Joint Insurance Europe and European Insurance CFO Forum response to the Consultation on the Exposure Drafts of the revised European Sustainability Reporting Standards (ESRS)

Part 2: General Feedback

Question 11 on Double Materiality Assessment (DMA)
Summary of changes: 1. A new section presenting practical considerations for the DMA has been drafted, including the option of implementing either a bottom-up or top-down approach (Chapter 3.3 of ESRS 1). 2. More prominence has been given to materiality of information as a general filter (ESRS 1 Chap. 3.1). 3. The relationship of impacts, risks and opportunities (IRO), 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 IRO level, depending on the nature of the IROs and on how they are managed (ESRS 1, paragraph 22). 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 (ESRS 1 Chapter 3.7). 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. *EFRAG: Please do not comment here in "Gross versus Net" as it is covered by the next question*
Question: 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? *To keep the response focused and within the 300-word limit, we recommend limiting comments on the fair presentation framework here, as this will be addressed under Question 25*. **Insurance Europe response**: **Disagree** We support simplifying the DMA and strengthening the information filter. The option to disclose at topical or IRO level (§22) is positive, aligning with risk-based practices. We also strongly support AR17 on allowing both top-down and bottom-up approaches. However, stating that the top-down approach 'leads to the same outcome' invites auditor validation and undermines simplification. We suggest deleting this sentence. Articles 34–36 should also clarify that risks already addressed are not material at the outset. Overall, the DMA remains overly complex, and the proposed changes are unlikely to reduce reporting burden. Ultimately, the DMA's objective must be to identify material IROs. One particular point of concern is §21(b), which refers to information 'necessary for users' without defining criteria, risking disproportionate obligations. 'Necessary' leaves a lot of room for interpretation, and risks

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leading to excessive audit burden. **We therefore recommend deleting §21(b)** to avoid these unintended consequences. If retained, it should specify that disclosure is required only when the information can reasonably be expected to be necessary for users, with this assessment resting with the entity's management.

Furthermore, the information materiality filter should explicitly apply to all DR, AR, and datapoints. ESRS 1 should affirm a principles-based approach, allowing reliance on sectoral regimes (e.g., Solvency II) and requiring reassessment only when strategies, models, or contexts change.

Identical wording risks conflating materiality of information with financial materiality. These concepts should be clearly distinguished (e.g., ESRS 1 3.5 and 3.3.1).

Chapter 3 conflates 'topics' with entity-specific IROs, risking unnecessary auditor scrutiny. Topics and IROs should be clearly separated, with 3.2 clarifying that topics serve as the strategic entry point.

Appendix A should be moved to the NMIG as flexible guidance, without expanding ESRS scope, and provided that the CSRD establishes clear boundaries to avoid an inflation of reported topics.

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

Summary of 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**. 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.

Question:
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?

Insurance Europe response: **Disagree**

The new gross vs. net guidelines (paragraphs 34–35) introduce unnecessary complexity, highlighting the challenge of defining when a net approach is appropriate. To preserve comparability, gross impacts should form the basis of the assessment. We therefore recommend deleting paragraphs 34–35 and **retaining existing requirements, as set out in Set 1**, as the common baseline, with an optional net evaluation to provide flexibility in reporting. Thus, we see no added value in retaining EFRAG's proposed methodology for net assessments.

The new guidelines introduce three additional layers of assessment: (1) effectiveness tests of mitigation actions, (2) distinctions between significant ongoing and temporary actions, and (3) separate assessments for current and future reporting years. These add complexity and risk interpretive inconsistencies.

Although we welcome the reference to "supportable evidence" and "ongoing mitigation actions," calculating and verifying "remaining impacts" is highly challenging.

Within the assessment, a balanced approach should clearly distinguish between prevention and remediation measures already implemented (included in the assessment) and those only possible or planned (excluded). Remediation and prevention measures could still be transparently captured in the disclosures where appropriate, and thereby preserving fair presentation without compromising clarity, auditability and transparency.

We recognise and welcome the intent of Appendix C to clarify how mitigation, prevention, and remediation actions are considered in the DMA. However, we suggest relocating Appendix C to the NMIG. To enhance usability, it could be supplemented—or replaced—by a decision tree providing step-by-step guidance.

Question 13 on improved readability, conciseness and connectivity of ESRS Sustainability Statements

Summary of 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?

Insurance Europe response: Partially agree

We welcome the increased flexibility introduced by the amendments, particularly the ability to use appendices and sub-parts. This enables preparers to separate technical or detailed content from the main narrative, thereby improving the readability and accessibility of the sustainability statement for a broad range of users. The possibility of including an executive summary is also a useful addition to enhance relevance and conciseness, and we urge that this be allowed in a free format. Furthermore, flexibility should be allowed in structuring the narrative to avoid fragmentation and repetition across different standards or their sections.

We also note that EFRAG has introduced additional obligations (ESRS 1, paragraphs 111 and 113) regarding the connections within the sustainability statement, with other corporate documents, and between PAT and IROs. Even if these obligations require only reasonable and sensible information, they still represent an objective additional reporting burden and risk contradicting the EC mandate. Hence, we propose to delete these additional obligations.

Question 14 on restructuring of the architecture and interaction between ESRS 2 and Topical Standards

Summary of 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?

Insurance Europe response: Partially agree

We support the amendments balancing prescriptiveness and preparation effort with information relevance and comparability. We welcome reducing 'shall' datapoints for PATs through conversion to ARs and relocating key elements to topical standards. Maintaining PAT disclosure for material IROs while removing future intentions enhances clarity without affecting its purpose.

The changes to MDRs (GDRs) in ESRS 2 appear to reflect a pragmatic approach.

However, we do not agree with the new prescriptive disclosure requirements at the PAT level in GDR-M, §41. 41(a) requires disclosure of data types and sources for each metric, which we suggest deleting. 41(b) introduces additional obligations on environmental conditions and characteristics for all environmental metrics, including value chain metrics, which were not part of Set 1. We therefore recommend removing paragraph 41(b) entirely.

In ESRS E1, mitigation and adaptation are combined (21(a)), and resilience analysis is required annually (AR 9), which may blur distinctions and add complexity without improving reporting quality. For insurers, resilience analysis is linked to the ORSA climate stress test, conducted at least every three years, so ESRS should allow flexibility and align with the ORSA cycle. Scenario requirements also differ: EFRAG specifies one high-emission and one 1.5°C scenario, while ORSA requires one below and one above 2°C. ESRS should accommodate such sector-specific practices and avoid mandating specific scenarios, instead requiring disclosures on any resilience analysis undertaken. Companies should be able to rely on ORSA results without additional ESRS-specific demands, consistent with the "report only once" approach in Set 1.

