

29 September 2025

Patrick de Cambourg, Chair, Sustainability Reporting Board
Chiara Del Prete, Chair, Sustainability Reporting Technical Expert Group
EFRAG
35 Square de Meeûs
Fifth Floor
1000 Brussels
Belgium

Dear Mr. de Cambourg and Ms. Del Prete:

CFA Institute¹ appreciates the opportunity to comment and provide our perspectives on EFRAG's proposed [simplified set of European Sustainability Reporting Standards](#) ("ESRS") and the related Amended ESRS Exposure Draft July 2025 [Public Consultation Survey](#) (the "Survey" or the "Consultation").

CFA Institute has a long history of promoting fair and transparent global capital markets and advocating for strong investor protections. An integral part of our efforts toward meeting those goals is ensuring that corporate reporting and disclosures and the related audits provided to investors and other end users are of high quality. Our advocacy position is informed by our global membership who invest both locally and globally.

Given the limited time available to respond to the Consultation, we provide our perspective on several overarching matters covered in the Survey, without commenting on the details of the specific amendments to the topical standards. In addition to providing this letter we have completed the Survey and included responses to the respective questions as cross referenced below.

¹ With offices in Charlottesville, VA; New York; Washington, DC; Hong Kong SAR; Mumbai; Beijing; Abu Dhabi; and London, CFA Institute is a global, not-for-profit professional association of more than 200,000 members, as well as 160 member societies around the world. Members include investment analysts, advisers, portfolio managers, and other investment professionals. CFA Institute administers the Chartered Financial Analyst® (CFA®) Program. For more information, visit www.cfainstitute.org or follow us on [LinkedIn](#) and Twitter at [@CFAINstitute](#).

High-Quality Information: Critical for Making Effective Investment and Resource Allocation Decisions

From an investor perspective, ***“high quality” reporting and disclosures means***, among other things, that it is ***useful for informing decisions to buy, sell or hold financial securities, including making voting and engagement decisions***. Meeting investors’ information needs is arguably fundamental to ensuring there is sufficient capital available (and willing) to, for example, finance the transition to a low carbon economy. Accordingly, our comments here focus on the decision usefulness of the information that would be disclosed by companies using the proposed simplified ESRs.

We recognise that ESRs are designed to provide information about sustainability matters to a broad group of a company’s stakeholders to meet the EU’s civil society objectives. However, it is worth noting that information that can inform other stakeholders’ decisions, such as a customer’s decision to buy from or an employee’s decision to work for a company, is also relevant for investors because the decisions that other stakeholders make on the basis of that information can have implications for financial forecasting and therefore the decisions investors make.

Our perspectives are provided on the basis that ***investors are among the “last in line” to receive income or capital repayments after other stakeholders” claims have been satisfied. That makes some of the information that can influence the decisions and actions of other stakeholders relevant for investors too***, and why it is important that you get sufficient input from investors on this Consultation.

Timeframe: Period for Input Should Be Longer

We are concerned that the amount of time available for responding to such a detailed questionnaire – only two months, with half of the consultation period being during the summer – will make it difficult for EFRAG to obtain the necessary feedback from investors on these changes. ***Investors also are just beginning to digest the extensive reports that have been published so far by the “Wave 1” companies to be able to assess how their reporting could be improved.***

In our previous letters to EFRAG, including in our May 2025 [Response to EFRAG Call for Input on ESRs Set 1 Revision](#) and our [2022 comment letter on the first set of ESRs](#), we expressed concerns about the rapid development of ESRs affecting the development of high-quality standards and whether they would be considered legitimate and well accepted by all stakeholders. We remain concerned that the speed with which the ESRs standards were originally developed – and the pace of subsequent amendments – undermines the effectiveness of due process. ***The rapid cycle of “hurry up, wait, implement, hurry up, revise” does not provide the means for the careful and thoughtful deliberation necessary for robust standard setting.*** We worry that the expedited timeline for the current Consultation risks yielding a similar result.

Outreach Approach: Should Be Tailored to Obtain Effective Investor Input

As in previous consultations, EFRAG's feedback approach with investors is passive rather than active. ***Feedback from investors needs to be sought – through active engagement with them and in a format that allows them to provide effective input. Investors are not reading the ESRS standards; they are reading the output (disclosures).*** The mechanism for gathering their input needs to take this into account.

The outreach events held appear to focus on preparers and accountants, with only one event targeted at investors (although we note that it was also for financial institutions, which are of course lenders and investors, but they typically focus on their views as preparers). Preparers and accountants have had several years to digest and prepare for application of the ESRS standards, and they will no doubt have feedback on the ease of and challenges with their application, but investors are only just now beginning to see the output of them. This, along with the passive feedback approach, is likely to yield ***feedback*** that is ***more focused on preparers' interests*** and their concerns about the usability of the standards ***than it is on the experience of investors*** and other users ***about the usability of published sustainability statements in informing their decisions.***

We also note that the cost-benefit analysis (CBA) currently underway focuses only on European stakeholders. The investor community is global and there are investors from all over the world that invest in European companies. Like this Consultation, the stakeholder engagement (in the form of a survey) period was only about a month, again over the summer period, mostly in August. Getting broad investor input on the CBA will be critical to understanding the benefits of the ESRS standards and the sustainability statements their application results in; preparers only see the costs and only judge 'usefulness' on the basis of whether investors ask questions about their reporting – an inaccurate benchmark.

We believe EFRAG needs to be mindful of these issues when considering the feedback received.

We Support Simplifying ESRS Requirements (Questions 14, 15 and 22)

In principle we support the simplification of the ESRS requirements. Reporting standards, regardless of topic, need to be straightforward to implement and easy to navigate so that the preparer understands all the requirements, the assurance provider understands what they are assessing, and the user of the resulting reporting understands what they are reading.

The speed with which the original ESRS standards were developed led to challenges and disagreements in interpretation of some of the requirements, resulting in differences in approach and limiting investors' ability to compare information about material topics across companies.

The onslaught of implementation guidance on fundamental issues that EFRAG provided after the original ESRS standards were published, along with various FAQs, is further evidence that the "user experience" in applying the standards was inadequate. This naturally has implications for the quality of the information that's then made available to users of sustainability statements.

So, while we agree in principle with the simplification objective, we are concerned that the approach taken focuses on eliminating the burden to companies without thinking about what investors need.

Length: Not the Issue – There is a significant focus on reducing the length of the standards and the number of data points, and therefore the length of disclosures. Instinctively, a short report and shorter reporting standards sounds like a good idea and would save a lot of time and effort – but only if the shorter length is a result of succinct, clear and relevant explanation that means the user (whether of sustainability standards or sustainability statements) does not need to do a lot of extra research to understand what the “short” standard or statement means. Length is never an issue if a document is clearly written and easy to navigate. The original ESRS standards in large part were neither of those and efforts to address this are certainly necessary and will be helpful.

Relevance: More Important Than Length – More important than length, in our view, is the relevance of the information to decision making. Although we have heard from our members that investors would rather have a limited number of highly relevant (material) and high quality data points, in principle they do not have a problem with being presented with a lot of data points – they are very adept at analysing large volumes of information, and doing it quickly, to make investment decisions for themselves or their clients. Technology makes this easier. The bigger issue is being able to determine the *relevance* of the plethora of data points to decision making.

Challenges: Underlying Data Quality – Furthermore, there are persistent issues with the quality of underlying data, which also challenges the usefulness of sustainability metrics. Without improved data reliability, investors’ confidence in reported information will be limited.

Principle Objective: Increase Quality, Relevance and Decision-Usefulness of Data Points – We therefore believe that the reduction in data points cannot be made with the objective of reducing volume. Instead, the primary objective should be to increase the quality, relevance and meaningfulness of the data points that are reported so users can understand the sustainability issues that matter for a particular company, what the company is doing to address them and how successful those actions are over time.

Clarity and Accessibility of Information – While the Consultation acknowledges the importance of clarity for those applying the standards, equal emphasis must be placed on the clarity and accessibility of the information produced for end-users. Therefore, in determining which data points to retain, we believe that greater emphasis should be placed on financial materiality.

Distinguish Between Information That is Financially Material – At a minimum, it is critical that disclosures clearly distinguish between items that are financially material and those that are not. Without this clarity, investors are less easily able to analyse and integrate sustainability-related information into financial decision-making because it is difficult to see what really matters for assessing risk exposure and future investment performance. Perhaps

more importantly, companies find such information difficult to integrate into their business processes.

“Interoperability”: If an Objective, Its Meaning Needs to be Clear (Question 21)

Definition Remains Elusive – The term “interoperability” is often referred to as an aim regarding the link between the international standards (from the ISSB) and the European standards (from EFRAG). ***However, it is not clear what either standard setting body (or anyone else) means by the term*** because it is used to capture so many different concepts (being identical, being complementary, being compatible, and more). We have previously conveyed publicly our concerns regarding the notion of “interoperability” for this reason.²

Unless Wording is Identical, Disclosures Will Be Different – Over time, it has become clear that most stakeholders seem to think the ISSB’s and the ESRS standards need to have identical disclosure requirements to be “interoperable”. ***It is our long-standing and seasoned experience that tells us that when the words in standards are not identical, the disclosures provided to investors are not the same.*** So, if “interoperability” is intended to result in the same disclosures regardless of whether a company uses the ISSB’s standards or the ESRS standards, that needs to be the clear, stated objective and the ***disclosure requirements in both must be phrased in exactly the same way.*** Otherwise, “interoperability” will remain elusive and will not be effective for investors working in global capital markets.

