

Commissioner for Financial Services and  
the Savings and Investments Union  
Ms Maria Luis Albuquerque  
Rue de la Loi 200 / Wetstraat 200  
1040 Brussels  
BELGIUM

Cologne, September 29<sup>th</sup>, 2025

**Comments of the *Arbeitskreis Externe Unternehmensberichterstattung (AKEU)* of the Schmalenbach-Gesellschaft für Betriebswirtschaft e.V. on the simplification of the first set of ESRS**

Dear Commissioner Albuquerque,

The *Schmalenbach-Gesellschaft für Betriebswirtschaft e. V.* [Schmalenbach Society for Business Administration] is the leading independent association in the German-speaking area for the exchange of ideas between academia and practice in the field of business administration. A registered association and as such non-profit oriented as well as politically independent, the Schmalenbach Society counts business economists and executives among its members, providing a neutral platform for dialogue that strives to advance the quality and relevance of corporate governance and reporting, financial management, as well as broader business conduct.

Within the Schmalenbach Society, the *Arbeitskreis Externe Unternehmensberichterstattung (AKEU)* [Working Group on External Corporate Reporting] is a professional forum that brings together practitioners, policymakers, and academics engaged in the field of corporate reporting. Its members discuss and publish on current developments related to reporting practice, regulatory initiatives, research, and education – with the aim of improving the transparency and decision usefulness of corporate reporting without imposing undue cost burdens on its preparers.

The AKEU welcomes the opportunity to comment on the proposed simplifications of the European Sustainability Reporting Standards (ESRS). The working group sees its role as contributing a balanced, evidence-based perspective to the debate, reflecting the needs and insights of both reporting entities and users of corporate reporting.

## Purpose and Scope of this Submission

Our aim with this letter and the corresponding survey response is deliberately focused. Rather than providing a holistic assessment of all of EFRAG's proposed changes, we concentrate on those areas where the academic, preparer, and auditor members of the AKEU have collaborated to assemble empirical evidence that we believe meaningfully informs EFRAG's work – particularly regarding the reporting cost implications of the current proposals.

## Sources of Evidence and Empirical Insights

Our recommendations are based on analyses of two sources of evidence:

*First, we draw on the Sustainability Reporting Navigator's recent [ESRS Revisions Impact Analysis](#) and [ESRS Datapoints Analysis](#), which collectively quantify the proposed reductions and additions across ESRS disclosure requirements, as well as other elements of the revision that are likely to affect both one-time implementation costs and recurring reporting costs. Using over 700 European firms' 2024 materiality assessments, the SRN team estimates each company's total mandatory datapoints before and after the proposed ESRS revisions, treating all "shall" datapoints linked to material disclosure requirements as reportable and thus providing an upper bound for reporting obligations.*

Four key insights stand out:

1. **Datapoint counts can be misleading in policy discussions.** The numbers of datapoints reported by preparers are substantially lower than the formal maximum often cited in policy discussions ("1000+"). For example, firms' 2024 ESRS reports feature 557 material mandatory datapoints on average – which is only a subset of the entirety of 803 mandatory ESRS datapoints.
2. **Substantial reduction of material mandatory datapoints.** This number of material mandatory datapoints drops by 49% on average under the proposed revisions – from 557 to 287, driven mainly by a 56% reduction in qualitative disclosures. We welcome this change as a result of the exposure drafts. Quantitative datapoints are also reduced, albeit only by 29%. Here, some changes are cosmetic rather than substantive (e.g., deletions of percentages, ratios, or breakdowns derived from underlying data that is still mandatory). More would be possible in a next step.
3. **Broadly similar datapoint reductions across firms.** Reductions affect preparer entities relatively similarly across sectors, countries, and firm sizes – with the strongest reductions in the number of material mandatory datapoints for firms that previously reported many qualitative

datapoints (which account for the majority of datapoints made non-mandatory).

4. **Extensive changes in the remaining datapoints.** 67% of the remaining ESRS datapoints are new or revised, indicating potentially significant one-time costs to adjust systems, processes, and auditor discussions for Wave 1 preparers reporting under ESRS Set 1.