We recommend softening the significance criteria in SBM1 AR10, which currently require disclosure based on 10% of turnover or connection to material impacts. The quantitative threshold should be removed, with disclosure focused solely on information that is material. This would avoid disproportionate reporting effort while ensuring clarity on the business model's sustainability links.

Question 15 on improved understandability, clarity and accessibility of the Standards

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

Insurance Europe response: Disagree

While we welcome the proposed changes, they fall short of delivering genuine simplification. The standards remain highly complex and accessible mainly to experts.

We support the objective of eliminating 'may disclose' datapoints to enhance focus and reduce confusion. However, some 'may' DRs remain (e.g., ESRS 1.114 and 1.115), and several 'may' datapoints persist in the ARs (e.g., ESRS 2 AR25 and AR27). We propose moving these remaining 'may' datapoints to the NMIG to provide guidance without expanding mandatory reporting.

We welcome the relocation of all mandatory disclosure requirements into the main body of the standards, along with the placement of application requirements directly below each relevant DR and Chapter in ESRS 1. ARs are intended to provide clarifications and constitute mandatory requirements, while all guidance or illustrative examples should be moved to the NMIG. In this context, the 46 DP (40 'shall' and 6 'may') that EFRAG moved from the ESRS to the AR (Appendix 3 of the Basis for Conclusions) should be deleted. Maintaining them in the AR risks introducing new obligations indirectly and undermines the goal of simplification, potentially causing confusion for preparers and auditors.

To limit adjustment costs, we encourage EFRAG to publish a new Excel sheet of datapoints as soon as possible, with a correlation table linking the previous and updated datapoints. Regardless of the thresholds for reporting, this would provide relevant guidance and benefit companies.

We appreciate the efforts to improve language consistency, clarity, and conciseness. Nonetheless, we caution that changes to established terminology should be implemented with care, as many undertakings are already preparing or reporting under the original ESRS.

Question 16 on the usefulness and status of "Non-Mandatory Illustrative Guidance" (NMIG)

Summary of changes:

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 does 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 can access the NMIG at this link.

Question: Members are invited to provide comments on any of the specific NMIG (ESRS 1, ESRS 2, E1, …)

NMIG ESRS 1: _____
NMIG ESRS 2: _____
NMIG ESRS E1: _____
NMIG ESRS E2: _____
NMIG ESRS E3: NMIG 3 for para 22: References are still made to policies related to both climate change mitigation and climate change adaptation. By contrast, in the Exposure Draft under E1-4 (Policies related to climate change), the reference is limited to climate change in general, without distinguishing between sub-topics. This discrepancy could potentially create confusion in reporting (if the NMIG are used as guidance by preparers of ESRS reports). We would therefore recommend clarifying in the NMIG that the examples can relate to both mitigation and adaptation, while emphasizing that mandatory reporting only focusses on climate change policies.
NMIG ESRS E4: _____
NMIG ESRS E5: _____

NMIG ESRS S1: _____
NMIG ESRS S2: _____
NMIG ESRS S3: _____
NMIG ESRS S4: _____
NMIG ESRS G1: _____

Insurance Europe response:

The NMIG should clearly state its non-authoritative nature for both preparers and auditors. We support EFRAG's recommendation not to include the NMIG in the Delegated Act, as doing so would undermine simplification by reintroducing voluntary datapoints and creating unnecessary pressure on preparers. The NMIG should be concise and limited to clarifications and practical examples of how to apply the ESRS, not a repository of prescriptive datapoints or "best practices," which risks confusing stakeholders and preparers about its role.

We note that the current NMIG retains prescriptive datapoints from Set 1 which do not illustrate application but suggest additional disclosures (e.g. data breakdowns or granular specifications), especially in E1 (except E1-2 and E1-4), E2, E4, E5-5, and S1-2. These should be deleted altogether, as otherwise the NMIG risks being interpreted as a set of best practices that undertakings are implicitly expected to follow. Reducing its volume would also improve efficiency and lessen the burden on preparers.

We further stress the need for a strict separation between mandatory and voluntary requirements. Implementation guidance is useful, but examples framed as "the undertaking could consider/apply" risk becoming de facto obligations if auditors and stakeholders treat them as best practice. These should be labelled explicitly as "non-mandatory illustrative examples" and excluded from the Delegated Act. In addition, the introduction of new terminology such as "can" (e.g. AR4) blurs the line between voluntary and mandatory requirements. To avoid confusion, EFRAG should maintain consistent language and refrain from introducing new terms in the revised standards.

Question 17 on burden reliefs and other suggested clarifications

Summary of 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 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: 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?

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 29 if you intend to comment on this aspect. Other selected changes to enhance consistency are described in the Log of Amendments for each standard. As interoperability with IFRS S1 and S2 is specifically addressed in question 21, it should be commented upon there. Please also refrain here from comments on the options proposed for quantitative financial effects, as it is addressed in another question below.

Insurance Europe response: Disagree

We recognise efforts to reduce reporting burdens while maintaining transparency, alignment with the Green Deal, and interoperability with ISSB standards. With targeted improvements, the amendments could better balance relief and transparency.

We welcome the "undue cost or effort" exemption, which eases burdens for complex data collection, and the flexibility for newly acquired subsidiaries, which reflects operational realities and clarifies consolidation timing. To ensure legal certainty and prevent divergent interpretations, **it should be explicitly confirmed that applying these reliefs within the ESRS framework does not compromise the fair presentation of reported information**. It is also essential that these reductions of reporting burdens are foreseen as permanent.

We support removing the systematic preference for direct value chain data. Section 5.2 should clarify that upstream and downstream information only applies when performing materiality assessments, not to metrics disclosure. As drafted, §60–67 and AR28 could require collection across all metrics, imposing excessive burdens. The principle on direct data (§62) should be nuanced to avoid creating a hierarchy over estimates.

For financial institutions, managed assets—particularly off-balance-sheet fiduciary assets—pose challenges because clients control investment decisions, risks, and sustainability choices. Reporting these assets could impose undue data collection costs. We suggest excluding these managed assets from the CSRD scope and making their impact reporting voluntary.