Interoperability vs. Global Baseline – Of course, having the same disclosure requirements would be a simple solution to avoid complexity and confusion, both for preparers and for users. However, we don’t think “interoperability” is or should be defined as “identical”; instead, we believe the two sets of standards should be more clearly compatible and complementary. That would be consistent with the ISSB’s aim for their standards to be the “global baseline” that jurisdictions build on. That would also be consistent with the European Union’s aim for their standards to result in information for civil society, beyond what investors alone need for their financial analysis. What is or is not “interoperable”, however, cannot be decided by one standard-setting body alone. The two must work together to determine which element of a disclosure requirement is a “global baseline” and which is a jurisdiction-specific addition. Unfortunately, the standards today (original and simplified ESRS and the ISSB’s) don’t make it straightforward to clearly distinguish between the two, and that will increasingly make it difficult for investors seeking comparability across jurisdictions.

Financial vs. Double Materiality: Further Confuses Interoperability – Understanding what “interoperability” actually means is not helped by the double materiality vs. single materiality debate, which in our view is more one of philosophy than practicality. We believe that the financially material elements of both sets of standards should be identical (the “global

² See discussion of interoperability at Page 15 of CFA Institute Comment Letter to ISSB on Agenda Consultation at https://rpc.cfainstitute.org/sites/default/files/-/media/documents/comment-letter/2020-2024/ISSB-Agenda-Consultation-Comment-Letter_10-18-23.pdf

baseline”)³ – that is the only logical result if one considers the primary user of that information to be investors. We think impact materiality has an important place in reporting and can provide vital information about a company’s activities (and the existence of so-called “externalities”). But unless, and until, those activities (the “externalities”) become financially material (for example, from financial penalties, litigation, capital expenditures and other financial costs), information about them is not material for an investor audience. The principle of materiality already allows for sustainability matters to move between the two (such as when stakeholder pressure or new laws and regulations force a change).

In our view, this is exactly how “interoperability” should work in practice – that is, by allowing financial materiality to be the starting point because it provides information about the *reporting entity*’s business risks and opportunities (critical information for investors’ decision making), and allowing impact materiality to provide information about the reporting entity’s impact on *the environment and society* (information for society and other stakeholders to understand the risks that the reporting entity is exposing them to and what the company is doing about it).

Use the Exact Same Words, If Disclosures Are Meant to be Exactly the Same – However, this does not solve the issue noted above about specific disclosure requirements (data points and qualitative information) needing to be identical when they use the same label or appear to be covering the same point (such as calculations of greenhouse gas emissions). ***If the ESRS standards and the ISSB standards mean the same thing, they should use the same words. If they are meant to be different, they should use clearly different words. If they are meant to be complementary (as with the “global baseline”), that should be clear as well.***

Presentation Requirements:

Use to Differentiate What’s Material for Different Users and Purposes (Question 13)

The sustainability statements published so far present ***information about financially material sustainability issues alongside information about impacts, making it difficult for users of all types to understand what is meant specifically for their purposes.*** We believe the problems with “interoperability” that arise from debates about materiality can be significantly resolved by clearer presentation, so that each audience can find what’s important and targeted to them.

Clear presentation can also help investors who are interested in the information about impacts (for example, what might influence future customer and employee behaviour) and other stakeholders who are interested in information about risks and opportunities (for example, how an entity monitors and addresses its risk exposures or seeks to capitalise on opportunities) easily find it. ***That clarity is essential to making the information decision useful. Only when it is decision useful is the information relevant to investors (or others) and will it drive capital formation (or other action).***

³ This is why we believe the ISSB and SASB standards should be the global baseline for financially material information and that the ESRS standards should add to those standards for items of impact or double materiality.

Double Materiality: Assessments Should Reflect How Companies Develop Strategy and Manage Risk (Questions 11 and 12)

We support the proposals to clarify and simplify the double materiality assessment process.

By taking a top-down approach, companies can focus on what is relevant to their business and their industry. This more ***closely aligns with how investors consider the risks and opportunities (and related impacts)***, where applicable) of a company. The additional information provided on how to conduct an impact materiality assessment, in particular with respect to whether and when to include the effects of mitigating actions, is helpful. However, the additional guidance on “gross versus net” relates only to impact materiality assessments and the issue is also relevant to (and a subject of debate for) financial materiality (risk) assessments.

Companies and investors typically consider the effectiveness of risk mitigation activities when understanding a company’s areas of risk exposure. It is likely that companies will use the guidance on impacts by analogy to risks. Clarity on whether this is appropriate, or explaining why it would be different, will be necessary to avoid differences in interpretation and application.

We note that the ISSB’s standards don’t provide such guidance but use the principle of whether the risk “could reasonably be expected to affect the entity’s prospects”. There is similar wording in the ESRS standards. We suggest that EFRAG and the ISSB work together to ensure that the concept of financial materiality is understood to mean the same thing – ***we are concerned that there is a very high likelihood that, without doing so, a company applying the ESRS standards will have a different list of sustainability matters that are financially material than a company applying the ISSB’s standards, even though the concepts are meant to be the same.*** This will have significant implications for global comparability by giving a very different picture of risk exposures (and opportunities) across companies, impeding capital allocation decisions.

Anticipated Financial Effects: Need Both Qualitative and Quantitative Explanation (Question 19)

We support Option 1 in the Consultation, which would require quantitative and qualitative disclosure of anticipated financial effects. We do not support Option 2, which would provide relief from the quantitative disclosure of anticipated financial effects. ***Both current and forward-looking financial effects are essential to investors’ understanding of the financial implications that sustainability matters have, today and potentially in the future, on a business.*** This is vital information for investors because it provides evidence of the relevance of sustainability disclosures to their assessment of future financial performance and risk exposure. ***Because such quantitative information is so vital, and we expect understanding the financial implications of sustainability matters would be part of a company’s business planning and financial forecasting processes, we believe that the use of the exemption in Paragraph 23(c) should be explicitly noted as being rare.***

Companies are best placed to assess, and report on, the anticipated financial effects of sustainability matters relevant to their business. However, ***we believe that providing only quantitative information would not be sufficient*** – and in addition to the quantitative

information required in Paragraph 23(b), ***investors will need explanation and information about the assumptions made in preparing the amounts presented so that they can understand the implications of those amounts and be able to make adjustments to them*** to the extent they have a different view of the circumstances that may lead to those effects.

We are concerned that Option 2 would reduce the information available to investors in European companies applying ESRS standards to understand the financial implications of sustainability matters, hindering those companies' ability to compete for capital globally. Option 2 makes for an uneven playing field for investors in European companies – those investing in companies applying the ISSB's standards will have that information and may be less likely to invest in companies that don't provide it. It also may be costly for European preparers if their peers elsewhere do report it – leaving it to the market to estimate this information could be riskier and it would entail cost for the company because it either will need to voluntarily provide it or will find itself needing to respond to (and likely correct) investors' own assessments.

We suggest that EFRAG and the ISSB work together to ensure that the requirements for quantitative disclosure of anticipated financial effects (i.e., Option 1) are aligned so that companies applying either set of standards get to the same result under each.

Fair Presentation (Question 25)

We agree that ESRS should be a "fair presentation" framework and believe this is an important clarification (not a change in requirements) in the Consultation. This follows the framework used in the IFRS accounting standards (which are used by European companies) and, given the need for connectivity between financial reporting and sustainability reporting, we believe they should be consistent.

Anecdotally, the initial feedback we've received from investors about how they have found the first set of sustainability statements is that the data is highly qualitative and the information is not linked to financial results or financial reporting. The statements are also long and it's difficult to identify the information that's relevant for their investment decision making purposes. The result is that the information so far is not necessarily decision useful. ***Investors advise us they want, or are willing to accept, fewer, but highly financially value-relevant, metrics; they need those metrics to be easy to find; and the metrics need to clearly show their relevance to the business*** (also see our comments above about presentation more generally).

Making ESRS standards explicit that they follow a fair presentation framework centred around the materiality principle, rather than being a compliance exercise, will help this.

However, and particularly given the range of sensitive topics covered in the ESRS topical standards, ***it is important that companies don't use the "fair presentation" framework as an opportunity to omit important detail***. Like with financial reporting, it will be important that preparers understand the need to "stand back" and make sure that the information they report about sustainability matters makes sense as a whole. In our view, the materiality principle already covers this and therefore it should not result in additional preparation costs.

Concluding Thoughts

After many decades of advocating for disclosures, ***it is our experience that what gets measured and is linked to financial results is what gets monitored by companies.*** That is why we are committed to supporting high-quality sustainability reporting standards that meet the needs of investors.

It is essential that any revisions to the ESRS standards maintain a clear focus on the relevance and usefulness of reported information, for both preparers and users.

We encourage EFRAG to prioritise active engagement with the global investor community and to closely coordinate with the ISSB to further enhance comparability and interoperability.

More specifically, ***we believe it is important for the ESRS standards to use the SASB standards, in addition to IFRS S1 and S2,*** because they are focused on the industry-specific, financially material, sustainability-related risks and opportunities investors have concluded are decision-useful in making capital allocation decisions. ***We encourage EFRAG and the ISSB to work together to update the SASB standards*** (a current ISSB project) to ensure that the industry-based metrics reported to investors are consistently applied whether using either set of standards, particularly since the work on ESRS sector standards has been discontinued.

By addressing practical challenges in implementation, particularly at this early stage, EFRAG can ensure that the standards are robust and that the disclosures that result from them are decision-useful and support well-informed capital allocation.

Thank you for your consideration of our views and perspectives. We would welcome the opportunity to meet with you to provide more detail on our letter. If you have any questions or to seek further elaboration of our views, please contact Sandra Peters at sandra.peters@cfainstitute.org.