Second, to complement these findings, the AKEU has collected structured feedback from its preparer and auditor members, including cost estimates and qualitative insights, to determine the expected magnitude and direction of these effects. The responses from chief accounting officers in charge of ESRS reports and experienced sustainability assurance providers yield these five key insights. According to these responses:

1. **Datapoint reductions are a good first step, but do not translate into proportional cost savings.** Whereas the number of mandatory datapoints is reduced, representing a welcome and good first step in the right direction, respondents consistently stress that the costliest datapoints – in particular, quantitative metrics requiring operational or value chain data (e.g., Scope 3 emissions, remuneration medians, adequate wages) – remain mandatory. As a result, 67% of respondents expect only very limited cost reductions and 25% expect none. Deletions mostly concern qualitative datapoints with low recurring cost.
2. **New and amended datapoints can create significant additional burdens.** Respondents expect that changes such as S1-5 (broader employee breakdowns), S1-10 (adequate wages with ILO benchmarks), E2-4 (“any material pollutant”), and E1 transition plans will drive both high transition costs and recurring costs. Similarly, the introduction of new mandatory datapoints on critical raw materials and microplastics is expected to require complex supply-chain data and methodologies.
3. **Burden reliefs are welcomed but yield only incremental gains.** Respondents see reliefs such as the ability to use estimates or partial-scope calculations as helpful, particularly for later-wave reporters. However, many firms already apply these in practice. For first-wave reporters, respondents indicate that most systems and auditor-aligned processes are already in place, so cost savings from reliefs remain modest.
4. **Voluntary continuation of deleted datapoints is limited.** 55% of responding firms plan to discontinue reporting deleted or newly voluntary datapoints. 18% plan to continue reporting a few deleted or newly voluntary datapoints (mainly climate or HR metrics linked to ratings or internal KPIs). The remaining respondents are as yet undecided in this regard.
5. **The revision process itself imposes additional short-term costs.** Most respondents stressed that the ESRS Set 2 Exposure Drafts and

the related consultation process have already triggered significant resource use – internal analysis, auditor alignment, and change management – even before the final standards are settled. This adds to the perception that the burden reduction to be expected from ESRS simplification is limited.

## Recommendations

Based on these empirical insights, we arrive at the following key recommendations for the finalization of ESRS Set 2:

- **Meaningful simplification in structure and readability should guide continued simplification efforts.** The revisions substantially streamline the standards' overall architecture. This helps preparers navigate the requirements more easily. We recommend that EFRAG continue the simplification effort in this spirit and strive to achieve even greater consistency across all topical standards.
- **Meaningful reliefs (especially for later-wave reporters) should be retained.** Reliefs such as the ability to use estimates, partial-scope calculations, and longer phase-ins for value chain data are highly recommended, especially for firms that have not yet implemented ESRS. They lower barriers to entry and reduce first-time implementation risks and should thus be retained.
- **Improved alignment with financial reporting should continue to be sought.** Clarifications on the financial control boundary and the emphasis on materiality filtering and fair presentation should be pursued to tie sustainability reporting more closely to core business processes and financial disclosures. We recommend that EFRAG continue these efforts, including by providing a clear definition of the fair presentation principle and its relation to possible disclosure reductions.
- **Datapoint counts are a poor proxy for cost burden.** Despite a near-halving of mandatory datapoints, most respondents expect only very limited cost relief, if any. Many costly datapoints (e.g., quantitative metrics, value chain data, and anticipated financial effects) remain mandatory, while most deletions relate to low-cost qualitative disclosures. We recommend that EFRAG avoid datapoint-centric communication (sometimes labelled “datapoint marketing”), which risks overstating the burden reduction achieved. Rather, estimates of preparer cost and user benefit implications of the proposed changes should play a greater and more transparent role.
- **High transition costs and recurring costs from new and amended datapoints.** Requirements such as S1-5 (employee country breakdowns), S1-10 (adequate wages), E2-4 (“any material pollutant”), and

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E5-4 (critical raw materials) introduce significant new costs due to definitional uncertainty, supply-chain data gaps, and auditor alignment.

- **Short-term burden from revisions.** Companies that already implemented ESRS emphasize additional costs just to interpret the Exposure Drafts, adjust systems, and align with auditors. This transition burden dilutes the intended cost reductions.
- **Interoperability ESRS vs. ISSB/IFRS is perceived as limited and should be made a short-term priority.** Divergences with ISSB/IFRS reduce the global usefulness of ESRS disclosures and dampen incentives to align with ISSB.
- **Benefits need more weight.** Any final assessment of revisions must weigh not only cost savings but also the informational value of retained, amended, and deleted datapoints for investors, stakeholders, and the EU Green Deal objectives.