For insurers and financial institutions, reliable Scope 3 data are difficult to obtain. Extending the partial data coverage relief (§91) to E1-8 would support practical implementation while maintaining the Green Deal's objectives. We also recommend extending the relief for excluding joint operations without control from environmental metrics beyond E2–E5 to E1, given similar data constraints, while clarifying that the choice of an operational control approach remains optional.

Question 18 on the relief for lack of data quality on metrics (ESRS 1 paragraph 92)

Summary of changes:

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 91 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.

Question: 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?

Insurance Europe response: **Partially agree**

We support the introduction of the 'undue cost or effort' relief and welcome its consistent application across all reporting areas, including the identification of material IROs and the calculation of metrics. Furthermore, we agree that flexibility without a fixed time limit provides companies with realistic pathways to improve data quality progressively, especially in complex or data-scarce contexts.

We support the flexibility introduced by paragraph 91 but recommend clarifying that, in cases of limited data availability, value chain metrics may be entirely or partially estimated, rather than just "partially estimated." This would better reflect preparers' realities and align with other existing international frameworks.

The relief in paragraph 91 of ESRS currently excludes GHG emissions, despite these being highly uncertain, costly, and often based on unreliable or unavailable data. As drafted, full coverage would be required regardless of feasibility or data quality, potentially incentivizing low-quality estimates rather than high-quality, verified data for management purposes such as target setting. Regulation should emphasise accuracy and reliability, limiting mandatory estimates to cases that enhance understanding of the company's activities. We fully support the relief concept in paragraph 91 and strongly call for including GHG emissions.

In case an operational control is chosen, paragraph 92 is presented as a relief but appears to establish disclosure requirements for joint operations with operational control under ESRS E2–E5, contradicting the defined consolidation scope.

Question 19 on relief for anticipated financial effects

Summary of changes:

The Amended ESRS currently includes two possible options (ESRS 2 paragraph 23), which would apply to all topics, including climate (DR E1-11):

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.

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.

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.

Insurance Europe response: We agree with Option 2

We acknowledge and support the changes to anticipated financial effects but believe that Option 1 raises significant concerns, including estimation uncertainty, increased litigation risk, and the lack of standardised methodologies and comparable data to ensure consistent disclosures. Such forward-looking and sensitive information is particularly difficult to report at present and may give a false impression of certainty.

We therefore **recommend adopting Option 2**, as it offers a more balanced and realistic approach. It recognises the practical challenges, legal risks, and audit impracticability of forward-looking disclosures and allows time for the development of reliable data and methodologies.

We also note that Option 2 allows for the voluntary disclosure of quantitative information, so that ISSB interoperability is still achievable.

Should Option 1 be adopted, it should be strictly limited to climate topics and made fully interoperable with ISSB Standards to avoid unnecessary additional burden. This means removing the specification that relief applies only when no reasonable and supportable information from business plans is available, as even minor wording differences create extra work, and including an explicit provision allowing undertakings to omit quantitative information where they lack the skills, capabilities, or resources to provide it. In addition, **implementation should be phased in over the long term**, and only as sufficient data and methodologies become available, to avoid imposing significant additional effort on companies.

Judgement on the use of relief should remain at the undertaking's discretion. While larger undertakings may typically have the necessary capabilities, there will be cases where such preconditions are not met due to the complexity and immaturity of these disclosures.

Question 20 on the disclosures on Anticipated Financial Effects

Summary of changes:

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.

Question: Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 have been sufficiently simplified and that they strike the right balance between reporting effort and users' needs?

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

Insurance Europe response: **Partially agree**

We welcome and appreciate the effort to simplify the DR on Anticipated Financial Effects, particularly through the reduction in scope from the previous E1-9. However, further adjustments are needed. If Option 2 is adopted, the datapoints related to financial effects in the topical standards should be modified accordingly to reflect their different nature. Under Option 2, DR and AR E1-11 should be **voluntary provisions and focus on qualitative rather than quantitative disclosures** across all topics. Also under Option 2, disclosures should relate to assets as part of the company's own operations and not to assets in the value chain, such as financial and non-financial investments.

Regarding paragraphs 40 and 41, if Option 1 is adopted, the requirements should be aligned with the DMA approach, deleting the phrase "before considering climate change mitigation actions." Paragraph 40(b) is challenging because 'key assets' and location details are ambiguous, potentially leading to inconsistent reporting. For 41(c), while narrowing the scope to "real estate used as loan collaterals" is positive, breaking down these assets by energy-efficiency class may not provide material information.

The revised wording in 41(e) remains ambiguous regarding whether revenue figures should be reported gross or net of mitigation actions; a consistent approach would be to include the effect of mitigation actions already

taken while excluding possible future actions. Without clarification, this could lead to inconsistent interpretations and reduced comparability.

Question 21 on enhanced interoperability with the ISSB's standards IFRS S1 and S2

Summary of 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 AR19), 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 SASB Standards and IFRS Industry-based Guidance 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 aligned with ISSB standards described in Basis for Conclusions (BfC) (Chapter4).
8. Several changes have been introduced to further advance interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4).

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

Insurance Europe response: **Partially agree**

We welcome reliefs, including the "undue cost or effort" provision, which offer flexibility without reducing transparency. Allowing qualitative disclosures or ranges where quantitative data is unavailable balances practicality with investor needs. Streamlined language, removal of redundant datapoints, and partial alignment with IFRS and the GHG Protocol reduce complexity and reporting burdens while maintaining quality.

E1 AR 19 and AR 20 (para. 32) set the financial control boundary of the GHG Protocol. When this fails to convey a fair presentation, undertakings should also disclose scope 1 and 2 emissions using the operational control approach. Reporting both boundaries may create redundant metrics and complicate fair presentation, so flexibility is needed to align with EC objectives.

Financial consolidation should not automatically define operational boundaries, as this could misrepresent control over leased or sub-leased assets. Requiring parallel disclosure under both financial and operational control would confuse stakeholders; allowing one method with clear justification is more practical.

We suggest clarifying that all assets held for investment purposes—not just leased assets—should be treated as downstream value chain (scope 3) for GHG emissions, in line with ESRS 1 paragraph 70, rather than included in scope 1 or 2. Current wording risks auditors applying this only to leased assets.

We also note remaining interoperability issues with the GHG protocol. Under IFRS S2 and the GHG Protocol, undertakings may choose either financial control or operational control to define GHG boundaries. By contrast, ESRS E1 AR 18-20 currently diverge and effectively push a financial-control approach. We therefore call for the same flexibility as IFRS S2 and the GHG Protocol. This is especially important for insurers, where financial control often exists without operational control due to business models and prudential rules; therefore, requirements should reflect actual control over investments – or align fully with IFRS S2.