Sincerely,



Sandra J. Peters, CPA, CFA
Senior Head
Global Advocacy
CFA Institute

PUBLIC CONSULTATION SURVEY

DRAFT AMENDED ESRS

 JULY 2025



Amended ESRS - Exposure Draft 2025 Public Consultation Survey

This document contains the public consultation survey questions. Please note, that the survey itself is provided with an online tool, which should be used to respond to it:

<https://survey.alchemer.eu/s3/90874765/Amended-ESRS-Exposure-Draft-July-2025-Public-Consultation-Survey>

All documents and materials are available on the EFRAG webpage:

<https://www.efrag.org/en/amended-esrs>

INTRODUCTION

Welcome to the EFRAG Survey on the Amended ESRS Exposure Drafts 2025! Please submit your answers by 29th September 2025 by clicking on the 'Submit' button at the bottom of the survey.

Please note that you can save the draft survey, and go back to it at a later time, by clicking on the 'Save and continue later' button in the top right corner of the page. EFRAG will only take into consideration surveys where the 'Submit' button has been used.

For any technical queries regarding the survey, please contact efragsecretariat@efrag.org

INTRODUCTION TO ESRS SIMPLIFICATION:

Building on CSRD 'Wave 1' feedback and based on the mandate from the European Commission, EFRAG is proposing a simplified set of European Sustainability Reporting Standards (ESRS), reducing datapoints by 57% while retaining the core objectives of the EU Green Deal.

IN A NUTSHELL: WHY AND HOW IS EFRAG SIMPLIFYING ESRS REPORTING

1. Combining two policy priorities: reducing the administrative burden and ensuring quality sustainability reporting

In the European Green Deal, the EU set out its ambition to become a decarbonised economy by 2050 and foster sustainable development for European businesses. To support this ambition, several pieces of legislation were adopted, including the Corporate Sustainability Reporting Directive (CSRD) and the related ESRS. Large public interest entities with more than 500 employees, which include publicly listed companies in the EU, were the first to report in line with the CSRD and ESRS for the reporting year 2024. Initial feedback from these companies and from those that will be subject to the CSRD and ESRS in the future, centred around the fact that the information required by the ESRS was too detailed and the reporting processes too complex.

To increase European competitiveness and reduce the administrative burden placed on companies, the European Commission (EC) decided to review European reporting legislation. This initiative, launched on February 26 2025, is also known as the 'Omnibus'. The EC tasked EFRAG, who drafted the initial ESRS, to significantly simplify the ESRS without compromising the objectives of the Green Deal and the much needed quality of reported data.

2. Gathering evidence: capitalising on a wealth of knowledge and experience

During the second quarter of 2025, EFRAG collected feedback to structure its simplification efforts. A survey gathered over 800 responses, many stakeholder events were organised, and interviews were held with a variety of companies, investors, and other stakeholders. The aim was to learn from their experience of implementing the ESRS or using the ESRS as input for decisions. The focus of EFRAG has not only been on datapoint reduction, but on a reduction in efforts required to comply with the CSRD and ESRS.

3. Elaborating simplified standards: levers of simplification and review of datapoints

EFRAG systematically used six 'top-down' levers of simplification to address sources of complexity:

1. Simplification of the Double Materiality Assessment (DMA) – the DMA is the process to prioritise sustainability topics for reporting: the amendments simplify the DMA process and documentation for audit purposes.
2. Better readability and conciseness of the sustainability statements: improved flexibility on how to organise the information, more emphasis on how the company manages its sustainability issues.

3. Elimination of the overlaps between general disclosures and topical standards: deleting most granular narrative requirements in topical standards.
4. Improved understandability, clarity and accessibility of the ESRS standards: voluntary disclosures eliminated, clarified language, various concepts are simplified, text is shortened.
5. Introduction of several burden-reduction reliefs: new flexibilities and reliefs have been included. For example, information does not have to be reported if it requires undue cost or efforts.
6. Enhanced interoperability with global reporting standards: various changes have been implemented to further enhance interoperability with other standards, in particular the IFRS Sustainability Disclosure Standards.

In parallel, EFRAG performed a critical ‘bottom-up’ review of all datapoints to prioritise direct relevance and usefulness in decision-making, with a focus on core data. This work results in a reduction of 57% in ‘mandatory’ datapoints (which are all to be reported only if material). In addition, all ‘voluntary’ datapoints are eliminated. Counting both mandatory and voluntary datapoints, the total number is reduced by 68%. The length of the ESRS is reduced by over 55%.

The simplification will contribute to a significant overall reduction in reporting efforts.

4. Consulting stakeholders on draft simplified standards

As a next step, EFRAG is launching a public consultation today on the draft simplified Standards (exposure drafts) and welcomes your input. The consultation will run until the 29 September, and EFRAG will deliver its technical advice to the EC by the end of November.

INTRODUCTION TO THE QUESTIONNAIRE:

Context

This questionnaire gathers feedback on the 12 Amended ESRS Exposure Drafts ('Amended ESRS' or 'EDs' or 'the Amendments'). In accordance with EFRAG's Due Process Procedures, the purpose of this consultation is to gather feedback and comments from a variety of stakeholders. EFRAG is interested in getting feedback on whether the Amendments proposed in the ED achieve the desired outcomes in terms of simplification and whether EFRAG has appropriately reflected in the Amendments the suggestions collected in the public call for input and outreach program run in April and May 2025.

EFRAG is performing the simplification exercise following a specific mandate from the European Commission (EC) described in the [Explanatory Memorandum](#) ('EM') that accompanies the Omnibus proposal. The Amendments assume that the CSRD will be modified according to the Omnibus Proposal issued by the European Commission ('EC') in February 2025. Comments that go beyond the EFRAG simplification mandate, such as questioning the content of the CSRD or asking to modify the ESRS in a way that is not compatible with the simplification mandate, will not be considered.

The EDs are accompanied by a Basis for Conclusions which illustrate the reasoning of the EFRAG Sustainability Reporting Board ('SRB') and EFRAG Sustainability Reporting TEG ('SR TEG') in preparing the Amendments. The rationale for change at paragraph level in the 12 Standards can be found in the 'Log of Amendments per Standard' annex of the Basis for Conclusions ('BfC').

All the Exposure Draft documents and materials are accessible at this link <https://www.efrag.org/en/amended-esrs>

Call for interest in participating to the cost benefit analysis on the simplification exercise

In parallel with the public consultation on the ESRS simplification, EFRAG has launched a cost-benefit analysis ('CBA') conducted by external consultants.

The purpose of this CBA is to assess the potential costs and benefits of the proposed simplifications to the ESRS.

For the analytical purpose of this CBA, in the coming weeks EFRAG will share the external consultants' CBA survey link. We kindly invite you to respond to the CBA survey as your input will be essential for the analysis.

Questionnaire instructions

This invitation to comment includes 30 questions (General feedback), in addition to those necessary to capture the profile of the respondent, and allows the respondent also to provide more detailed comments at level of Disclosure Requirement ('DR') or paragraph of the ED. It is structured in 3 parts:

Part 1. Profile of the respondent (always required)

Part 2. General feedback (respondents can choose the questions to which they reply)

Part 3. Detailed feedback at level of DR or paragraph of the ED (optional).

Each part includes multiple questions. Except for part 1, you can select which questions you want to answer and skip the other questions in each part. Part 3 intends to collect granular feedback and it is optional. You are invited to respond to Part 3 when you intend to comment on the simplifications implemented in a Disclosure Requirement (DR) or even paragraph of the Standards.

Respondents are kindly invited to avoid repeating the same comments in two or more parts/questions.

Each question asks if you AGREE / PARTIALLY AGREE AND PARTIALLY DISAGREE / DISAGREE with the proposals in the ED. In all cases, you are invited in your comments to explain why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any. The length each comment is of 300 words.

Please note that EFRAG only considers the surveys for which the submission procedure is completed and successful. You will receive an email confirming receipt of your response on the submission. We recommend you to check your spam folder when looking for the confirmation email.

EFRAG assumes that you give consent to publish your responses. Please select NO here if you do not want that your responses are made public.

☐ Yes

☐ No

PART 1: Information about the respondent: Q1 – Q10

1) Please enter the following information:*

Name: Sandra

Surname: Peters

Name of organisation: CFA Institute

2) Please enter your email*

sandra.peters@cfainstitute.org

3) Which of the following stakeholder types do you represent?*

Company (Preparers)

☐ Preparer (non-financial institution preparing a sustainability report)

☐ Business association (other than association of financial institution)

Users

☐ User (analyst, data provider, rating agency, etc.)

☐ National supervisory authority & regulator

☒ User Association

Financial Institutions

☐ Bank

☐ Asset manager/Investor

☐ Insurance

☐ Association of financial institutions

Other stakeholders

☐ Consultant (including software vendor)

☐ Other - please specify (required): _____ *

☐ Auditor

☐ (National) standard setter

☐ NGO

☐ Academia

4) Preparers: Please disclose your company's revenue in EUR below (at group level, if applicable)*

Revenue: _____

5) Preparers: Please disclose your company's total assets in EUR below (at group level, if applicable)*

Total assets: _____

6) Preparers: Please select your company size by employees (at group level, if applicable)*

- ☐ Less than 1000 employees
- ☐ More than 1000 employees and less than 3000
- ☐ More than 3000 employees and less than 5000
- ☐ More than 5000 employees

7) Country of headquarters*

United States

8) Preparers: Is your company in scope for the preparation of ESRS sustainability statements under the CSRD (adopted in 2022)? [Companies in scope: over 250 employees, €50 million in net turnover, or €25 million in total assets]*

- ☐ Yes – but the CSRD has not been transposed in the jurisdiction
- ☐ Yes - from 2024 and the relevant jurisdiction has transposed the CSRD
- ☐ Yes - from 2025 and the relevant jurisdiction has transposed the CSRD
- ☐ Yes - from 2026 and the relevant jurisdiction has transposed the CSRD
- ☐ No
- ☐ No, but it is done/intended to do on voluntary basis

9) Preparers: Did your company prepare a sustainability statement for Financial Year 2024?*

- ☐ Yes, based on the ESRS Delegated Act published in 2023
- ☐ Yes, based on another sustainability standards or (national) legislation
- ☐ No

10) Preparers: Does your company also prepare or intend to prepare a sustainability statement under IFRS S1/S2?*

- ☐ Yes
 - ☐ No
-

PART 2: GENERAL FEEDBACK: (Q10 – Q31)

This part asks questions about:

- (1) the main simplifications implemented,
- (2) specific requirements for which EFRAG SRB members expressed reservations and remaining concerns, in the approval of the Exposure Drafts (EDs),
- (3) overall feedback at standard level and
- (4) any other comments.

