

# Open Letter to the European Commission

## Upholding the impact and structure of the European Sustainability Reporting Standards



**Ms. Maria Luis Albuquerque**, Commissioner for Financial Services and the Savings and Investments Union  
**Mr. Valdis Dombrovskis**, Commissioner for Trade  
**Mr. Stéphane Séjourné**, Commissioner for Internal Market and Services

European Commission  
Rue de la Loi 200  
1049 Brussels Belgium

January 16, 2025

Dear Commissioner-designates,

We represent leading global organizations driving the impact economy: B Lab, Social Value International (SVI) and GSG Impact. Together, we work to advance frameworks, standards, and investment strategies that prioritise positive social and environmental outcomes alongside financial performance, fostering a more equitable and sustainable global economy, which we believe aligns with the objectives pursued by the Commission with the European Sustainability Reporting Standards (ESRS).

We are writing to express our recommendations regarding potential amendments to the ESRS. While we acknowledge the merit in streamlining certain data points to avoid redundancies, we strongly urge these changes to be made without compromising the integrity of the standards.

The ESRS stands as a foundation for driving corporate transparency and accountability in the EU's transition to a sustainable economy. In this context, we emphasise the following recommendations:

### 1 Preserve double-materiality

The concept of double materiality is fundamental to understanding and managing corporate impacts on society and the environment (inside-out perspective), as well as addressing the sustainability-related risks and opportunities that affect businesses (outside-in perspective).

Double materiality is essential for understanding the dual dimensions of sustainability impacts. Crucially, impact materiality helps identify and address individual corporate impacts that collectively lead to systemic risks—such as climate change, biodiversity loss, and social inequalities.

As highlighted in the Impact Management Platform's report<sup>1</sup>, **The Imperative for Impact Management**: "Corporate actions do not occur in isolation; the cumulative effects of individual business decisions contribute to systemic challenges. Effective management of impact materiality is therefore essential for mitigating broader societal risks." This principle ensures the ESRS continues to reflect the interconnected nature of sustainability challenges and provides

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<sup>1</sup> The Impact Management Platform (IMP) is a collaborative effort to mainstream impact management practices. Its membership consists of leading international organisations that develop and support standards, frameworks, and tools for sustainability and impact measurement. These organisations work collectively to provide clarity and alignment for businesses, investors, and policymakers. IMP members include: B Lab, CDP (Carbon Disclosure Project), Capitals Coalition, Global Impact Investing Network (GIIN), Global Reporting Initiative (GRI), Global Steering Group for Impact Investment (GSG), International Finance Corporation (IFC), International Foundation for Valuing Impacts (IFVI), ISO (International Organization for Standardization), Organisation for Economic Co-operation and Development (OECD), Social Value International (SVI), United Nations Development Programme (UNDP), United Nations Environment Programme Finance Initiative (UNEP FI), World Benchmarking Alliance (WBA)

decision-makers with a comprehensive understanding of risks and opportunities. Furthermore, evidence demonstrates businesses that prioritise impact considerations, as B Corps do, exhibit superior financial resilience compared to their peers, as evidenced in a recent study on European B Corps' performance ([EU Financial Study, B Lab](#)).

## 2 Abstain from changes in ESRS 2

The current ESRS framework maximises interoperability with other disclosure standards, notably the International Sustainability Standards Board's IFRS S1. This alignment facilitates a cohesive and unified approach to sustainability reporting across jurisdictions.

ESRS 2 systematically captures information on actions necessary for corporate sustainability management. This cross-cutting standard mirrors the [Impact Management Platform's framework](#), which includes inter alia governance functions detailing oversight responsibilities and accountability structures; embedding sustainability into strategy and business model; identifying and understanding sustainability impacts, risks, and opportunities; implementing actions to address them; and measuring performance, including progress towards targets.

This systematic approach not only ensures robust reporting but also drives meaningful action towards sustainability outcomes. Any dilution of this framework risks fragmenting progress and reducing its effectiveness in fostering transparency, accountability, and impact management.

In conclusion, we respectfully urge you to uphold the integrity of the ESRS framework while pursuing any necessary simplifications. The EU's leadership in sustainable finance and reporting is critical to advancing global sustainability goals, and the ESRS plays an indispensable role in this effort.

We are grateful for your attention to this matter and welcome the opportunity to discuss these points further.  
Yours sincerely,

**Elizabeth Boggs Davidsen**, CEO, GSG Impact

**Katie Hill**, Board Member, B Lab Global

**Wojtek Baginski**, Board Member, B Lab Global

**Sarah Olsen**, CEO, Social Value International



### About GSG Impact

GSG Impact is a global not-for-profit organisation, established under the 2013 UK G8 presidency, with the goal to create the infrastructure and incentives for capital to flow for measurable, positive social and environmental impact. We do this by creating, accrediting, and supporting national impact institutions - GSG National Partners. Today we are responsible for over 40 National Partners covering 2/3 of the global population. Over 1/2 of our National Partners are in emerging markets, with many more in development. Collectively GSG Impact and our National Partners work together as the GSG Impact Partnership.

We are a powerful global movement, developing innovative impact investment solutions and driving national and international policy and regulatory change to enable these solutions to be adopted at scale. Our mission is to build impact economies across the globe, creating the infrastructure and incentives for capital to flow for the SDGs & climate goals. We are very focused on mobilising capital for impact in emerging markets. Our collective efforts have influenced over \$3 billion in catalytic capital and helped launch more than 15 impact investment vehicles.

With staff in various global locations, including London, Paris, Rome, Buenos Aires, Nairobi, and Bangkok, GSG Impact leverages its global presence to drive systemic change and expand its impact.

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*Sent on behalf of the signatories by:*

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