Question 22 on reduction in the number of mandatory and voluntary datapoints

Summary of changes:

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.

Question: 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?

Insurance Europe response: Disagree

We welcome the reduction in length of the revised ESRS, as well as EFRAG's efforts to clarify interactions between ESRS 2 and the topical standards – particularly on PAT. We also support the prioritisation of quantitative datapoints over lengthy narratives and the clearer distinction between mandatory and voluntary requirements.

However, the Log of Amendments indicates that many DPs were moved, merged, or amended rather than deleted. In addition, **a shorter standard does not necessarily equate to a lower reporting burden.** It is essential that the proposed reduction is real and effective; therefore, burden should be assessed by the weight of datapoints, not merely by their count. Initial analysis suggests limited relief, with extensive rewording and restructuring creating interpretation and implementation challenges for wave-1 undertakings, potentially undermining the grandfathering objective. In addition, significant concerns remain regarding newly introduced concepts and methodologies, which may, in fact, increase the reporting effort.

To consolidate the benefits of the revision, three adjustments are recommended. First, complete the removal of duplication by deleting overlapping DPs across ESRS 2 and the topical standards; while progress on PAT is welcome, the PAT DP should also be removed from the ARs. Second, DPs for which no robust, shared methodology or data exists should be deleted. Lastly, it should be ensured that reductions are substantive rather than nominal. Notably, we should avoid shifting complexity from standards to guidance, by simply relocating DPs to NMIG which should instead be deleted altogether.

Question 23 on the Six datapoints exceptionally moved from "may" to "shall"

Summary of changes:

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). The 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 and [2] number of incidents: ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for 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.

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

Insurance Europe response: Disagree

We do not support reclassifying 'may' datapoints into 'shall' datapoints or adding any new ones, we particularly oppose the introduction of new metrics in G1. These changes would represent a significant increase in reporting burden and contradict the Commission's simplification mandate. However, if these datapoints are retained, we note the following:

ESRS E4: While disclosure is only required if a plan has already been publicly released, this risks uneven reporting across sectors and implicit pressure, especially on high-impact entities, to publish plans prematurely, before robust methodologies or guidance are available. As expectations on biodiversity transition planning evolve, requirements should remain proportionate, clear, and aligned with frameworks like the TNFD. Moreover, plans published outside the financial statements are subject to a lesser level of control and audit, so EFRAG's claim that mandatory inclusion in the sustainability statement adds no burden is misleading. Making such disclosure mandatory may even discourage companies from publishing plans at all. ESRS G1 Training: While consolidating scattered datapoints into one provision is welcome, the current approach creates avoidable ambiguities. In particular, the term "depth of coverage" in the context of training remains unclear – e.g. does it refer to the type of training or the functions included. Training requirements should therefore be clearly defined and disclosures limited to what is material (see Part 3 under G1 for details).

ESRS G1 confirmed incidents: While we support transparent reporting on corruption and bribery, we do not favour quantitative metrics over narrative disclosures. Narrative information provides context on nature, scale, and remediation, while simple counts risks misinterpretation – overstating issues in companies with strong controls or understating them in those with weaker ones. In addition, the proposed quantitative datapoints are insufficiently defined and overly sensitive. However, if a count is required, it should be limited to incidents confirmed by judicial or equivalent rulings.

Question 24 on four new mandatory datapoints (exception)
Summary of changes: ESRS 2 General Disclosures – BP1 the undertaking shall state that the general requirement of ESRS 1 have been applied for the preparation of its sustainability statement: This may be considered as a new datapoints 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.
Question: Do you agree that these exceptions to the general rule are appropriate and justified? **Insurance Europe response: Disagree** We oppose the introduction of new mandatory datapoints. The revised ESRS should prioritise simplification, and adding new mandatory requirements runs counter the European Commission's mandate. However, if these datapoints are retained, we recommend the following: Regarding ESRS 2 BP-1, we acknowledge the consolidation of multiple disclosure requirements into a single statement of compliance. While we appreciate the streamlined 'comply or explain' approach to only state deviations from the ESRS 1 General requirements provisions, we find it useful to provide that information in the relevant context and to not list all the details in the first section. However, we suggest amending BP-1 to provide clearer guidance on the definition of "own operation", by, for instance referring to paragraph 70 of ESRS 1 (regarding lessor and lessee). To further improve clarity and avoid redundancy, we suggest removing the datapoint on value chain coverage ESRS 2 (§4b), since Section 5.2 of ESRS 1 already adequately addresses value chain treatment within sustainability reporting, limiting it to the undertaking's scope of responsibility for PAT and generally excluding it for metrics. This datapoint overlaps with existing provisions (e.g., SBM 3, IRO 1, PAT GDR). Additionally, we advise against using lettered lists (a, b, c, etc.) for provisions, to prevent confusion or misinterpretation as separate datapoints or tagged disclosures. Furthermore, we propose deleting BP-2 on phasing in related material topics. Instead, disclosure of phased-in material topics (§6) should be relocated to IRO 2 where applicable, and the specification of phased-in provisions and minimum PAT content (§7) should be aligned with the General Disclosure Requirements (GDR) or ESRS 1 Chapter 10 on transitional provisions. This would better align the standard with CSRD requirements and help reduce complexity.