The main simplifications implemented are grouped into “Levers” of simplification, as described in the Basis for Conclusions (BfC).

11) Clarifications and simplification of the Double Materiality Assessment (DMA) (ESRS 1 Chapter 3) and materiality of information as the basis for sustainability reporting

Rationale for the changes

The Amendments have clarified **the requirements in ESRS 1 Chapter 3 about** materiality of information and simplified the DMA process. They are described in Lever 1 of simplification in the Basis for Conclusions (see BfC Chapter 4).

Link here to access the [Log of Amendments](#), ESRS 1, Chapter 3 if you would like to review the detailed Amendments and their rationale.

The [Explanatory Memorandum \(EM\)](#) which accompanies the EC Omnibus proposals (page 5) identified the following objective for this lever: *“[the simplification] will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process.”*

Description of the changes

To meet this objective, EFRAG has introduced the following changes which aim to strike a balance between simplification and the necessary robustness of the Double Materiality Assessment (DMA):

1. A new part presenting practical considerations for the DMA has been drafted, including the option of implementing either a bottom-up or top-down approach (Chapter 3.6 of ESRS 1)
2. More prominence has been given to materiality of information as a general filter and all the requirements are subject to it.
3. The relationship of impacts, risks and opportunities, and topics to be reported has been clarified (ESRS 1, paragraph 2 and 22)
4. It has been explicitly allowed to include information about non-material topics (ESRS 1, paragraph 108) if they are presented in a way that avoids obscuring material information
5. Emphasis is put on ESRS being a fair presentation framework, to reinforce the effectiveness of the materiality principle and avoid excessive documentation effort due to a compliance and checklist approach to the list of datapoints (DP); an explicit statement of compliance with ESRS is included in (ESRS 1, Chapter 2)
6. To avoid excessive detail in reported information, it has been clarified that all the disclosures can be produced either at topical level or at impacts, risks and opportunities (IRO) level, depending on the nature of the IROs and on how they are managed
7. The list of topics in AR 16 (now Appendix A) has been streamlined by eliminating the most detailed sub-sub-topic level and has now an illustrative only and non-mandatory status.
8. More emphasis has been put on the aggregation and disaggregation criteria for reporting information at the right level. Explanations have been provided with respect to the consideration of sites for the DMA and reported information, to avoid long lists of sites being included in the sustainability statement.

Please do not comment here in “Gross versus Net” as it is covered by the next question.

Question

If you intend to provide feedback also on Part 3 of this questionnaire (at the level of DR or paragraph), please note that by answering this question, you will not be allowed to include comments on Chapter 3 of ESRS 1 in Part 3, to avoid duplication of input. Your comments on Chapter 3 can only be provided here.

Do you agree that the proposed amendments have sufficiently simplified the DMA process, reinforced the information materiality filter and have succeeded in striking an acceptable balance between simplification and robustness of the DMA? Do you agree that the wording of Chapter 3 of ESRS 1 is sufficiently simplified?
() YES

(X) PARTIALLY AGREE/PARTIALLY

DISAGREE () NO

[COMMENTS – max 300 words]

We support the proposals to clarify and simplify the double materiality assessment process. By taking a top-down approach, companies can focus on what is relevant to their business and their industry. This more closely aligns with how investors consider the risks and opportunities (and related impacts, where applicable) of a company.

12) New guidance in ESRS 1 on how to consider remediation, mitigation and prevention actions in assessing materiality of negative impacts

Rationale for the changes

To address a frequent implementation question and an area of divergence in practice, new guidance has been introduced (ESRS 1 paragraphs 34 to 36 and Appendix C; Basis for Conclusions (BfC) Chapter 8) on how to consider implemented remediation, mitigation and prevention actions in the Double Materiality Assessment (DMA) (the so called “gross versus net” issue). The EFRAG Sustainability Reporting Board (SRB) has prioritised the guidance on impacts, as in financial materiality there is already reporting experience which can be leveraged.

Description of the changes

Appendix C, which has the same authority as other parts of the Standard, illustrates how to perform the assessment, i.e. before or after the actions that have been taken and have reduced the severity of the impact. The new guidance specifies how to treat actions in DMA differentiating ‘actual’ from ‘potential’ impacts. It also differentiates the current reporting period from the future reporting periods (the latter is relevant as impacts of previous years that are material are also to be reported in the current period). For impacts that are assessed as material, the respective actions are reported (which also include policies implemented through actions). Actual impacts are assessed for materiality before the remediation actions in the reporting period when they occur, while in future periods they are not reported if fully remediated. For potential impacts, when the undertaking must maintain significant ongoing actions to contain severity and/or likelihood below the materiality level, the impact is assessed before the actions are reported. This provision has been introduced to deal with cases such as health and safety negative impacts in highly regulated industries.

Key discussion points at EFRAG SRB level

Some of the EFRAG SRB members consider the added guidelines excessively complex. The approach to disregard implemented actions when assessing materiality of potential impacts, if there are significant ongoing actions, has been the source of split views in the EFRAG SRB. The members that supported the inclusion of this provision considered that it would be inappropriate to conclude that due to the high level of prevention and mitigation standards in a sector, a given topic is not reported. On the contrary, other members think that this gross approach to potential impacts will result in excessive reporting.

Question

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by **answering this question, you will not be allowed to include comments on Paragraphs 34 to 36 and Appendix C of ESRS 1, in Part 3 to avoid duplication of input. Your comments on Paragraphs 34 to 36 and Appendix C of ESRS 1 can only be provided here.**

Do you agree that the **new guidelines clarify how to consider remediation, mitigation and prevention implemented actions in the DMA, contributing to more relevant and comparable reporting?**

☐ YES

☒ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

The additional information provided on how to conduct an impact materiality assessment, in particular with respect to whether and when to include the effects of mitigating actions, is helpful. However, the additional guidance on “gross versus net” relates only to impact materiality assessments and the issue is also relevant to (and a subject of debate for) financial materiality (risk) assessments.

Companies and investors typically consider the effectiveness of risk mitigation activities when understanding a company’s areas of risk exposure. It is likely that companies will use the guidance on impacts by analogy to risks. Clarity on whether this is appropriate, or explaining why it would be different, will be necessary to avoid differences in interpretation and application.

We note that the ISSB’s standards don’t provide such guidance but use the principle of whether the risk “could reasonably be expected to affect the entity’s prospects”. There is similar wording in the ESRS standards. We suggest that EFRAG and the ISSB work together to ensure that the concept of financial materiality is understood to mean the same thing – we are concerned that there is a very high likelihood that, without doing so, a company applying the ESRS standards will have a different list of sustainability matters that are financially material than a company applying the ISSB’s standards, even though the concepts are meant to be the same. This will have significant implications for global comparability by giving a very different picture of risk exposures (and opportunities) across companies, impeding capital allocation decisions.

Call for interest in participating to the field test

To address this complexity of this issue, EFRAG will run a targeted field test and is interested in involving a diversified sample of companies. It will entail participating in dedicated working sessions with EFRAG Secretariat. The company is expected to present how the new guidance will affect the outcome and process of the DMA in each case, after having simulated the application of the revised requirements. A questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8th and 26th September 2025.

To confirm your interest in participating to the field test on ‘Gross versus Net’ field test, please send an email to this address: grossnetfieldtest@efrag.org by August 18, 2025.

13) Improved readability, conciseness and connectivity of ESRS Sustainability Statements

Rationale for the changes

Starting with the input gathered from the first-time adopters, EFRAG has introduced several changes to support the production of more readable and concise sustainability statements, that are better connected with corporate reporting as a whole. This corresponds to Lever 2 of simplification in the Basis for Conclusions (BfC) Chapter 4).

Description of the changes

EFRAG has clarified the flexibility that preparers have in preparing their statements. The Amendments describe the possibility of including an 'executive summary' at the beginning of the sustainability statement and have put greater emphasis on the use of appendices to separate more detailed information from key messages. The amendments have also clarified the concept of 'connected information, discouraging fragmentation and/or repetition of information (ESRS 1, Chapter 8).

Question

Do you agree that **these proposed Amendments, when combined with the other changes in the Amended ESRS, provide an appropriate level of flexibility to support more relevant and concise reporting, as well as to promote better connectivity with corporate reporting as a whole?**

☐ YES

☒ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

The sustainability statements published so far mix financially material sustainability issues with information about impacts, making it difficult for different users to identify what is most relevant to them. We believe many of the problems with “interoperability” arising from debates about materiality can be addressed through clearer presentation, allowing each audience to find the information most important and targeted to their needs.

Clarity in presentation also benefits investors who want information about impacts, such as those that have the potential to influence future customer or employee behaviour. It also helps other stakeholders who focus on risks and opportunities, for example how an entity monitors and manages exposures or seeks to capitalise on opportunities. Organising information in a way that makes these distinctions explicit is essential for making disclosures easy-to-navigate and decision useful.

Decision usefulness is the standard by which information becomes relevant to investors or other stakeholders and drives capital formation or other actions. Without clear structuring, mixing financial materiality and impact materiality undermines the usability of sustainability statements. By improving how disclosures are presented, interoperability concerns tied to materiality can be reduced, as users can more readily locate the data aligned to their specific interests and decision-making needs.

