been made in the last legislative cycle towards establishing the necessary regulatory framework for sustainable finance, the various pieces of legislation have become increasingly complex and bureaucratic. As noted in the Draghi report, this complexity could result in substantial 'compliance costs' and could decrease companies' competitiveness[1].

The upcoming legislative cycle is positioned between implementing regulation by 2030 and preparing the way for 2040. This is a crucial opportunity to reflect on potential improvements to existing EU legislation. This work should be grounded in three guiding principles: **reducing, simplifying and streamlining**.

In light of this, Eurogas would like to put forward the following **preliminary recommendations. We encourage the European Commission to prioritise these actions as an initial step in the forthcoming 'Omnibus legislation', as announced by the EC President during the recent informal meeting of Heads of States or Government in Budapest.**

Objective	Preliminary recommendations
Reducing administrative burdens under the CSRD	▪ **Pause the drafting of sector-specific standards** (Art. 29b CSRD), allowing companies and auditors more time to focus on implementing horizontal ESRS and building experience in reporting and certification. To that extent, EFRAG is currently working on sector-specific standards for the oil and gas sector, which should be finalised in 2026 and applicable to the 2027 financial year. We would like to point out that the current version of the draft sector standards requires companies to disclose vey granular data and, in some cases, sensitive information. Sector-specific standards should avoid mandating disclosures that are not truly sector-specific and were initially excluded from the sector-agnostic ESRS. Additionally, based on the implementation of sector-agnostic standards and the initial outcomes of reporting under the CSRD, the EC might reassess whether additional sector-specific standards are needed. ▪ **Streamline and simplify the CSRD reporting,** particularly given that many ESRS disclosure requirements are redundant and/or duplicative, lack available data, or require more time for stakeholders to gain experience (e.g., biodiversity ESRS/TNFD). Collecting quantitative data on value chain impacts over only three years will be particularly challenging for companies. To streamline CSRD reporting, guidance documents on implementation might provide some support. However, it is crucial to avoid creating fragmented or overly detailed implementation materials (e.g., FAQs, Q&As etc.) that, although non-binding, are often treated as such by assurance companies out of caution. Finally, companies should be allowed more time to integrate sustainability data with financial results. ▪ **Ensure full interoperability of European mandatory reporting requirements with existing and upcoming global reporting requirements** (e.g., Security and Exchange Commission (SEC) in the US and the International Sustainability Standards Board (ISSB) internationally), to promote global comparability. Interoperability should be integrated into the standard-setting process from the beginning ('interoperability by design') rather than approached as a retrofitting effort. Ensuring such interoperability for sector-agnostic standards will require a revision and/or simplification of existing standards, prioritising those common elements that are of greater importance for sustainability reporting.

[1] Mario Draghi (2024): *Future of European Competitiveness, Part B| In-depth analysis and recommendations*, p. 318-319.

	▪ **Reassess the timeline for the CSRD revision,** by addressing the growing concerns of the EU industry sooner than originally planned (i.e., 2029). Such revision should start as early as 2025, based on the first feedback from implementation, and involve all key stakeholders in the process (preparers, auditors, etc.).
Simplifying the Taxonomy Regulation	▪ **Simplify reporting requirements under EU Taxonomy,** ensuring companies report only information that is meaningful for investors to make informed decisions. To achieve this: ▪ Taxonomy templates should be reviewed to eliminate unnecessary complexity and duplicative information. ▪ The obligation to report OPEX KPI should be removed, as it holds limited relevance for investors and is highly burdensome to extract. ▪ A materiality assessment should be integrated in the Taxonomy to ensure only material information is reported. Similarly, companies should be required to report only on the Taxonomy objectives that are material and relevant to their business. ▪ **Improve the usability of the Taxonomy for energy companies,** by extending it to activities related to the sale of renewable and low-carbon energy, including renewable and low-carbon gases. The current exclusion of turnover from renewable and low-carbon energy sales from Taxonomy reporting is particularly challenging for vertically integrated utilities involved in generation, distribution and sales of energy, that see their share of Taxonomy-eligible upstream activities (e.g., biomethane production) excluded from Taxonomy reporting due to accounting rules on infra-group transactions. Expanding Taxonomy to include activities related to the sale of renewable and low-carbon energy would close this gap, increase its usability, and allow energy utilities to report a more accurate representation of Taxonomy-aligned turnover. ▪ **Enhance transparency in EU Taxonomy discussions**, particularly regarding the work of the Platform on Sustainable Finance (PSF), which would benefit from enhanced dialogue with external stakeholders to create an EU Taxonomy that is fit for purpose. Among other things, the PSF should clarify how input from the *Stakeholder Request Mechanism* is integrated into its work. Similarly, a broader industry representation should be ensured within the PSF membership.
Streamlining the overall Sustainable Finance Framework horizontally and across Europe	▪ **Ensure alignment and consistency across relevant EU legislation** (e.g., CSRD, CS3D, Taxonomy, EU ETS, Industrial Emissions Directive, Green Claims Directive), by mapping and addressing existing overlaps in close cooperation with stakeholders. This will improve the comparability of disclosures (e.g., transition plans and climate neutrality plans obligations, CAPEX definitions under the Taxonomy and Accounting Framework etc.). ▪ **Undertake a comprehensive assessment of the CS3D**, to identify areas requiring additional simplification and clarification. This review should be prioritised and conducted promptly, rather than deferred until 2030 at the end of the implementation phase, as currently foreseen in the Directive. ▪ **Provide clear guidance documents for Member States** to ensure consistent implementation across Europe, promote a level playing field for companies operating across borders and ensure legal clarity. Timely issuance of guidance or secondary legislation is equally important to avoid hindering companies' ongoing implementation efforts. For instance, EU-level guidance on transition plans is being developed by multiple stakeholders simultaneously, increasing the risk of overlapping and/or conflicting requirements, while companies must continue advancing their preparations for implementing EU legislation. ▪ **Involve all stakeholders in a timely manner in the design, consultation, testing and implementation of regulatory compliance and disclosure obligations** (e.g., as for the development of financial reporting standards (IFRS) through the International Accounting Standards Board (IASB) due process, or through field tests to assess the implementation/relevance of required data, simplifying requirements if needed).