Question 25 on the emphasis on ESRS being a "fair presentation" reporting framework
Summary of changes: 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 is less established reporting practice. They think that the Amendments may result in increased legal risks and audit costs. Under ESRS 1 Chapter 2, Fair presentation requires the undertaking to apply the qualitative characteristics of information, as defined and described in Appendix B, i.e.: (a) relevance and faithful representation (fundamental characteristics); and (b) comparability, verifiability and understandability (enhancing characteristics).
Question: 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 enable more relevant reporting and reduce the risk of excessive reported information? **Insurance Europe response**: **Partially agree** We support emphasising fair presentation (FP) in ESRS to reinforce materiality and improve decision-usefulness of information. However, the current wording risks reintroducing a compliance mindset, especially in the absence of auditing standards for sustainability reporting. Formalising "completeness", "comparability", "accuracy", and "verifiability" may lead preparers and auditors to adopt overly conservative interpretations. FP must be applicable to forward-looking or uncertain disclosures; those based on estimates, evolving methodologies, or scenario analysis. Accordingly, "accuracy" and "verifiability" should not imply absolute precision. "Completeness" risks being read as exhaustiveness, conflicting with simplification and encouraging over-reporting and over-auditing; we therefore recommend removing "complete" from the definition. FP should be defined as an **overarching principle** prioritising relevance and proportionality. We suggest **integrating into ESRS 1 the concept articulated in the Basis for Conclusions (para 169).** **Compliance with ESRS should be presumed to achieve fair presentation,** and the framework should **emphasise the reasonable, informed judgment of the undertaking.** It should be clarified that **FP enables both additions and omissions**: decision-useful context may be added when necessary, and requirements may be omitted as an outcome of the DMA or the information-materiality filter. An explicit formulation could be included: "*Where the strict application of an individual disclosure requirement would be disproportionate or not relevant to the undertaking's circumstances, the undertaking may adapt or omit such information, provided that the sustainability statement as a whole still achieves fair presentation of the undertaking's material impacts, risks, and opportunities*." Additionally, the Commission should issue **Q&As clarifying the application/intent of FP for auditors** – avoiding burdensome interpretations–and make explicit that the sustainability notion of FP differs from financial reporting and should not be treated as identical to the ISSB's. Finally, there should be alignment with the limited-assurance context under CSRD: disclosures need not be "true" in an absolute sense, particularly for forward-looking, qualitative, or complex quantitative matters.

Question 26 on the exception for Financial Institutions' Absolute climate reduction Targets
Summary of changes: 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.
Insurance Europe response: We **agree** that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets. We support exempting only financial institutions from disclosing absolute GHG emissions values when intensity targets are set. This is particularly relevant for insurers, whose emissions are largely indirect. Calculating absolute values requires extensive assumptions and complex modelling, producing results with low reliability and limited value to stakeholders, which raises concerns regarding the qualitative characteristics of useful information and potential distortions due to business growth. We recommend amending the wording as follows: (a) GHG emission reduction targets for Scope 1, 2 and 3, either separately or combined, expressed as absolute or intensity-based values. The undertaking shall specify, in case of combined GHG emission reduction targets, which GHG emission Scopes (1, 2 and/or 3) are covered and, where relevant, the share related to each respective scope. The breakdown of Scope 1, 2, and 3 shall not be required if the undertaking has not set targets in this way, in line with its management approach. Furthermore, by using intensity targets, financial institutions can support sectoral transition, for example by financing companies gradually reducing fossil fuel dependence or investing in technological transformation (e.g., electrification of vehicles), without imposing artificial limits through absolute values. A key difficulty lies in interpreting portfolio intensity metrics, which can be affected by market volatility or portfolio allocation rather than actual investee emissions. Estimating future portfolio size can lower absolute financed emissions without affecting real-world emissions, risking misinterpretation. Requiring absolute emissions disclosures provides limited insight and may create unintended consequences.

Question 27 on ESRS S1: New threshold for reporting metrics disaggregated at country level
Summary of changes: 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.

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

Insurance Europe response: **Disagree**

We support efforts to improve the availability and comparability of country-level social data where it is relevant for users.

However, we disagree with the new threshold for country-by-country disclosure in ESRS S1-5 and S1-7, as it significantly increases both the burden of global data collection and the number of data points to be disclosed. Metrics on employees are often collected primarily by operating entity rather than by country, as is the case in many companies for internal steering purposes. At the same time, an increased number of data points may reduce the readability and conciseness of the final Sustainability Statement.

While the shift in threshold has the potential to improve transparency without fundamentally altering the scope of disclosures for most undertakings, it introduces methodological adjustments and additional disclosure requirements. Preparing consistent and assurance-ready disclosures—especially on collective bargaining coverage and social dialogue—may require considerable additional effort, particularly for companies with decentralised HR systems or operations across jurisdictions with varying labour regulations.

We therefore encourage EFRAG to further evaluate the practical implications of this change and to consider reviewing and streamlining the wording of the standard, especially in §§5, 9, 11, 19, and 21, to eliminate redundancies and reduce the interpretative burden.

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

Summary of changes:

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 to the field test on Adequate Wage please send an email to fieldtestadeqwages@efrag.org by August 18, 2025.

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

Insurance Europe response: Partially agree

We support the objective of promoting fair and transparent wage practices and welcome the reference to international frameworks. The amended methodology for calculating non-EU adequate wages under ESRS S1 AR 22 introduces a more structured approach that recognises jurisdictional wage-setting mechanisms while aligning with global expectations on living wages.

However, we partly disagree with the amended Adequate Wage benchmark outside the EU outlined in the new AR 22(b). We do not consider it the responsibility of individual undertakings to ensure that statutory minimum wages are "periodically reviewed/adjusted every two years and take into account the ILO wage-setting principles" (AR 22(b)(i)). Similarly, we disagree with the newly introduced last sentence of AR 22(b), which indicates that adequate wage benchmarks outside the EU "should take into account both the needs of workers and their families, as well as economic factors." Again, this is not a responsibility that individual undertakings can assume. Beyond these points, the proposed change does not simplify reporting and adds complexity..

Changes to permissible sources for living wage estimates require companies to reassess previously relied-upon data, while the lack of clarity on which methodology prong to apply may reduce comparability. Positioning living wage data as a fallback rather than a primary benchmark may also affect relevance in jurisdictions where statutory wages fall below adequacy thresholds.

From a sectoral perspective, the disclosure requirement on adequate wages (ESRS S1 paragraph 32 and related AR) is of limited value for the insurance industry. Fair compensation is generally not a material concern in this sector, yet the proposed reporting obligation would impose significant effort and cost. Pending the outcome of the ongoing field test, we recommend that disclosure of non-EU adequate wages be made voluntary or phased in to ensure feasibility, promote consistency, and avoid misleading disclosures based solely on minimum wage data.

Question 29 on SFDR and other EU datapoints in Appendix A of Amended ESRS 2

Summary of changes:

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 of the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now Appendix A of Amended ESRS 2) have been modified.

The key changes for Environmental standards (ESRS E1-E5) are:

- 8 SFDR PAI sensitive DPs have been deleted but they were either overlapping with other DPs or can be derived from other information (E1-5, para.38, 40-43; E1-6 para44, 53-55; E3-1, para 14; E3-4, para 29; E5-5 para 37 (d) and 39)
- 1 SFDR PAI sensitive DPs in Appendix B (indicator number 12 Table #2 of Annex) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical standards. This refers to the topic of marine resources, which is not in scope of ESRS E3.