For our **detailed elaborations** related to the questions in Part 2 of the EFRAG survey, please refer to our online submission and to Appendix B at the end of this letter, which reproduces those responses in full.

We appreciate EFRAG's efforts to reduce reporting burdens. Given the short period available to EFRAG to prepare the amended ESRS, it is commendable that many missing or unclear rules have now been addressed. Nevertheless, we believe that further clarification is still required. Each of the suggestions in this letter are explained in more detail in the annex to this letter, which contains the AKEU's response to EFRAG's public call for input the amended ESRS Set 1, as submitted via the questionnaire provided by EFRAG.

We hope that you find our detailed comments in the annex to this letter helpful and would be happy to answer any questions you may have.

Yours sincerely

Christoph Schauerte  
Vonovia SE  
AKEU Co-Chair

Prof. Dr. Thorsten Sellhorn  
Ludwig-Maximilians-Universität München  
AKEU Co-Chair

Appendices

## **Appendix A: AKEU members**

Dr. Rolf Becker, RWE AG; CPA Jens Berger, Deloitte GmbH Wirtschaftsprüfungsgesellschaft; WP/StB Dr. Marcus Borchert, Mazars GmbH & Co. KG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft; Manuel Brunner, E.On SE; Prof. Dr. Michael Dobler, Technische Universität Dresden; Dr. Andreas Duhr, thyssenkrupp AG; Gerrit-Michael Dülks, Mercedes-Benz Group AG; Prof. Dr. Brigitte Eierle, Otto-Friedrich-Universität Bamberg; Martina Flögel, Henkel AG & Co. KGaA; Prof. Dr. Ralf Frank, GISMA University of Applied Sciences; WP Dr. Jens Freiberg, BDO AG Wirtschaftsprüfungsgesellschaft; Henning Gebhardt, CPA, Gebhardt Advisory & Portfolio Services; Prof. Dr. Axel Hailer, Universität Regensburg; WP/CPA Prof. Dr. Sven Hayn; Prof. Dr. Joachim Hennrichs, Universität zu Köln; Prof. Dr. Christoph Hütten, Universität Mannheim; Dr. Stephan Jacob, Volkswagen AG; Dr. Christian Janze, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft; Robert Köthner, International Auditing and Assurance Standards Board; WP/StB Georg Lanfermann, DRSC; Dr. Guillaume Maisondieu, Deutsche Telekom AG; Prof. Dr. Maximilian A. Müller, Universität zu Köln; Andreas Oberhauser, Ludwig-Maximilians-Universität München; Prof. Dr. Bernhard Pellens, Ruhr-Universität Bochum; Marcus Poppe, Daimler Truck AG; Adam Pradela, Deutsche Post DHL Group; WP/StB Dietmar Prümm, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft; Dr. Roman Sauer, Allianz SE; Dr. Wolfgang Sawazki, VM Vermögens-Management GmbH; Christoph Schauerte, Vonovia SE; Dr. Martin Schloemer, Bayer AG; Prof. Dr. Thorsten Sellhorn, Ludwig-Maximilians-Universität München; Dr. Christopher Sessar, SAP SE; Jonathan Townend, BMW AG; Dr. Robert Urlichs, Ewonik Industries AG; Dr. Jürgen Wagner, Siemens AG; Nico Wegmann, Bertelsmann SE & Co. KGaA; Carsten Wendt, Heidelberg Materials AG; Prof. Dr. Jens Wüstemann; Universität Mannheim; WP/StB Christian Zeitler, KPMG AG Wirtschaftsprüfungsgesellschaft.

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## **Appendix B**

### **Amended ESRS – Exposure Draft 2025 Public Consultation Survey**

...

**EFRAZ 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

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**PART 1: Information about the respondent: Q1 – Q10**

**1) Please enter the following information:\***

Name: Professor Dr. Sellhorn

Surname: Thorsten

Name of organisation: Arbeitskreis Externe Unternehmensberichterstattung (AKEU) of the Schmalenbach-Gesellschaft für Betriebswirtschaft e. V.