14) Restructuring of the architecture and interaction between ESRS 2 and Topical Standards

Rationale for the changes

The Amendments have restructured the architecture of ESRS, focusing on the interaction of ESRS 2 and topical Standards. They have also introduced a more principles-based and less prescriptive approach to the requirements in policies, actions and targets (PAT). These Amendments are described as Lever 3 in the Basis for Conclusions (BfC) (Chapter 4).

The [Explanatory Memorandum \(EM\)](#) (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

Description of the changes

To achieve this objective, EFRAG has implemented the following changes, which aim to strike an appropriate balance between (a) prescriptiveness of the requirements and preparation effort and (b) the users’ need for relevant, faithful and comparable information:

1. Minimum Disclosure Requirements in ESRS 2 (renamed “General Disclosure Requirements”) have been simplified but retained as ‘shall’ disclose.
2. A drastic reduction of ‘shall’ datapoints PAT has been achieved, sometimes reformulating them as Application Requirements (‘ARs’) to support more consistent application.
3. Topical specifications to GOV, SBM and IRO (Appendix C of ESRS 2) have been deleted, with a few exceptions maintained as separate Disclosure Requirements in topical Standards (e.g. resilience in ESRS E1).
4. The requirement to disclose PAT for material IROs, if adopted, is maintained. But the requirement to disclose whether the undertaking plans to implement a PAT for material topics and timeline has been eliminated. The indication of which material topics are not covered by PAT is maintained.
5. The amendments have improved the connectivity between the disclosure of PAT and the description of IROs (now in ESRS IRO 2) to which they relate. They have also improved the ability to disclose information at a higher aggregation level than the material IROs, if this reflects the way IROs are managed.

Question

Do you agree that **these proposed amendments strike an appropriate balance between (1) prescriptiveness**

of the requirements and preparation effort from the one hand, and (2) need for relevant and comparable information from the other?

() YES

(X) PARTIALLY AGREE/PARTIALLY DISAGREE

() NO

[COMMENTS – max 300 words]

In principle we support the simplification of the ESRS requirements. Reporting standards, regardless of topic, need to be straightforward to implement and easy to navigate so that the preparer understands all the requirements, the assurance provider understands what they are assessing, and the user of the resulting reporting understands what they are reading.

The speed with which the original ESRS standards were developed led to challenges and disagreements in interpretation of some of the requirements, resulting in differences in approach and limiting investors' ability to compare information about material topics across companies.

The onslaught of implementation guidance on fundamental issues that EFRAG provided after the original ESRS standards were published, along with various FAQs, is further evidence that the "user experience" in applying the standards was inadequate. This naturally has implications for the quality of the information that's then made available to users of sustainability statements.

So, while we agree in principle with the simplification objective, we are concerned that the approach taken focuses on eliminating the burden to companies without thinking about what investors need.

15) Improved understandability, clarity and accessibility of the Standards

Rationale for the changes

The Amendments have reorganised the content of the requirements, clearly separating the mandatory from the non-mandatory ones, and eliminating the "may" disclose provisions, which had a status problematic to understand. These Amendments are described as Lever 4 in the Basis for Conclusions (BfC) (Chapter 4).

The [Explanatory Memorandum \(EM\)](#) (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

Description of the changes

To achieve this objective, EFRAG has implemented the following changes:

1. "May disclose" datapoints have been all eliminated.
2. All the "shall disclose" datapoints are now in the main body of the standard (no more datapoints in AR) and mandatory application requirements are **relocated below the DR to which they belong (and below each Chapter in ESRS 1), covering 'how to disclose' guidelines.**
3. Language of the Standards has been improved for understandability, conciseness and consistency of ESRS.

Question

Please focus your considerations only on the mandatory content of the Exposure Drafts. The following question covers the Non-mandatory Illustrative Guidance ('NMIG').

If you intend also to provide feedback on **Part 3, when providing your comments, please refrain from duplicating the comments that you will provide at Standard or DR level.**

Do you agree **that these proposed amendments achieve the desired level of clarity and accessibility?**

() YES

(X) PARTIALLY AGREE/PARTIALLY

DISAGREE () NO

[COMMENTS – max 300 words]

While the Consultation acknowledges the importance of clarity for those applying the standards, equal emphasis must be placed on the clarity and accessibility of the information produced for end-users. Therefore, in determining which data points to retain, we believe that greater emphasis should be placed on financial materiality.

At a minimum, it is critical that disclosures clearly distinguish between items that are financially material and

those that are not. Without this clarity, investors are less easily able to analyse and integrate sustainability-related information into financial decision-making because it is difficult to see what really matters for assessing risk exposure and future investment performance. Perhaps more importantly, companies find such information difficult to integrate into their business processes.

16) Usefulness and status of “Non-Mandatory Illustrative Guidance” (NMIG)

As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to “Non-Mandatory Illustrative Guidance” (**‘NMIG’**). NMIG does not address all the existing implementation questions on each standard. It simply gathers the content that:

- a) was in the Delegated Act
- b) is now deleted; and
- c) contributes to the overall datapoints reduction.

It contains ‘how to report’ guidelines (methodology) and examples of possible items to cover when disclosing in accordance with a mandatory datapoint, mainly for narrative PAT disclosures. Its content should not be understood as a list of items of information requiring justification when not reported, consistent with the fact that the previous datapoints are deleted. The legal status of the NMIG will be considered by the European Commission (EC) in due course. However, EFRAG recommends that the EC not include this content in the Delegated Act. On the one hand, NMIG contains helpful support material that may reduce the implementation questions. On the other hand, it could trigger additional efforts of analysis and/or have an ambiguous role as possible additional disclosure with entity-specific relevance if issued within the Delegated Act.

You are invited to provide your comments on the purpose of NMIG, if any.

You can access the NMIG at this [link](#).

Select the NMIG from this dropdown menu of NMIG **guidelines**:

Insert dropdown list of 12 NMIG’s and an option to pick ‘All’
[COMMENTS – max 300 words]

17) Burden reliefs and other suggested clarifications

Rationale for the changes

The Amendments introduced several horizontal reliefs (i.e. applicable across different requirements) that were suggested in the input gathered from preparers. They are expected to contribute substantially to the reduction in the overall reporting efforts, beyond the datapoints reduction. These Amendments are described as Lever 5 in the Basis for Conclusions (BfC) (Chapter 4).

The [Explanatory Memorandum](#) did not explicitly mention the reliefs, but the letter of the EC dated 5 May 2025 recommended including those foreseen in the ISSB’s IFRS sustainability disclosure standards (IFRS S1 and S2). The Explanatory Memorandum nevertheless **included the following objective (page 5): [the simplification] will also make any other modifications that may be considered necessary, considering the experience of the first application of ESRS. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation.**

Description of the changes

EFRAG has implemented the following changes:

1. The relief “undue cost or effort” has been introduced, including for the calculation of metrics.

2. A relief for **lack of data quality** has been introduced for metrics (ESRS 1 Paragraph 91), allowing to **report a partial scope and disclosing actions to improve the coverage in future periods**.
3. The systematic preference for direct **data as input to the calculation of value chain metrics** has been **removed and undertakings may use direct data or estimates depending on practicability and reliability** (ESRS 1, Paragraph 91).
4. Undertakings may exclude from the calculation of metrics their **activities that are not a significant driver of IROs** (ESRS 1, Paragraph 90) and **may exclude joint operations on which they do not have operational control when calculating environmental metrics other than climate** (ESRS 1, paragraph 60).
5. Disclosure about resilience is now limited to **risks only and limited to qualitative information only** (ESRS 2, Paragraph 24 and ESRS E1, Paragraph 21).
6. When disclosing financial effects, the information on investments and plans **is now limited to those that are already announced** (ESRS 2, AR 16 Paragraph 23(b)).
7. A **new relief for acquisitions (disposals) of subsidiaries** has been introduced (ESRS 1, Chapter 5.4) **allowing the undertaking to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period**.
8. From October 2024 to February 2025, several implementation issues were identified in the EFRAG ESRS Appendix dedicated to the Q&A implementation platform (Chapter of Basis for Conclusions (BfC)). These issues have now been addressed by clarifying the corresponding provisions.

Following the EC representatives' **recommendation**, EFRAG **did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered**.

Following the EC representatives' **recommendation**, EFRAG **did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered**.

Question

EFRAG considered how to improve **consistency with other pieces of regulation**. **Considering what can be achieved in these Amendments (as opposed to what requires modification by the other regulation) EFRAG gave priority to the SFDR regulation. Please refer to question 28 if you intend to comment on this aspect. Other selected changes to enhance consistency are described in the Log of Amendments for each standard.**

Please note that some of the reliefs described above go beyond the ones in IFRS S1 and S2 described in question 21 below. As interoperability with IFRS S1 and S2 is specifically addressed in question 21 should be commented upon there. Please also refrain here from comments on the options proposed for quantitative financial effects, as question 17 is specifically dealing with them.

Do you agree that these proposed Amendments provide sufficient relief and strike an acceptable balance between (a) responding to the stakeholders' demands for burden reliefs and (b) preserving the transparency needed to achieve the objectives of the EU Green Deal, as well as interoperability with the ISSB's IFRS S1 and S2?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

Relief for lack of data quality on metrics (ESRS 1 paragraph 92)

Amended ESRS have introduced the 'undue cost or effort' relief for all the elements of the reporting, from the identification of material IROs to the calculation of metrics (paragraph 89 of ESRS 1), in line with IFRS S1 and S2, extending it to all metrics. In addition, paragraph 92 of ESRS 1 has introduced a provision applicable both to metrics in own operations and in upstream and downstream value chain. This allows an undertaking to report metrics with a partial scope of calculation, when there are no reliable direct or estimated data to be used in the calculation. This relief does not exempt an undertaking from providing a disclosure, but it allows to disclose a calculation that includes only a partial scope. When using this relief, the undertaking shall disclose actions undertaken to improve the coverage of its calculation in next periods. This transparency is expected to provide sufficient incentive to improve the data quality and achieve a more complete scope in the calculation of the metrics. Accordingly, no time limit is included for the use of the relief. On this point, some EFRAG SRB

members, while supporting the relief, considered it essential to include a time limit.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 92 of ESRS 1 in Part 3 to avoid duplication of input. Your comments on paragraph 92 of ESRS 1 can only be provided here.