The key changes for social standards (ESRS S1-S4) are:

- 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.
- 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.

Question: 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.

Insurance Europe response: **Partially agree**

We support maintaining alignment between the ESRS and SFDR frameworks and welcome the careful review undertaken by EFRAG, which appropriately deleted or consolidated certain SFDR-related datapoints where information was duplicated, could be derived from other disclosures, or lacked material relevance.

However, the materiality of certain SFDR PAIs remains variable in practice, and the final set of retained datapoints may still include indicators that are not relevant for all undertakings. In this context, we reiterate our broader position that alignment with SFDR should not bypass the materiality filter. Consequently, for product-level reporting, the mere presence of an SFDR PAI should not, by itself, result in a mandatory ESRS disclosure, except for an explicit indication of non-materiality where the indicator is not material to the undertaking.

We also caution that several indicators, particularly in the environmental standards (E1–E5), may require complex methodologies or granular data that could challenge reporting entities, especially smaller or less mature companies.

It is important to consider the forthcoming review of the SFDR, which may lead to the removal or amendment of certain PAI indicators. Any such changes should be promptly reflected in the corresponding ESRS datapoints to ensure consistency over time. This could be achieved by establishing **an explicit dynamic link between the ESRS and the SFDR PAIs**, allowing the standards to evolve with future regulatory developments. Certain remuneration-related datapoints (such as those in ESRS S1-16) already represent a significant reporting burden, and any amendments to the corresponding SFDR PAIs should be promptly reflected in the ESRS to avoid unnecessary complexity and duplication.

Further, PAI reporting under SFDR at entity level should be removed when group-level aggregated disclosure is provided. That is, upon (group aggregate) PAI disclosure under CSRD, the Art. 4 SFDR requirement for entity-level disclosure should be deemed as complied with.

Question 30 on ESRS E4 DR E4-4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets

Summary of changes:

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 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.

Question: Do you agree with the review of AR 26 in Amended ESRS E4?

Insurance Europe response: **Partially agree**

We support the review of AR 26 in Amended ESRS E4, insofar as it contributes to the overall simplification of the standard and maintains a degree of methodological guidance that can assist undertakings in defining

relevant biodiversity and ecosystem-related targets. However, the current target-setting guidance in AR 26 is primarily oriented towards the real economy, focusing on direct actions such as habitat restoration or number of projects/sites, which suit production sectors. For financial institutions, biodiversity targets are instead linked to portfolio alignment, sector inclusion, engagement targets, or impact reduction based on investee metrics, emphasizing the shift of capital rather than direct operational control. Given these differences, we suggest that ESRS avoid prescriptive target guidance, allowing each sector flexibility to define targets relevant to its role and impact.

We also recommend EFRAG to refrain from integrating immature methodologies in the biodiversity reporting landscape in the ESRS, including science-based frameworks such as the SBTN. While we acknowledge the value of consistency with Set 1 and the simplification objectives, the fast-evolving methodological context means that more time is needed for those methodologies to mature before being integrated in the ESRS.

We also note that the application requirements should retain flexibility and avoid turning into de facto mandatory expectations. AR 26 should remain illustrative and optional in nature, supporting undertakings in understanding what targets may cover without implying standardised metrics.

We are concerned about excessive granularity in ESRS E4, particularly regarding site-specific disclosures, such as the location of material IROs (§20a). Such requirements can be disproportionately burdensome for companies operating across diverse jurisdictions or complex supply chains. In this context, guidance under AR 26 should promote proportionality and scalability in reporting practices.

Question 31 on ESRS S1 DR15: Gender pay gap

Summary of changes:

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 of 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 set 1. The deletion of voluntary datapoints obey to the general approach in the revised architecture.

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

Insurance Europe response: **Agree**

We acknowledge the rationale behind deleting the voluntary datapoint on the adjusted gender pay gap by employee category in ESRS S1, as part of EFRAG's effort to streamline and simplify the standards. However, while its voluntary status previously allowed flexibility, its full removal risks limiting undertakings' ability to provide meaningful and comparable information on gender pay equity. We therefore recommend clarifying in the Non-Mandatory Implementation Guidance (NMIG) that such flexibility remains available.

Question 32 on ESRS G1 DR G1-2 and G1-6: Payment practices

Summary of changes:

The revision of ESRS G1 has led -among 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.

Question: Is the current replacement/formulation sufficient to meet the objectives of the CSRD in respect to the protection of SME's?

Insurance Europe response: **Partially agree**

We welcome the inclusion of paragraph 33(b) in the revised ESRS G1, which introduces a clear requirement to disclose standard payment terms by supplier category, including SMEs, and the percentage of payments aligned with those terms.

However, requiring disclosure of the percentage of payments aligned with standard terms (in days) would be overly burdensome, as the necessary data is often unavailable at sufficient detail. We therefore propose removing this requirement or limiting it to cases where a material number of payments are late.

Paragraph 79 permits alternative definitions for medium- and long-term horizons in certain cases. These cases are equally relevant to short-term horizons. We therefore propose extending paragraph 79 to allow different definitions for the short term as well.

Question 33: Overall feedback per standard

Summary of changes:

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).

Question: 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?
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.

ESRS 1 [**partially agree and partially disagree**]

Insurance Europe response:
Reporting across all ESRS should focus on relevant, decision useful information while avoiding unnecessary over-reporting. The materiality assessment must stay strategic and flexible, allowing each preparer to adapt it to its own strategy, business model, and specificities. We therefore call for further simplification across the framework—limiting requirements to the minimum and adopting a principles-based approach that better reflects business realities.

Part 3: Detailed Feedback

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.

