

5th ESG Business Forum – El Economista

Sustainability, overcoming obstacles, and building a future

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- Good morning, everyone. I would like to begin by thanking *El Economista* for inviting me to participate in this forum, which the CNMV attends every year. Our presence here is a reflection of the importance we place to sustainability and its impact on the markets and the entities we supervise.
- I believe we are all aware of the widespread dissemination of sustainability initiatives in recent years, both globally and nationally, as well as the significant effort required for their implementation.
- Several years ago, Europe established sustainability as one of its strategic pillars and set out to transform its economy to make it more efficient and competitive. To achieve this, it has simultaneously promoted decarbonisation, supported green technologies, fostered the creation of sustainable industries and transport, and worked towards reducing pollution.
- To this end, and since the launch of the Sustainable Finance Action Plan in March 2018, a comprehensive regulatory framework has been developed in recent years to integrate environmental, social, and governance (ESG) criteria into investment decision-making. This is an extensive, complex and rapidly developed regulatory framework, with the aim of positioning the European Union as a leader in this field.
- However, while the overall regulatory framework has yielded positive outcomes, undoubtedly enhancing sustainability reporting and helping to mitigate the so-called greenwashing, we must not lose sight of the significant **implementation costs** imposed on the entities subject to it. Equally, it has demanded a considerable effort from supervisory bodies, both in terms of capacity building and process adaptation.
- The experience gained during the first years of implementation had already highlighted the need for certain adjustments to strengthen the consistency

of the entire regulatory framework. However, we are now witnessing significant changes arising from the **geopolitical context**:

- On the one hand, key jurisdictions at the international level have stepped back from placing sustainability at the core of their strategic priorities.
- On the other hand, Europe has committed to enhance its competitiveness without losing sight of its objective to achieve a fully decarbonised economy by 2050. In order to foster this competitiveness, Europe has embarked upon an extensive **simplification** initiative aimed at reducing both costs and administrative burdens, with particular focus on small and medium-sized enterprises. Sustainable finance is undoubtedly a key component of this initiative, and certain elements of the regulatory framework are currently undergoing recalibration—an issue that will be explored in further detail in the upcoming panels.
- To date, these simplification initiatives have been implemented through several regulatory measures proposed by the European Commission, initially grouped within the **Omnibus package**. The first of these initiatives amends the existing Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). Among other changes, these amendments **significantly reduce the number of companies required to report** sustainability information, while simultaneously facilitating voluntary reporting. In addition, the Directive known as “**Stop-the-Clock**”, which has already been approved, delays the entry into force of certain requirements outlined in the CSRD and CS3D directives I have just referred to.
- The final text and scope of the first proposal remain subject to approval by the European Parliament, a process that appears likely to be challenging.
- In addition, following the corresponding public consultation process, to which the CNMV submitted its contribution, the European Commission has **simplified the reporting templates** and reduced the number of data points by almost 70%.
- Furthermore, an **imminent review of the Sustainable Finance Disclosure Regulation (SFDR)** is planned for financial market participants and asset managers, with the aim of simplifying its application and interpretation. This review is also expected to contribute to mitigating the so-called greenwashing. According to the Commission’s current timetable, the proposal is expected to be presented before the end of 2025.
- What, then, is the **CNMV’s view** on this simplification exercise? The CNMV **welcomes initiatives** aimed at streamlining reporting requirements and improving the consistency of the sustainable finance framework, with the

ultimate goal of **reducing burdens** on companies, particularly small and medium-sized enterprises.

- However, these changes must be carefully calibrated so as to **preserve the primary objective**: ensuring high-quality information that enables effective risk management and facilitates comparability across companies, and, of course, supports continued progress towards the development of a sustainable economy.
- Despite the simplification process already under way, the **work programmes for 2026** recently presented by both the European Commission and the European Securities and Markets Authority (ESMA) continue to include sustainability as one of their main strategic priorities.
 - o In this regard, the **European Commission's** work programme intensifies efforts around its current core priorities and remains committed to its regulatory simplification goal.
 - o In turn, **ESMA** will support the Commission in regulatory developments where its advice is sought, and will continue to advance its work on investor protection against greenwashing, as well as the implementation of the guidelines developed in recent years on matters such as fund naming.
- **What is the CNMV currently undertaking in this regard?**
- Following Europe's lead, we are currently working to strike a **reasonable balance** that highlights the importance of sustainability risks while simultaneously advancing simplification in this area and in others within the CNMV's remit.
- To provide an example of a **recent initiative** in the field of sustainable finance, last month the main conclusions of the **joint supervisory action** on the integration of sustainability risks and the disclosure of sustainability information in the **asset management** sector were published. This action, in which ESMA and the competent national authorities, including the CNMV, took part in, aimed to assess, promote, and ensure compliance with the European Disclosure and Taxonomy Regulations, as well as with investment fund regulations concerning the integration of sustainability risks.
- In conclusion, compliance is overall **satisfactory**, considering the novel nature and recent adoption of the regulation. However, certain **vulnerabilities** were identified: the use of vague and generic language, incomplete information, a lack of documented procedures for sustainability risks, and inconsistencies between pre-contractual, periodic, and marketing information.

- In view of these results, ESMA has issued **twelve recommendations** addressed to supervisory authorities and market participants.
- In addition, the CNMV has set itself the goal of undertaking a **supervisory initiative** by 2025 concerning the sustainability information provided by securities issuers, whether in prospectuses, financial statements, or sustainability reports.
- Nonetheless, a key priority for the coming months will be our work to **identify options for simplifying sustainable finance regulations**, on which we are actively engaged within the relevant European forums.
- Moreover, at the national level, we are also heavily involved in the **Sustainable Finance Council**, of which the CNMV Chairman is a member. The council oversees several working groups responsible for implementing the measures set out in the **Green Paper** published in 2024 by the Ministry of Economy, Trade and Enterprise. This document provides the overarching framework for initiatives designed to promote sustainable finance in Spain.
- Specifically, one of the initiatives is aimed at promoting **regulatory simplification** in the ESG field. Other initiatives are also of relevance, such as those related to **financial education** in this area or the establishment of a sustainability **sandbox**.
- I would like to take this opportunity to highlight that, at the CNMV, our commitment to **simplification** extends beyond sustainable finance regulations, as we are redoubling our efforts **across other areas within our remit**.
- That is why, in our **strategic plan “CNMV 2030”**, we have included the simplification of the regulatory and supervisory framework in the securities markets as one of our key priorities.
- We are currently undertaking an internal review of our **supervisory practices** with the aim of streamlining procedures and enhancing supervisory efficiency. To this end, we are undergoing a revision of circulars and developing initiatives intended to make processes more straightforward and better focused.
- These initiatives have already been shared with the CNMV Advisory Committee, and we are now in the process of incorporating their suggestions. **We expect to publish our proposals on this matter in the coming weeks.**

Conclusion

- **After three years of extensive regulation** in the area of sustainability, we are now entering a **phase of simplification and recalibration**.
- This simplification is essential for **reducing burdens, particularly for small and medium-sized enterprises**, provided that an **adequate level of investor protection is maintained** and our **strategic objectives continue to be pursued**.
- **Europe, as a global leader in ESG policies**, plays a pivotal role, which is why we must uphold **high-quality standards** in the upcoming simplification process.
- The **CNMV** will continue to fulfil its **supervisory responsibilities with regard to sustainability**, collaborating with other **relevant national authorities** and actively participating in the work of **international forums**.
- Thank you very much for your attention, and I wish you an enjoyable remainder of the session.