Do you agree that the proposed relief for lack of data quality on metrics strikes an acceptable balance between providing the necessary flexibility for preparers and avoiding undue loss of information?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

19) Relief for anticipated financial effects

Rationale for the changes

Preparers' feedback to the public call for input indicated that disclosing quantitative information for financial effects is particularly challenging. **This includes issues of lack of mature methodologies and being commercially sensitive (refer to Basis for Conclusions (BfC) Chapter 4 Lever 5). Suggested solutions included the IFRS corresponding relief (IFRS S1 paragraph 37), the deletion of the requirement to report quantitative information, or to report them only on a voluntary basis. The EFRAG SRB is specifically seeking input that would support the determination of the most appropriate relief.**

Description of the changes

The **Amended ESRS** currently includes two possible options, which would apply to all topics, including climate (DR E1-11):

a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions. Option 1 is substantially aligned with the IFRS relief, despite the fact that it includes some differences compared to it: under Option 1, as in the IFRS relief, the undertaking need not provide quantitative information when it is not able to measure separately the financial effect of a specific topic (or IRO) or when the level of uncertainty is so high that the resulting information would not be useful. Differently from the IFRS relief, Option 1 specifies that the undertaking may use the relief when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects. Different from the IFRS relief, the undertaking cannot omit quantitative information when it does not have the skills, capabilities or resources to provide that quantitative information, as this part of the relief was considered not compatible with the entities that are expected to be in scope of the Amended ESRS.

b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions. This option is not aligned with the treatment in IFRS S1 and S2.

Some of the EFRAG SRB members noted that **Option 2 would result in undue loss of information important for investors and would fail to provide the correct incentive to build more mature methodologies and reporting practices. Other members, on the contrary, supported the inclusion of Option 2.**

Question

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 23 of ESRS 2 in Part 3 to avoid duplication of input. Your comments on that paragraph can only be provided here.

Please select **from the alternatives below the one that represents your view:**

☒ I agree with Option 1

☐ I agree with Option 2

☐ I disagree with both Options

[IN ALL CASES, PROVIDE THE RATIONALE FOR YOUR PREFERENCE AND SUGGESTIONS FOR IMPROVEMENTS IF ANY]

[COMMENTS – max 300 words]

We support Option 1, which requires both quantitative and qualitative disclosure of anticipated financial effects. We do not support Option 2, which provides relief from quantitative disclosure. Current and forward-looking financial effects are essential to investors' understanding of how sustainability matters affect a business today and in the future. This information demonstrates the relevance of sustainability disclosures to assessments of financial performance and risk exposure. Because of its importance, and given that companies should already consider these implications in business planning and forecasting, the exemption in Paragraph 23(c) should be noted as rare.

Companies are best placed to assess and report on anticipated financial effects relevant to their business. However, quantitative disclosure alone is insufficient. In addition to the amounts required in Paragraph 23(b), investors need explanation and disclosure of assumptions underlying those amounts. This enables them to understand the implications of the amounts and make adjustments if they hold different views about what's driving the effects.

Option 2 would reduce the information available to investors in European companies applying ESRS standards, limiting their ability to understand financial implications of sustainability matters. This creates an uneven playing field: investors in companies applying ISSB standards will receive more complete data and may prefer those companies. European firms could face higher costs if peers elsewhere disclose this information. Leaving investors to estimate figures is risky and burdensome, as companies may later need to respond to or correct such assessments.

We recommend EFRAG and the ISSB work together to align requirements for quantitative disclosure of anticipated financial effects, ensuring that companies applying either set of standards achieve the same outcome.

20) ESRS E1: Disclosures on Anticipated Financial Effects

The content of the disclosure requirements on anticipated financial effects (formerly E1-9 now E1-11) has been significantly reduced. Several datapoints are still included, which are considered necessary for investors and lenders to be able to assess the undertaking's exposure to transition and physical risk, including for lenders to be able to meet either supervisory expectations or sector specific disclosure requirements. This question focuses on paragraphs 40 (a) to (d), 41 (a) to (f) and 42 of ESRS E1 and aims at collecting feedback on the feasibility of the remaining datapoints.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on DR E1-11 or paragraphs 40, 41 and 42 of ESRS E1 in Part 3 to avoid duplication of input. Your comments on those provisions can only be provided here.

Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 strike an acceptable balance between (i) simplification and reporting effort and (ii) users' needs?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

IF YOU REPLIED NO, SELECT THE PARAGRAPH ON WHICH YOU WANT TO EXPRESS AGREEMENT / DISAGREEMENT [SCROLLING MENU]:

☐ ESRS E1 - 40. (a)

☐ ESRS E1 - 40. (b)

☐ ESRS E1 - 40. (c)

- () ESRS E1 - 40. (d)
- () ESRS E1 - 41. (a)
- () ESRS E1 - 41. (b)
- () ESRS E1 - 41. (c)
- () ESRS E1 - 41. (d)
- () ESRS E1 - 41. (e)
- () ESRS E1 - 41. (f)
- () ESRS E1 - 42.

[COMMENTS – max 300 words] – AVAILABLE IN ALL CASES

21) Enhanced interoperability with the ISSB's Standards IFRS S1 and S2

Rationale for the changes

EFRAG has implemented several changes to enhance the level of interoperability with the ISSB's Standards IFRS S1 and S2. These amendments are described in Lever 6 of simplification in the Basis for Conclusions (BfC) (see Chapter 4, Lever 6). At the same time, however, the Amendments implemented for simplification reasons affect the level of interoperability with IFRS S1 and S2, as resulting from the joint EFRAG IFRS interoperability guidelines (May 2024). For example, reliefs beyond those in IFRS S1 and S2, described above, negatively affect interoperability.

One of the [Explanatory Memorandum](#) (page 5) objectives is to further enhance the already very high degree of interoperability with global sustainability reporting Standards. EFRAG prioritised the interoperability with IFRS S1 and S2, following the majority input gathered in the public call for input and outreach.

Description of the changes

To achieve this objective, EFRAG implemented the following changes, which aim to achieve a higher level of interoperability while being compatible with the objectives of the Amendments.

1. In line with IFRS S1, emphasis has been put on ESRS being a fair presentation framework; materiality of information is now as general filter for the reported information.
2. To remove one of the main interoperability differences, the ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR 19), aligned with the financial control approach in the GHG Protocol, while a separate disclosure based on operational control is now required (and aligned with the corresponding disclosure in the GHG protocol) only for entities with more complex ownership structures (ESRS E1, AR 20).
3. The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented, with the exception of the one on omitting commercially sensitive information about opportunities (pending the outcome of Level 1 discussions), the one allowing to omit Scope 3 GHG emissions when impracticable and the one allowing to omit quantitative financial effects when the undertaking does not have the necessary skills (please note that the relief on anticipated financial effects is treated in question 20).
4. The implementation of reliefs that go beyond the ones in IFRS S1 and S2 results in new interoperability differences (see question 16).
5. Language for requirements that are common to ESRS and IFRS S1 and S2 has been aligned whenever possible with the one in IFRS S1 and S2, in ESRS 1, 2 and E1.
6. The reference to IFRS industry-based guidance and SASB Standards as a source of possible ("may consider") disclosure when reporting entity-specific sector information is now a permanent feature (before it was temporary, i.e. until the issuance of ESRS sector standards).
7. The datapoint reduction resulted in the elimination of 7 "shall" datapoints described in Basis for Conclusions (BfC) (Chapter 4, Lever 6).

8. Several changes have been introduced to further advance **interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4, Lever 6)**.

Question

Do you agree that these **proposed Amendments achieve an appropriate balance between increasing interoperability and meeting the simplification objectives?**

☐ YES

☒ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

The term “interoperability” is often cited regarding links between the ISSB and the ESRS standards. Yet it is unclear what the term means, as it is used to imply being identical, complementary, or compatible. We have raised concerns about this lack of clarity (see page 15 of our letter to the [ISSB’s Agenda Consultation](#)).

Many stakeholders assume “interoperability” requires identical disclosure requirements. In our experience, when the words in standards differ, the disclosures are not the same. If the goal is consistent disclosures regardless of whether a company applies ISSB or ESRS standards, then requirements must be phrased identically. Otherwise, interoperability will not serve investors in global markets.

Identical requirements would reduce complexity for preparers and users, but we do not believe “interoperability” in this context should mean “identical.” Rather, ISSB and ESRS standards should be compatible and complementary. This aligns with ISSB’s vision of a “global baseline” and the EU’s goal of providing information for civil society beyond investors. Interoperability cannot be determined by one body alone; both must agree which elements form the baseline and which are jurisdiction-specific additions. Currently, neither ISSB nor ESRS standards clearly separate these, complicating comparability for investors.

The single vs. double materiality debate adds confusion. We see it as philosophical, not practical. Financially material elements should be identical across both sets of standards, forming the baseline for investors. Impact materiality has value in revealing externalities, but unless these become financially material through penalties, litigation, or costs, they are not relevant to investors. Materiality principles already allow sustainability issues to shift between categories as circumstances evolve.

“Interoperability” in practice should therefore allow financial materiality to guide investor-focused disclosures, with impact materiality addressing broader societal concerns. Yet, identical wording remains necessary when requirements use the same label or appear to cover the same point.

22) Reduction in the number of mandatory and voluntary datapoints

The Amendments have realised a substantial reduction in the number of mandatory (-57%) and voluntary (-100%) datapoints, described in the Basis for Conclusions (BfC), Appendix 3.