Insurance Europe response:

ESRS standards	Comments at chapter or DR level
ESRS 1	**ESRS 1 §§10-11:** The section on entity-specific information is not clearly delimited, only entity-specific information that is necessary for decision-making by the primary users shall be included. If this is not clearly stated, we fear that it could result in information overload and an unnecessarily large burden for companies. To limit entity-specific information better, we suggest adding: "If the undertaking concludes that a topic related with one or more material impacts, risks or opportunities is not covered, or not covered with sufficient granularity by an ESRS and ***the entity-specific information is necessary for decision-making by the primary users,*** it shall provide additional material entity-specific disclosures on that topic…" In para 11 it should be added that the consideration of comparability should be done without undue cost and effort.
ESRS 1	**ESRS 1, AR 4 for para 21:** The text concerning the different terms "material impacts", "principal impact" and "most significant impacts" should be clearer on the fact that are synonyms, hence the second para just creates confusion and should be deleted or rewritten.
ESRS 1	**ESRS 1 Chapter 3:** The chapter conflates 'topics' with 'IROs'. A reporting undertaking may have a single IRO in a broader topical area without the whole topic being material for that undertaking. Conflating both terms can increase reporting effort through additional auditor scrutiny. Therefore, more consistent and clearer segregation between 'topics' and 'IROs' is necessary.
ESRS 1	**ESRS 1 § 25:** Clarification is necessary that financial materiality arises only from risks and opportunities, not from impact.
ESRS 1	**ESRS 1 § 26:** It should be clarified that undertakings may start their materiality assessment from either impact or financial perspective, depending on existing processes. **ESRS 1 § 26:** Using the terms "in general" and "may" underline the fact that the text is guidance and should therefore be moved to non-binding guidance. Para 40 and 41 is sufficient in covering the topic.
ESRS 1	**ESRS 1 § 29** Proposed amendment: ""The undertaking shall update the conclusions of the materiality assessments conducted in the previous reporting periods to take into account any material changes in the undertaking's organisational or operational structure, or material changes in external factors that could generate new or modify existing IRO have occurred. Because of changes in its individual circumstances or in the external environment, some types of information included in its ESRS sustainability statement for prior periods might no longer be material; conversely, some types of information not previously disclosed might become material."
ESRS 1	**ESRS 1 §§31–32:** We suggest that the criteria of scale, scope and irremediability serve as optional tools to assist in identifying material matters. These criteria should not be mandatory, and the use of "may" rather than "shall" would preserve flexibility for undertakings.
ESRS 1	**ESRS 1 §34**: We recommend revising §34 to better reflect the practical challenges associated with separating the assessment of actual negative impacts before and after mitigation or remediation measures. In practice, this distinction is highly complex and often difficult to operationalize, particularly when impacts evolve over time or when mitigation is embedded in ongoing processes. The current wording may lead to significant documentation burden and interpretive uncertainty, especially in audit contexts.
ESRS 1	**ESRS 1 §35**: We welcome the proposed reliefs regarding the double materiality assessment. However, the requirement to report potential impacts subject to "significant ongoing mitigation or prevention efforts" in its current form leaves interpretive uncertainty that may lead to disproportionate complexity in application as well as difficulties in audit contexts. Given that alignment with auditors on materiality

	assessments has been a key implementation challenge, the ESRS simplifications should explicitly address this issue to achieve meaningful burden reduction.
ESRS 1	**ESRS 1 §36:** EFRAG indicates in the log of amendments for this paragraph that it was intended here to (a.o) define positive impacts: "Reference to "philanthropy" was considered but discarded. Only impacts that derive from business activities, products and services qualify as positive impacts to be reported." However, as this definition has not been included in §36, discussions are expected when reporting positive impacts (should or should we not use the definition contained in the log of amendments?). Furthermore, this definition is not clear: would (voluntary) work for the society organised by the company or societal sponsorship by the company be considered part of business activities or services?
ESRS 1	**ESRS 1 § 38:** It should be clarified if it is sufficient to reference the risk and opportunity report to meet the requirement of addressing materiality beyond consolidation scope, as this report typically also covers business relationships.
ESRS 1	**ESRS 1 AR 16:** The AR should also include opportunities.
ESRS 1	**ESRS1–AR 17:** the choice between a top-down and bottom-up approach to MA should not be subject to additional burden such as the requirement that "is expected to lead to the same outcome as the bottom-up approach". This requirement may prompt auditors to request validation of this assumption, potentially undermining the intended simplification and therefore it should be deleted
ESRS 1	**ESRS 1 Chapter 3.5:** It should be clarified that specifications described under 3.3.1 are to be read in conjunction with 3.5 to make clear that e.g. paragraph 31 only applies for impacts that the undertaking did not identify as material in the first step.
ESRS 1	**ESRS 1 § 40** Proposed amendment: "Material risks and opportunities derive, e.g., from the undertaking's: (a) material impacts, as identified through the impact materiality assessment; (b) dependencies on natural, human and social resources; and (c) other factors, such as exposure to climate hazards or changes in regulation that address systemic risks. Entities subject to prudential supervisory regulation can rely on the existing methodologies to assess financial materiality." Additionally, risks management frameworks are already prescribed for insurers by prudential regulation (from EIOPA), that can be used for DMA. Therefore, we propose to add: "Entities subject to prudential supervisory regulation can rely on the existing methodologies to assess financial materiality".
ESRS 1	**ESRS 1 § 47:** Internal expert judgment should be recognized as a valid source of "reasonable and supportable information".
ESRS 1	**ESRS 1 § AR 19:** The wording in AR19 is ambiguous regarding necessary or expected usage of quantitative information or scoring. To ensure clarity and consistent application, we recommend revising the text as follows: "The use of quantitative information or quantitative scoring is not a prerequisite. A qualitative analysis may be sufficient for the undertaking to reasonably conclude that the impacts, risks and opportunities related to a given topic are material or not material."
ESRS 1	**ESRS1-AR24:** the requirement to 'disaggregate and present information in a way that allows an adequate understanding of the impacts, risks, and opportunities' may necessitate the production of detailed information; therefore we suggest to realigned to previous version ESRS 1-103, by deleting the new requirement and replace it with ""the undertaking shall provide an adequate description of the impacts, risks and opportunities".
ESRS 1	**ESRS 1 AR 24 for §52** Proposed amendment: "Where the undertaking identifies significant differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries, the undertaking shall provide an adequate description of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned. Conversely,