**2) Please enter your email\***

sellhorn@lmu.de

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

Company (Preparers)

( X ) Other - please specify (required): Association representing preparers, users, policymakers and academics\*

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## **PART 2: GENERAL FEEDBACK: (Q10 – Q31)**

...

### **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)

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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

PARTIALLY AGREE/PARTIALLY DISAGREE

NO

[COMMENTS – max 300 words]

The AKEU member organizations partially agree that the proposed amendments to the Double Materiality Assessment (DMA) simplify the process and reinforce the role of information materiality, but the practical impact remains limited.

The majority of respondents (58%) expect no change in the set of material topics identified, while 23% foresee only a moderate decrease. This indicates that the revisions are perceived as easing the documentation and structuring of the DMA, rather than altering substantive outcomes. The revised wording

of Chapter 3 is seen as clearer and more business-oriented, but companies stress that simplification will only reduce burden if external auditors accept the streamlined approach in practice.

Several respondents welcome the stronger emphasis on linking the DMA to core business activities and strategy. For some, this may lead to a more focused set of material topics - particularly, a reduction in environmental issues that are material mainly upstream. Others note that certain topics, such as "G1 Business Conduct," are currently over-identified and could be reduced under the revised guidance. One respondent described using a top-down, risk-based approach with a defined materiality threshold (20–25%), which yielded relatively few material sub-topics; they see the amendments as supportive of this approach.

At the same time, many firms already integrate DMA with strategy and thus expect only incremental changes rather than a significant shift in outcomes. They see the benefit of the amendments therefore as largely procedural: less documentation, greater clarity, and potentially stronger alignment with corporate strategy.

In sum, AKEU members expect the revised DMA framework to improve readability and orientation and to modestly reduce the number of reported topics. However, the overall simplification is seen as partial, with much depending on auditor interpretation and the continued need for extensive internal analysis and documentation.

## **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.

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### **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 AKEU member organizations partially agree that the new guidelines on considering remediation, mitigation, and prevention (RMP) actions in the DMA can contribute to more relevant and comparable reporting. Respondents acknowledge that the principle of assessing impacts on both a gross and net basis is important for avoiding overstating issues that are already well managed, and for better alignment with existing risk management practices. Some expect the guidance to help them narrow the set of material issues by recognizing the effect of management's RMP actions, thereby reducing non-material disclosures.

At the same time, significant uncertainty remains. Many respondents call for clearer interpretation on when RMP actions may be taken into account, and how the guidance applies to risks as well as impacts. Without further clarification, these respondents worry about inconsistent application, additional documentation requirements, and audit challenges. Several anticipate that the requirement to evidence management processes for auditors could increase the reporting burden. Others noted that, whereas the new approach could reduce the number of identified IRO topics, those topics deemed material will still require the same depth of disclosure, limiting any real cost relief.

Overall, 64% of survey AKEU member organizations expect no change, 9% a moderate decrease, but 27% a moderate or strong *increase* in reporting burden. Overall, the net effect is expected to be neutral, unless a clear net perspective is explicitly permitted and supported with practical guidance.

In sum, while the new guidance has potential to improve relevance and comparability, AKEU members feel it requires sharper definitions and examples as well as more consistent guidance (e.g., related to IROs) to be effective, without which the balance between simplification and robustness will be only partially achieved.

### **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

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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 AKEU member organizations partially agree that the proposed amendments will improve readability and may enhance connectivity between sustainability and financial reporting, but expect these gains to remain limited.

Survey results show that 56% of respondents expect no change, 22% foresee moderate improvement, and 22% anticipate reduced connectivity. This reflects a mixed outlook: Whereas some steps forward are acknowledged, structural and scope-related barriers continue to constrain integration of corporate reporting.

The most positively received change is the explicit confirmation of the financial control approach for defining the reporting boundary. This is expected to better harmonise ESRS scope with IFRS, reduce unnecessary "walkovers" and documentation, and allow exclusion of non-material subsidiaries. The amendments to the DMA and the fair presentation principle are also welcomed as conceptually supporting better alignment with corporate strategy and financial reporting.

However, respondents highlight several persistent obstacles, including that

the sustainability statement must remain a standalone, separate section of the management report. They also note that, in practice, sustainability and financial reporting still rely on different data sources and logics, often not aligned with legal-entity boundaries, which hinders deeper integration.