The [Explanatory Memorandum](#) (page 6) specified that “the revision of the Delegated Act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking.”

To achieve this objective, EFRAG undertook a systematic review of the datapoints, to eliminate the least relevant, i.e. those that are not strictly necessary to meet the disclosure objectives. Most of the deleted datapoints stem from the narrative PAT disclosures, where a less prescriptive and more principles-based approach has been implemented. Therefore, most of the deletions refer to narrative datapoints. In the context of such a systematic review, merging two distinct datapoints was not considered as a reduction.

Do you agree that the proposed **reduction in “shall disclose” datapoints (under materiality) strike an acceptable balance between burden reduction and preserving the information that is necessary to fulfil the objectives of the EU Green Deal?**

☐ YES

☒ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

☐ I BELIEVE SOME OF THE DELETED CONTENT SHOULD BE MAINTAINED (PLEASE SPECIFY IN THE COMMENTS BY

INDICATING THE RELEVANT PARAGRAPH IN THE STANDARD)

[COMMENTS – max 300 words]

There is growing focus on reducing the length of sustainability standards, disclosures, and data points. A shorter report may seem appealing, but brevity is only useful when it results from clear, relevant, and well-structured explanations. If conciseness leaves users needing extra research to interpret what is meant, then the benefit is lost. Length itself is not the problem; poor clarity and navigation are. The original ESRS standards suffered from both, so efforts to streamline them are welcome.

However, relevance matters far more than length. Investors consistently say they prefer a limited number of highly material, high-quality data points. Yet, in principle, they are not concerned by volume. Investors are skilled at quickly processing large quantities of information and using technology to support this analysis. The real challenge lies in determining which data points are relevant to decision making.

Compounding this issue is the uneven quality of underlying data, which undermines the reliability of sustainability metrics. Without stronger assurance of data accuracy, investors' confidence in reported information will remain limited, regardless of volume.

For this reason, reducing data points simply to shrink disclosures is misguided. The key objective should not be cutting length but improving quality, relevance, and meaning. The information provided must allow users to understand which sustainability issues truly matter for a company, how the company is addressing them, and how effective those actions are over time.

23) Six datapoints exceptionally moved from “may” to “shall”

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, “may disclose” datapoints have not been transformed into mandatory ones (subject to materiality). In the context of the comprehensive revision of some of the DRs, to provide for more focused and relevant information, 6 datapoints have been moved from “may” to “shall” subject to materiality. These exceptions are in the opinion of EFRAG justified. It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC), Appendix 3).

Datapoint	Rationale for moving from “may” to “shall”
ESRS E3 Water - Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
ESRS E3 Water – Own operations total discharges	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the

(Amended ESRS E3 paragraph 17)	change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
ESRS E4 Biodiversity and ecosystems- Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
ESRS G1 Business conduct– Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of suppliers' relationship for which several other DPs have been deleted.
ESRS G1 Business conduct confirmed incidents (Amended ESRS G1 paragraph 14) (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

Do you agree that these exceptions to the general rule are appropriate and justified?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

24) Four new mandatory datapoints (exception)

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, no new “shall” datapoints have been added. In the context of the comprehensive revision of some of the DRs, to promote more focused and relevant information, 4 datapoints have been added. These exceptions are in the opinion of EFRAG justified.

It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. **In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter 6).**

Datapoint	Rationale for new datapoints
ESRS 2 General disclosures – BP 1 the undertaking shall state that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product.	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The

Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
E5-4 Percentage of total weight that are critical and strategic raw material Added draft ESRS E5 paragraph 15(c).	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
E5-5 Percentage and/or total weight for which the final destination is unknown. Added in draft ESRS E5 paragraph 18(e).	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

Do you agree that these exceptions **to the general rule are appropriate and justified?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

25) Emphasis on ESRS being a “fair presentation” reporting framework

The Amendments clarify that ESRS is a fair presentation reporting framework, as it is for IFRS S1 and S2, with the expectation that this will support a more effective functioning of the materiality filter and reduce the check list mentality associated to the adoption of a compliance approach. Adopting fair presentation is expected to support a reduction in the unnecessary reported information and of the documentation needed to show that omitted datapoints are not material. The majority of the EFRAG SRB members consider that ESRS was already conceived as a fair presentation framework and interpret the CSRD as requiring it. A minority of the EFRAG SRB members think that the CSRD does not require fair presentation. They think that adopting fair presentation is not a simplification, due to the difficulty of exercising judgement of what is needed to fulfil the requirement, in particular for impact materiality where there are less established reporting practices. They think that the Amendments may result in increased legal risks and audit costs.

Do you agree that **explicitly requiring to adopt fair presentation in preparing ESRS sustainability statements will support a more effective functioning of the materiality filter, therefore enabling more relevant reporting and reducing the risk of excessive reported information?**

☒ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

We agree that ESRS should be a “fair presentation” framework and believe this is an important clarification (not a change in requirements) in the Consultation. This follows the framework used in the IFRS accounting standards (which are used by European companies) and, given the need for connectivity between financial reporting and sustainability reporting, we believe they should be consistent.

Anecdotally, the initial feedback we’ve received from investors about how they have found the first set of sustainability statements is that the data is highly qualitative and the information is not linked to financial results or financial reporting. The statements are also long and it’s difficult to identify the information that’s relevant for their investment decision making purposes. The result is that the information so far is not necessarily decision useful. Investors advise us they want, or are willing to accept, fewer, but highly financially value-relevant, metrics; they need those metrics to be easy to find; and the metrics need to clearly show their relevance to the business (also see our comments above about presentation more generally).

Making ESRS standards explicit that they follow a fair presentation framework centred around the materiality principle, rather than being a compliance exercise, will help this.

However, and particularly given the range of sensitive topics covered in the ESRS topical standards, it is important that companies don't use the "fair presentation" framework as an opportunity to omit important detail. Like with financial reporting, it will be important that preparers understand the need to "stand back" and make sure that the information they report about sustainability matters makes sense as a whole. In our view, the materiality principle already covers this and therefore it should not result in additional preparation costs.

26) Exception for Financial Institutions' Absolute Climate Reduction Targets

One of the implementation challenges noted by financial institutions relates to the requirement in ESRS E1 paragraph 26(a). This requires, when the undertaking has adopted GHG emissions intensity targets in conjunction with AR12 ("when only setting intensity targets"), to disclose also the associated absolute values" (refer also to Basis for Conclusions (BfC) Chapter 8). EFRAG SRB and SR TEG discussed whether an exception would be needed for insurance, banking and asset management sectors, but they decided that it would be appropriate to receive specific feedback before concluding. Those that support the exception argue that this information is not useful. They think that while for fossil fuel sectors gradual de-commissioning is foreseen, emphasising the role of absolute targets for lenders and investors in all sectors would provide the wrong incentive, as high-emission sectors are those in need of transition financing. They also consider that estimating the absolute targets would require multiple assumptions (such as about the composition of the portfolios, the production capacity, the market shares and the level of emission intensity), making results unreliable and thus not leading to meaningful disclosures. Those who oppose this exception note that complex estimates are common to all sectors. They also note also that both the information types of intensity and absolute targets are needed for a proper understanding of the undertaking's progress on climate and banks are no exception in this case. Intensity targets, while capturing efficiency, may mask rising emission levels. Absolute targets capture the total impact but fail to take into account the effect of business growth. They finally note that an exception only for financial institutions would result in an unlevel playing position for the other sectors.

() I agree that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets (LINK TO TEXT BOX)

() I disagree that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets

Explain your reasoning and if you agree, elaborate on how financial institutions will give transparency and foresight to investors about their target setting and the evolution of their emissions [max 300 words].

27) ESRS S1: New Threshold for Reporting Metrics Disaggregated at Country Level

Amended ESRS S1 changes the threshold for the requirement to disaggregate the metrics for Characteristics of the undertaking's employees, collective bargaining coverage and social dialogue in the European Economic Area (S1-5 and S1-7 of Amended ESRS S1). Refer also to Basis for Conclusions (BfC) Chapter 8). Instead of being defined based on at least 50 employees by head count representing at least 10% of the total number of employees, the requirement is now to disaggregate the metrics for the top 10 largest countries by employee headcount, to the extent that there are more than 50 employees in those countries. A minority of EFRAG SRB members noted that this change could trigger, in some cases, an increase in the number of countries to report on for these two disclosures, and so an increased burden to prepare the information. The majority of EFRAG SRB members supported the change because the current requirement has led to limited information available by country. In addition, the information is usually easily accessible, so the burden to prepare the information per the new requirement is estimated to be limited.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, to avoid duplication of input, you will not be allowed to include comments on DR ESRS S1-5 and ESRS S1-7 in Part 3. Your comments on those provisions will only be provided here.

Do you agree with the change to the **threshold for country-by-country disclosure for the DRs ESRS S1-5 and ESRS S1-7?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

28) ESRS S1: Calculation approach to adequate wages outside the European Union (EU)

The Amended ESRS S1 reflects an amended methodology for the calculation of non-EU adequate wages set out in the Application Requirements (ESRS S1 AR 22). This change draws on language from different parts of the agreement on the issue of wage policies, including living wages, adopted by the ILO Governing Body in 2024, after the ESRS Delegated Act was adopted. A minority of EFRAG SRB members flagged three interrelated concerns: (1) the reference to wage-setting principles risks disclosures of minimum wages that fall well-below an adequate wage standard, (2) the hierarchy requires companies to only assess relevant living wage data sets as a last resort, and (3) the DR/AR does not require companies to disclose which prong of the methodology is used, which leads to lack of comparability.

In consideration of the complexity of this issue, EFRAG is running a targeted field test and is interested in involving a diversified sample of companies. This entails participating in dedicated working sessions with EFRAG Secretariat where the company is expected to present how the revised methodology is feasible and relevant in practice (refer to the non-EU hierarchy described in ESRS S1 paragraph AR 22 b) i) to iii) to ensure transparency and comparability on this issue.

