

# FESE Position on the European Commission Draft Delegated Regulation as regards the simplification of certain sustainability reporting standards

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## 1. Introduction

The Federation of European Securities Exchanges (FESE) fully supports the EU Green Deal, the broader Sustainable Finance agenda, and the allocation of capital toward a more sustainable and competitive European economy. FESE is therefore pleased to share its views on the European Commission's draft Delegated Regulation for the European Sustainability Reporting Standards (ESRS).

We strongly support the Commission's commitment to developing a robust sustainable finance framework and secure the EU's global leadership in this area. An effective, proportionate, and globally aligned sustainability reporting framework is critical to the competitiveness and efficiency of EU capital markets.

While we commend the goal of simplifying the ESRS, FESE is concerned that the current draft misses a crucial opportunity to significantly reduce the administrative burden for issuers and enhance the attractiveness of EU public markets. By not securing a clear path to formal recognition of ESRS as being compliant with the global baseline sustainability standards set by the ISSB, the EU risks creating a fragmented system that ultimately works against the interests of European issuers and investors.

## 2. Achieving acceptance of ESRS by ISSB

FESE welcomes the steps taken by the European Commission to enhance compatibility between the ESRS and ISSB standards in the revised ESRS. The industry remains convinced that further collaboration to achieve acceptance of ESRS reports as being sufficient for complying with IFRS by the ISSB would be highly beneficial, in particular for those preparers with an international footprint.

Misalignment between ISSB and ESRS creates a complex and fragmented reporting landscape. For companies subject to both frameworks, this leads to duplicative and burdensome reporting requirements. Moving away from interoperability and towards acceptance would bring substantial benefits - allowing companies to report only once to meet both frameworks, reducing complexity and fragmentation while improving usability for investors and other stakeholders.

In this context, FESE considers that reporting under the ESRS should be deemed sufficient to meet IFRS requirements and therefore **encourage the European Commission and the ISSB to continue their dialogue** with a view to IFRS acceptance as soon as possible, including mechanisms that enable subsidiary exemptions for European preparers in IFRS jurisdictions outside the EU

## 3. Conclusion

FESE believes that exercising global leadership requires collaboration. By making targeted but critical amendments, the Commission can deliver on its Simplification Agenda, eliminate

a significant reporting burden for issuers, and enhance the attractiveness of the EU's capital markets.

This approach anchors the EU's high-ambition, double materiality framework to the global baseline, positioning it as a comprehensive leadership model rather than an isolated regional standard. FESE and its members stand ready to support the Commission in this important work to foster a competitive and sustainable European economy.