

OPEN LETTER TO THE EUROPEAN COMMISSION

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Grounding EU Sustainability Reporting in Science: A Call for Action

As Europe and the world await the European Commission's anticipated February 2025 Omnibus Simplification Package, it is vital that members of the scientific and research communities add their voices to the dialogue on the future of EU corporate sustainability-oriented legislation. Recent statements from Accountancy Europe and over 90 organizations representing financial, corporate, and civil society interests have argued for the need to reduce the reporting burden on market participants while ensuring a smart implementation of legislative and reporting existing frameworks. We agree with these statements but **emphasize that science must play a central role in achieving these goals.**

As social and natural scientists, we are convinced that **grounding sustainability disclosures in robust scientific knowledge can substantially reduce disclosure volume and maintain focus on the most important information.** This can significantly reduce compliance burden for large companies and SMEs while simultaneously ensuring that the information provided is reliable, relevant, and decision-useful to investors and other stakeholders, including scientists. Such scientific grounding would also ensure the integrity of the CSRD and the Green Deal, support the double materiality principle approach at the core of the EU approach to corporate sustainability, and improve data quality.

We strongly caution against politically driven deregulation or re-regulation that weakens existing frameworks. The CSRD and ESRS comprise the best available, and legally grounded, platform to facilitate standardized and decision-useful sustainability disclosures for investors and other stakeholders, including the scientific community. To ensure alignment with the stated environmental and social sustainability objectives of the European Commission³, disclosures under the ESRS must be in line with not only financial, but also impact materiality concerns. Proposals such as halting sector-specific standards would undermine these goals. However, a simplification and prioritization process based on scientific knowledge has the potential to substantially reduce volumes of disclosures, while supporting the above noted ambition of the Commission, and ensuring that data generated includes the core standards needed to systematically monitor progress.

Legislative and standard-setting reforms must therefore engage the scientific community as a key partner to ensure that sustainability reporting evolves in a way that is effective, efficient, and aligned with societal needs. To balance reduced disclosure volume with the need for high-quality data that supports both environmental needs and Europe's economic and social needs, we propose five principles to guide the revision of disclosures:

- 1. Grounding sustainability disclosures in science offers a transparent path to substantially reduce the volume of such disclosures for all companies.** A scientifically grounded set of standardized, mandatory data points for disclosure can streamline environmental impact reporting. Ongoing scientific evaluations of existing European Sustainability Reporting

Standards (ESRS) suggest that fewer, more targeted disclosures—focused on essential environmental metrics—could achieve this balance effectively.

2. Establishing a shared baseline of mandatory disclosures for all companies promises to generate reliable data that can support credible decision-making and guide economic transformation in line with societal and environmental needs and goals. A shared baseline is critical for two reasons: the cumulative and connected character of nature-related risks; and the need for standardization to ensure data quality and usability. First, nature-related risks to companies and investors emerge from the aggregate environmental impacts of all economic activities across political borders. All companies contribute to this aggregate impact, regardless of their size, geographic location of activities and subjective evaluation of what is currently financially material for a given company. Mandating the reporting of essential environmental impact variables across all companies in a standardized way addresses the risk of missing information which would significantly lower the quality, reliability, and usability of data at the aggregate level.

Second, in the absence of mandatory impact disclosures, companies will use different approaches to identify material environmental impact. This will result in disclosures based on subjective considerations and reduce the quality and usefulness of disclosed data. It will impede the meaningful comparison of environmental impacts across companies and sectors, and in consequence, undermine the understanding of the evolution of the state of nature and how this affects financial risks. The subjectivity of whether environmental impacts are material also largely eliminates any benefits of reporting for society at large, and especially undermines the usefulness of the information for public agencies, regulatory authorities, and scientific institutions, all of whom rely on credible standardized information to evaluate the state of the environment versus agreed upon environmental targets.

3. Prioritizing environmental impacts related to direct drivers of nature degradation. Environmental impacts related to direct drivers of nature degradation—such as freshwater use, land use, chemical pollutants, and carbon emissions—must be prioritized. It is important that companies report these impacts whether they are material to a particular company or not, because the drivers cumulatively alter essential biogeophysical processes that can destabilize ecosystems and even the Earth System. Prioritizing these disclosures is essential for tracking and mitigating risks to nature, economy and society.

4. Ensuring stability and predictability of corporate reporting can align with science. Aligning the corporate reporting burden with scientific principles can ensure stability and predictability. For example, reporting the geographical areas a company owns or manages. Disclosures should prioritize data points that capture key drivers of nature degradation. These data are the foundation for monitoring environmental change, serving as critical inputs into scientific frameworks, tools, and models used to assess ecosystem and biodiversity change. Consequently, these data are useful to a wide array of stakeholders, including companies, investors, regulators, and scientists. Mandating and prioritizing these scientifically grounded disclosure points offers a robust approach to streamline reporting, maintaining consistency and utility as scientific tools and knowledge develop.

5. Enhancing dialogue with the scientific community to ensure cost effective, verifiable, and reliable sustainability disclosures. Effective corporate sustainability reporting depends on robust collaboration with the scientific community. Currently, limited engagement between policymakers and environmental scientists hampers the development and implementation of science-based reporting standards. Bridging this gap is essential to simplify and prioritize sustainability disclosures to ensure that they are useful to companies, investors and society at large and do not compromise the strength or intent of existing legislation. Reliable quantifications of environmental impacts at reduced costs are feasible by leveraging the power of European and global Earth Observation systems and modelling in partnerships with science. As a foundational prerequisite for impact attributions companies should disclose the geographical areas that they own, manage, and use. Company costs can be further reduced by focusing disclosure requirements on minimum sets of essential environmental measurements, while promoting broader partnerships to orchestrate their integration with modelling and satellite data into value-adding products like impact maps or indicators needed by companies and other stakeholders for making informed decisions.

This open letter calls on legislators and corporate leaders to recognize the potential power of science to improve sustainability reporting. Purposeful collaboration with the scientific community is required to build a reporting framework that is streamlined, robust, and effective. By integrating scientific insights, sustainability disclosures can be made less costly while serving their intended purposes of driving meaningful action to address nature-related risks, advancing the goals of the Green Deal, and supporting the long-term resilience of both businesses and society.

¹ Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). 2019. [Global Assessment Report on Biodiversity and Ecosystem Services](#)

² Intergovernmental Panel on Climate Change (IPCC). 2023. Climate Change 2023: [Synthesis Report, Summary for Policymakers](#). Contribution of Working Groups I, II and III to the Sixth Assessment Report. Geneva, Switzerland.

³ https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en

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