A major unresolved issue is the mismatch in GHG reporting scope: The ESRS notion of layered operational control differs from the GHG Protocol and ISSB/IFRS, raising concerns about interoperability and consistency for users. Respondents urge further alignment on this point. Other ESRS–ISSB differences were judged as less problematic for primary users.

In sum, AKEU member organizations are of the view that the amendments modestly enhance clarity and readability, and that the alignment on financial control is a meaningful step. Yet the overall connectivity benefits are seen as incremental, with significant barriers and scope mismatches still limiting the integration of sustainability and financial reporting.

## **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.

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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 92).
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 2, Paragraph 5(k)) allowing to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period.
8. Several implementation issues identified in the EFRAG ESRS Q&A implementation platform from October 2024 to February 2025 (Chapter of Basis for Conclusions (BfC)) have been addressed, 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.

### **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.

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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  
( X ) PARTIALLY AGREE/PARTIALLY DISAGREE  
( ) NO

[COMMENTS – max 300 words]

The AKEU member organizations partially agree that the proposed amendments on burden reliefs strike a better balance between easing preparers' reporting challenges and preserving transparency in line with the EU Green Deal and global interoperability. Respondents generally welcome the horizontal burden reliefs as a meaningful step providing a legal basis for practices such as using estimates or partial-scope calculations, reducing the need for creating entirely new datapoints, and facilitating discussions with auditors. These clarifications can help companies focus on strategically relevant topics and reduce complexity in specific cases, such as acquisitions close to year-end or the exclusion of non-significant activities.

However, AKEU members assess the expected overall impact on reporting costs as moderate rather than substantial. According to our member survey, 54% anticipate a moderate reduction, 31% no change, and 8% even a moderate increase. The ability to use estimates, partial-scope calculations, and reliefs for acquisitions are seen as the most practical provisions, but many companies already apply such approaches in practice, making incremental savings limited. Opinions on the "undue cost or effort" clause are mixed: while some value it as pragmatic, others view it as too vague to deliver consistent relief.

The reliefs also affect preparers differently depending on their stage of implementation. Wave 1 companies have already built systems and auditor-aligned processes, so they consider the new reliefs as coming too late to reduce current effort; benefits may materialize later, particularly for value-chain datapoints. By contrast, Wave 2 and less mature preparers are likely to benefit more from the flexibility, as the reliefs allow them to avoid strategically irrelevant disclosures and better align reporting with corporate strategy.

Overall, AKEU members consider the reliefs a positive step but not as

fundamentally reducing the reporting burden. They are most effective when targeted at new preparers (e.g., Wave 2 firms), while many Wave 1 preparers expect only incremental gains.

## **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 longterm 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

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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]

Preparers among the AKEU members mostly support Option 2, under which anticipated financial effects (AFE) are disclosed qualitatively, with quantitative information remaining voluntary. This reflects the overwhelming majority view in the survey (83%), while only 8% favoured mandatory quantitative disclosure and 8% disagreed with both options. Our evidence from more than 700 first-wave CSRD reports also indicates that few firms have provided these disclosures to begin with, and even more rarely provide quantitative inputs.

Respondents indicate that reliable and comparable quantitative AFE disclosures are currently infeasible. Respondents consistently highlighted that such figures are highly uncertain, methodologically immature, and extremely resource-intensive to produce. Data collection would require substantial new modelling, with limited connectivity to existing risk and financial reporting systems, and little audit-ready evidence available. There is also a legal and reputational risk that forward-looking numbers could be misinterpreted, given the sensitivity of valuation-related assumptions. Several respondents stressed that IFRS already governs the recognition of future risks in financial statements and that sustainability disclosures should not override that framework.

By contrast, qualitative disclosures are already common practice in management reporting and can provide meaningful context at relatively low additional cost. Respondents noted that qualitative commentary is easier to align with IFRS risk discussions and better suited to stepwise integration with ISSB/ESRS interoperability once methodologies mature. Even here, some

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incremental work is expected (e.g., designing new KPIs, aligning narratives internally), but the longer-term impact is considered neutral.

Under their preferred option, 31% of the surveyed AKEU member organizations expect no change in burden, 23% a moderate reduction, and 38% a moderate increase linked to one-off implementation efforts. No strong changes were expected.