A dedicated questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8 and 26 September. To confirm your interest in participating in the field test on adequate wages, please send an email to fieldtestadeqwages@efrag.org by August 18, 2025.

Do you agree with the proposed change to the methodology for the calculation of non-EU adequate wages in ESRS S1?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

29) SFDR and other EU datapoints in Appendix B of Amended ESRS 2

The Omnibus proposals have not changed the general objective of supporting the creation of the data infrastructure necessary for implementing the Sustainable Finance Disclosure Regulation (SFDR). Input from

investors confirms the need to implement the correct flow of information from their investee. However evidence also suggests some of the Principal Adverse Indicators (PAI) are not considered relevant in practice. As part of the systematic review of the datapoints for their reduction, EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction.

Appendix 4 in the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now 1

The key changes for Social Standards (ESRS S1-S4) are:

- a) this was a consolidation exercise. Firstly, for the policies related to human rights and for the alignment with UNGP and OECD MNE Guidelines (two SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1), eight datapoints from the four Social Standards have been merged into a “human rights policy” in ESRS 2 GDPR-P, for the four affected stakeholder groups. Secondly, the indicator in relation to severe human rights cases (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been merged into one and it is maintained across the four Social Standards.
- b) a small number of amendments on the scope has taken place for SFDR PAI Indicator 3 of Table #3 in relation to days lost. Fatalities (ESRS S1-13) has been deleted from its scope. The scope of revised human rights incidents datapoint (ESRS S1-16, S2-3, S3-3, S4-3) is now clarified.

There were no changes in the ESRS G1.

In conclusion, despite the general significant reduction in DPs, the coverage of SFDR PAI has been only marginally reduced and thanks to a limited number of amendments, the relevance of the corresponding information is increased.

Do you agree with the way the SFDR PAI have been incorporated in the Amended ESRS? You are invited to explain the reason why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any.

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

30) ESRS E4 DR E4-4

ESRS E4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets As part of the simplification process, E4-4 (targets) disclosure specifications and application requirements have been mostly removed. In this context, methodological guidance for companies to what biodiversity and ecosystems-related targets can cover would be helpful. ESRS Set 1, E4 AR 26) outlines aspects that targets can address, including in relation to the size of areas protected or restored, the recreation of natural surfaces or the number of company sites whose ecological integrity has been approved. While this AR could be kept in the revised ESRS E4, some stakeholders highlighted that it could be further reviewed to better reflect latest trends in the evolving methodological landscape related to biodiversity and a stronger alignment with relevant content from science-based frameworks such as SBTN.

Do you agree that EFRAG should review AR 26 in Amended ESRS E4? Please provide suggested wording.

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

You are invited to provide suggestions for improvements, if any. [TEXT BOX – 300 words]

31) ESRS S1 DR15: Gender pay gap

Some of the feedback obtained during the public outreach on the Remuneration metrics (ESRS S1-15), which are derived from the SFDR PAI, was to revisit the gender pay gap ratios and consider replacing it by the adjusted gender pay by employee category or, in some cases, by country. The gender pay gap metric in set 1 is aligned with the Pay Transparency Directive, (EU) 2023/970, where the unadjusted ratio is required as a global percentage and the adjusted gender pay gap by employee category is a voluntary (“may”) datapoint.

The voluntary datapoint on adjusted gender pay gap by employee ratio has not been included in Amended ESRS S1, following careful analysis and consideration of the EFRAG SRB where the pros and cons of changing the basis for gender pay gap were weighted. The conclusion reached was to maintain the global unadjusted pay gap and delete the adjusted gender pay gap by employee ratio that is a voluntary datapoint in ESRS Set 1. The deletion of the voluntary datapoint aligns with the general approach in the revised architecture.

Do you agree with the deletion of the voluntary datapoint on adjusted gender pay gap?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

32) ESRS G1 DR G1-2 and G1-6: Payment practices

The revision of ESRS G1 have led - amongst others - to the deletion of former paragraphs 14 and 33(a), addressing "payment practices" (within the context of management of relationship with suppliers). These datapoints have been replaced by the PAT provisions and an additional specification for SMEs in paragraph 33(b). However, this deletion may still reduce visibility on how undertakings engage with and support SMEs.

Is the current replacement/formulation sufficient to meet the objectives of the CSRD in respect to the protection of SMEs?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

33) Overall feedback per standard

The 12 ESRS Standards have been simplified. The Glossary (Annex II to the 2023 ESRS Delegated Act) has been amended to reflect the changes in the Standards. This includes the reduction of datapoints, the clarification of several provisions that created implementation issues, the enhancement of readability and

streamlining of their structure and content. Amendments to the 12 Standards have been designed and implemented to achieve a substantial reduction in reporting efforts, while maintaining the core content that is needed to meet the objectives of the European Green Deal.

Please note the following requirements that were not changed in the Amended ESRS as recommended by the EC representatives, as they are subject to ongoing developments on level 1 regulation:

1. Definition of value chain for financial institutions (**ESRS 1**);
2. Exemption from consolidating subsidiaries by undertakings that are financial holdings (**ESRS 1**);
3. Relief for omission of confidential/sensitive information (**ESRS 1**);
4. Phasing-in provisions (**ESRS 1**);
5. Clarify the meaning of ‘compatibility with 1.5 degrees’ for the Transition Plans disclosure (ESRS E1).

In this question you are allowed to provide your overall opinion on the level of simplifications achieved per each standard. You can choose to reply to one or more of the Standards.

If you intend to comment also at level of single DR in **Part 3 of this questionnaire**, you are kindly invited not to repeat the same content twice (here and in Part 3).

You can access the Exposure Drafts of the Revised ESRS and the amended Glossary at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments and the markup of the Annex II (Glossary) at this [link](#).

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

	I agree	I PARTIALLY AGREE/PARTIALLY DISAGREE agree	I disagree
ESRS 1	()	()	()
ESRS 2	()	()	()
ESRS E1	()	()	()
ESRS E2	()	()	()
ESRS E3	()	()	()
ESRS E4	()	()	()
ESRS E5	()	()	()
ESRS S1	()	()	()
ESRS S2	()	()	()
ESRS S3	()	()	()
ESRS S4	()	()	()
ESRS G1	()	()	()
Glossary	()	()	()

[IN ALL CASES COMMENTS ALLOWED – each item 300 words]

34) Any other comments

Please provide here any other comments **on the 12 EDs or on the Glossary** [max 300 words]

PART 3: Detailed feedback at level of DR or paragraph of the ED (optional)

In this part (optional) you can select to provide your opinion on the level of simplification achieved for one or more DR (or chapter in case of ESRS 1) and to provide your comments on the corresponding paragraphs of the 12 Amended ESRS Standards.

You can access the Exposure Drafts of the **Amended ESRS** at this link: [Amended ESRS Exposure Draft July 2025 ESRS E1](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this link: [Log of Amendments of the ESRS Exposure Draft July 2025 ESRS E1](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

When responding on Part 3 you will have the possibility to provide comments at paragraph level, in addition to commenting at DR (Chapter of ESRS 1) level. If you intend to provide comments at paragraph level, you are invited to do so by using the [provided Excel Template](#) (XLSX file). Please upload the filled in Excel Template in the designated box at the end of the survey. Be aware that comments provided in a different format than the provided template will create technical issues and EFRAG may not be able to process them.

[PLEASE NOTE THAT THERE WILL BE AN INTERACTIVE MENU, SO IN THE DIGITAL VERSION OF THE SURVEY THE RESPONDENT WILL SELECT THE TOPIC AND THEN CHOOSE IF THEY WOULD LIKE TO PROVIDE COMMENTS ON THE CORRESPONDING DR.]

	I agree	I PARTIALLY AGREE/PARTIALLY DISAGREE agree	I disagree	I would like to provide detailed comments on the DR	I would like to provide detailed comments on the paragraphs (via the Excel Template)
Disclosure Requirement E1-1 - Transition plan for climate change mitigation	()	()	()	()	()
Disclosure Requirement E1-2 - Climate-related risks and scenario analysis	()	()	()	()	()
Disclosure Requirement E1-3 - Resilience in relation to climate change	()	()	()	()	()
Disclosure Requirement E1-4 - Policies related to climate change	()	()	()	()	()

Disclosure Requirement E1-5 - Actions and resources in relation to climate change	()	()	()	()	()
Disclosure Requirement E1-6 - Targets related to climate change	()	()	()	()	()
Disclosure Requirement E1-7 - Energy consumption and mix	()	()	()	()	()
Disclosure Requirement E1-8 - Gross Scopes 1, 2, 3 emissions	()	()	()	()	()
Disclosure Requirement E1-9 - GHG removals and GHG mitigation projects financed through carbon credits	()	()	()	()	()
Disclosure Requirement E1-10 - Internal carbon pricing	()	()	()	()	()
Disclosure Requirement E1-11 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	()	()	()	()	()

Providing detailed comments on paragraph level using the Excel Template **Excel Template upload**

If the respondent wishes to provide comments and suggestions at paragraph level it can do so via an Excel Template, EFRAG recommends to do so by downloading the Template from [here](#). The filled in Excel Workbook

can then be uploaded as part of this survey. Please note that submissions of any other file that is not based on the Excel Template will not be processed and considered.

Preview of the downloadable Excel Template:

ESRS ED 2025 Chapter or Disclosure Requirement	Paragraph	Do you agree?	Comments/Suggestion	Validation
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft

Please upload the Excel Template with detailed comments on paragraphs using the Browse button.

End of the survey

This page concludes and submits the survey. Kindly ensure that all questions you intended to answer have been completed before clicking the submit button.

Thank You!

Thank you for taking our survey. Your contribution is very important to us.

You will receive an email with your submission in a few minutes. **Please, check also your spam folder.**