



CADWALADER  
**CLIMATE**  
Connecting Climate Change and the Law

## Disclosure: EU Platform on Sustainable Finance Publishes Recommendations on Data and Usability

October 21, 2022

Disclosure



By **Simon Walsh**  
Special Counsel | Global Litigation

On October 11, the EC Platform on Sustainable Finance (PSF), an advisory group to the EC, published a [report](#) on its recommendations to resolve data and user difficulties that have been encountered while attempting to implement EU regulatory guidance on sustainable finance disclosures and reporting under the EU taxonomy. The PSF has recommended the establishment of an online channel to enable companies to propose amendments to existing criteria in the EU Taxonomy on the basis of implementation or usability issues. Furthermore, the report states that differences among different EU regulations remain an obstacle to achieving consensus regarding the classification of what constitutes a sustainable activity, “good governance” in this area, and appropriate approaches to risk assessment. The PSF previously addressed the significance of regulatory consistency in this area in its report on minimum safeguards (which we discuss in an earlier article [here](#)).

PSF categorized the recommendations as high, medium or low urgency. A high-priority issue raised by the PSF is the suggestion that the European Securities and Markets Authority (ESMA) be granted permission to carry out validation checks on data to ensure the reliability and usability of the information reported. Furthermore, the PSF also proposed that ESMA should be able to reject data that falls short of the minimum requirements.

**Taking the Temperature: The PSF report demonstrates the challenges confronted by regulators and companies alike in determining how to accurately report sustainability-related information. Questions about what constitutes a sustainable activity or the reliability of data supporting sustainability reporting are not new, but are difficult to resolve. In the meantime, in the absence of consensus on these issues, companies need to diligently marshal factual support for climate-related disclosure while also recognizing the need to provide such reporting given the ever-increasing demands from**

**various sectors, including the asset management and other industries and regulators, for more thorough and complete climate information.**