In sum, AKEU members from the preparer community think that Option 2 strikes the right balance by ensuring transparency through qualitative reporting, avoiding premature quantitative disclosures of low reliability, and providing flexibility for more robust metrics to evolve over time. However, from an academic perspective, we note that making quantitative AFE disclosure optional indefinitely may fail to incentivize companies to build their AFE-related management and reporting capabilities.

## **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.

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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 SASSB 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) (Chapter4, 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 AKEU member organizations partially agree that the proposed amendments contribute to interoperability while supporting simplification objectives, but the balance remains incomplete.

On the positive side, respondents acknowledge that some changes, such as greater emphasis on materiality filtering and clarifications in the DMA, can make ESRS reporting more principle-based and closer in spirit to ISSB standards. In principle, aligning ESRS with global initiatives could reduce duplication and facilitate reporting for companies active in multiple jurisdictions.

However, the survey evidence shows limited optimism about interoperability in practice. Among respondents, 73% expect no change in their likelihood of adopting or aligning with ISSB, 18% see the amendments as making alignment less likely, and only 9% more likely. None expect a strong positive effect. The main concerns relate to areas where ESRS and ISSB continue to diverge. The most frequently mentioned examples are:

**Anticipated financial effects (AFE):** ESRS maintains mandatory expectations that go beyond the ISSB framework, creating inconsistency and additional reporting burdens.

**GHG boundaries and scopes:** ESRS relies on layered operational control, whereas ISSB and the GHG Protocol are more widely applied globally, creating challenges for comparability and investor use.

**Changing requirements:** Frequent amendments increase near-term reporting effort, reducing appetite for parallel adoption of ISSB.

Furthermore, external demand drivers are weak: Respondents see little investor or peer pressure to adopt ISSB in addition to ESRS. Most plan to focus on ESRS compliance first, with only opportunistic or partial references to ISSB disclosures planned in the medium term.

In sum, AKEU members think that, while the amendments offer incremental clarification and simplification, they do not yet deliver the level of interoperability needed to encourage meaningful ISSB adoption. The balance struck is therefore only partial, and stronger convergence on key technical areas would be required to unlock the intended benefits.

## **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.

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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]

The AKEU member organizations partially agree that the proposed reduction in mandatory datapoints represents a step toward balancing burden reduction with the objectives of the EU Green Deal. The revisions improve readability and structure, and in some areas the amendments reduce unnecessary scope. However, the impact on reporting costs is expected to remain modest at best.

Respondents consistently emphasize that the datapoints removed are often qualitative and low-cost to maintain, while the most resource-intensive datapoints remain. Chief among these are quantitative metrics requiring internal operational or value chain data, such as Scope 3 emissions, which demand extensive coordination, validation, and methodological development. Similarly, anticipated financial effects impose high recurring costs due to uncertainty,

lack of guidance, and sensitive forward-looking estimates. Social datapoints such as S1-9 (adequate wages, requiring checks against ~500 ILO benchmarks), S1-15 (remuneration medians), and health- or discrimination-related indicators are seen as disproportionate burdens, particularly given data protection issues and high manual effort.

With respect to amendments, AKEU preparer members point to increased costs from S1-5 (broader employee country breakdown), E2-4 (“any material pollutant”), and E1 transition plan requirements (fossil CapEx, locked-in emissions, interim targets, financial planning). While some changes create simplifications, others add granularity or new concepts (e.g., gross vs. net reporting, fair presentation), resulting in a mixed net effect.

Quantitatively, 69% of respondents expect very limited cost reductions and 23% none at all. 45% see some cost relief from amendments, while 27% report no change, and 27% expect some increases. 50% plan to stop reporting deleted datapoints, though 25% will continue selected disclosures for investor expectations, ratings, or internal KPIs; the remaining 25% are undecided.

In sum, AKEU members think that the revisions modestly streamline ESRS but do not eliminate the costliest datapoints. The resulting practical cost relief is therefore limited.

### **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).

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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 (Amended ESRS E3 paragraph 17)	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 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.
(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

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	include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.
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- (  ) YES  
(  ) PARTIALLY AGREE/PARTIALLY DISAGREE  
(  ) NO

[COMMENTS – max 300 words]

The AKEU member organizations partially agree that the six datapoints moved from “may” to “shall” are appropriate and justified. Respondents generally accept the rationale for strengthening certain disclosures, but consider the overall effect on reporting burden mixed.

For some datapoints, the added effort is limited. Confirmed incidents of corruption and bribery (G1 para. 14) and procurement team training (G1 para. 10(c)) are already tracked by many firms and can be disclosed without major new processes. Likewise, water withdrawal and discharge metrics (E3) are already established in many reporting systems. For these items, moving from voluntary to mandatory appears reasonable.

By contrast, other datapoints are perceived as costly and complex. E5 paragraph 15(c) (critical and strategic raw materials) and E2-4 (secondary microplastics) stand out as the most burdensome, given supply-chain transparency requirements, definitional uncertainty, and the need to develop new methodologies. These datapoints will require extensive data collection and supplier coordination, with significant recurring costs. E4 (biodiversity transition plan) is also seen as challenging due to uncertainty in scenario design and feasibility. Respondents also highlighted the need for transitional reliefs, phased implementation, and clearer guidance to reduce the costs of alignment and auditor discussions.

Overall, AKEU members agree that some new datapoints are justified, but others impose disproportionate costs. Agreement is therefore only partial.

#### **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.

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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).

<b>Datapoint</b>	<b>Rationale for new datapoints</b>
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. Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	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 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

( X ) PARTIALLY AGREE/PARTIALLY DISAGREE

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( ) NO

[COMMENTS – max 300 words]

The AKEU member organizations partially agree that the four new mandatory datapoints are appropriate and justified. While one of the datapoints codifies existing practice with little added burden, the others are seen as disproportionately costly.

The new requirement under ESRS 2 BP 1—confirmation that ESRS 1 general requirements have been applied—is straightforward and reflects existing reporting practice. Its burden is negligible. In contrast, E5-4 (critical and strategic raw materials) and E2-4 (secondary microplastics) are widely regarded as highly burdensome. Both require substantial supply-chain transparency, new tracking processes, and the development of robust methodologies in areas where definitions remain unclear. Respondents highlighted the difficulty of obtaining consistent data across suppliers and the additional effort needed to align with auditors. These datapoints are expected to drive significant recurring costs once implemented. E5-5 (unknown final destination of materials) also adds to the burden, though to a lesser degree, by requiring companies to set up additional tracking and classification systems.

Across all nine datapoints (five moved plus four new), 50% of respondents expect no change in burden, 42% foresee a moderate increase, and 8% a strong increase. This suggests that the new datapoints materially contribute to higher costs, especially during first-time implementation. Overall, while AKEU members acknowledge the intent behind these disclosures, they consider the balance between burden and benefit to be negative. Transitional measures, phased implementation, and clearer definitions would be necessary to ensure these datapoints are feasible and proportionate.

## **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

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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]

The AKEU member organizations partially agree that explicitly framing ESRS as a “fair presentation” reporting framework will support more relevant and decision-useful reporting. Respondents broadly view the requirement as a clarification of the principles-based DNA of ESRS rather than a fundamental change. Particularly for Wave 1 preparers already applying principle-based approaches, the effect is expected to be neutral. Anticipated benefits include softening a narrow compliance mindset, strengthening the materiality filter, reducing duplications, and helping Wave 2 preparers focus on those disclosures that matter most.

At the same time, significant concerns were raised about auditability. Several respondents worry that auditors may interpret “fair presentation” as an additional compliance layer, broadening the scope of required evidence, elevating assurance effort, and introducing subjectivity into reporting judgments. Without clear guidance and boundaries, the concept risks producing more reporting artefacts rather than reducing irrelevant disclosures. Respondents stressed the need for a precise definition of fair presentation in relation to materiality and the DMA, so that the principle constrains rather than expands audit demands.

Overall, 13% of the surveyed AKEU member organizations foresee a moderate burden reduction, nearly half expect no change, and about a third anticipate increased burden due to greater internal discussion, documentation, and assurance requirements. On reporting practice, most companies currently rely on checklists aligned with auditors; some see fair presentation as an opportunity to shift toward a more principle-based, management-oriented approach, but others expect continuity.

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In sum, fair presentation has potential to improve the effectiveness of materiality filtering and move reporting beyond checklists. Without a clearer definition of what fair presentation means and related implementation guidance, AKEU members worry that the benefits are at risk of remaining partial and uneven.