	if a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in a group, the information can be provided at a disaggregated level reflecting only the activities for which the impact, risk or opportunity is relevant"
ESRS 1	**ESRS 1 §53** (previously §102) on the level of aggregation, disaggregation and group reporting has been amended but not deleted. We suggest deleting this datapoint to reduce complexity and unnecessary reporting burden.
ESRS 1	**ESRS 1 §58**: it still directly links due diligence processes to the identification of negative material impacts. This formulation risks suggesting that the existence of due diligence automatically results in material disclosures. We recommend clarifying that due diligence processes inform the assessment of material impacts but do not predetermine materiality outcomes.
ESRS 1	**ESRS 1 §§58 and 60** (previously §§ 62 and 63) have been amended but do still not clarify the appropriate treatment of leased assets. We recommend amending it accordingly by referring to paragraph 70 of ESRS 1, to ensure consistency and avoid over-interpretation in reporting practices. Clarifications also need to be aligned with the E1-8 requirements.
ESRS 1	**ESRS 1 §59** We suggest the following rewording: In the case of group reporting, the reporting undertaking depending on its business model, usually, considers as part of its own operations: the assets and liabilities, income and expense of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirement. Paragraphs 60 to 73 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream value chain. The undertaking may exclude from the sustainability reporting boundary a subsidiary that has been excluded due to its non-materiality from a financial perspective, unless there are specific facts and circumstances that expose the group to material impacts, risks and opportunities arising from such subsidiary. The undertaking is not expected to reassess every non-consolidated subsidiary for sustainability purposes but should consider only those cases where there are indications that the group may be exposed to material impacts, risks, or opportunities arising from such subsidiaries.
ESRS 1	**ESRS 1 § 79:** Paragraph 79 permits alternative definitions for medium- and long-term horizons in certain cases. These cases are equally relevant to short-term horizons. We therefore propose extending paragraph 79 to allow different definitions for the short term as well.
ESRS 1	**ESRS 1 § 89:** In para 89 it must be acknowledged that there will be cases where data will not be available.
ESRS 1	**ESRS 1 §103:** In order to align the wording with the CSRD requirement, we recommend replacing "sustainability statement" with "sustainability report".
ESRS 1	ESRS 1 (in the appropriate place): In order to avoid overregulation, especially for sectors that are already heavily regulated, and contradictions between legal requirements, we strongly recommend including a general clarification in ESRS 1: "Disclosure/reporting requirements only apply in case existing regulatory requirements under Union law that are applicable to the relevant economic sector do not already address the issue."
ESRS 1	Section 7.4 should be moved to 3.7 and clearly set out aggregation and disaggregation criteria for PATs, including metric reliefs, clarifying that a policy covering only the affected subsidiary is sufficient
ESRS 2	**ESRS 2 BP-1 §5** we do not agree with the requirement to combine a mandatory statement that the general requirements of ESRS 1 have been applied with an indication of whether and which of the provisions listed in ESRS 2, paragraph 5 have been applied. This results in meaningless boilerplate text and redundant disclosures. Compliance with ESRS 1 is self-evident, and any use of its provisions is already

	accompanied by mandatory disclosures under ESRS 1 itself. For example, where an undertaking applies the relief for metrics with a partial scope (ESRS 1, paragraph 91) or restates information due to error correction (ESRS 1, paragraphs 95-97), sufficient transparency is ensured by contextual explanation, disclosure of the limited scope, and correction of prior figures. Requiring additional statements under ESRS 2, paragraph 5 only duplicates this information without providing added value for readers. We therefore recommend deleting the requirement or at least limiting it to cases where paragraph 5 could genuinely add clarity and avoid duplication.
ESRS 2	**GOV-1 §9** (previously §21(b)) on the representation of employees and other workers in the composition of the administrative, management and supervisory bodies does not specify what is to be considered as representation of employees. We suggest that it clarifies if it means that the board member is being employed by the reporting undertaking or if the board member is a union board member.
ESRS 2	**SBM-1 §17 (previously §40)** On key elements of strategy related to IROs has been amended but not deleted. We suggest deleting this datapoint to reduce complexity and unnecessary reporting burden.
ESRS 2	**SBM-2 §20** (previously §45) on interests and views of stakeholders has been amended but not deleted. We suggest deleting this datapoint to reduce complexity and unnecessary reporting burden.
ESRS 2	**ESRS 2 AR 16 for para. 23(b):** AR16 should explicitly apply only to material risks and opportunities
ESRS 2	**GDR-P §34** (previously MDR-P §65) requires disclosing the material impacts, risks or opportunities to which the policy relates. Since IROs are already disclosed in IRO-2 §28 (a), it is redundant to also disclose them in GDR-P.
ESRS 2	**ESRS 2 GDR-P §35** A new mandatory disclosure is introduced: whether it has an overarching human rights policy committing to implement the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. If this is the case, additional disclosures are required. Hence, we suggest deleting this datapoint.
ESRS 2	**ESRS 2 GDR-A §37**: (previously MDR-A §68) on key actions to manage IROs has been amended but not deleted. We suggest further amending it to ensure it is kept at an overarching level and does not spread across different topical standards. We recommend streamlining §37 a) and c) in ESRS 2 as both of them refer to the time horizon. This could be moved to 37 (before a) starts).
ESRS 2	**GDR-M §41** Paragraph 41 introduces prescriptive disclosure requirements which are not part of the current ESRS. Firstly, paragraph 41 (a) now requires, for each metric, information on data types and sources used as input to the calculation. While these disclosures are still subject to the concept of information materiality, providing information on data types and sources is not relevant for most metrics and certainly does not add additional value to users of sustainability statements. We therefore suggest deleting 'data types and sources used as input to the calculation' from the prescriptive requirements of the provision. Secondly, paragraph 41 (b) introduces new requirements for all environmental metrics regarding information on the specific environmental conditions and characteristics of the area where the impact is occurring. Such information is often not available, also is it near impossible to determine the area where the impact is occur-ring with precision – as such the required information would by highly judgmental, subject to significant uncertainties and therefore likely to not meet the criterion of faithful presentation. 41 (b) also creates additional requirements that were not present in set 1 by advocating such information for all environmental metrics, which also includes value chain metrics. We therefore suggest deleting subparagraph 41 (b) entirely.

ESRS 2	**ESRS 2 §43** We recommend a rewording from IROs to topics: The undertaking shall disclose the measurable, time-bound, outcome-oriented and qualitative or quantitative targets it has set related to its material impacts, risks and opportunities *(change to topics)* ~~either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related topics)~~.
ESRS 2	**GDR-T § 44** (previously MDR-T §§80 and 81) on quantitative targets have been amended but not deleted. We suggest deleting this datapoint to reduce complexity and unnecessary reporting burden.
ESRS E1	E1-1 §14 (a) and (d) (formerly §16) and E1-5 §24 (a) – (c) (formerly §29): In our view, it does not appear fully effective to request the same information regarding the reporting of the transition plan in both E1-1 and E1-5. E1-1 §14 (a) refers to the key features to be disclosed in relation to the transition plan, such as decarbonisation levers, key actions and financial and investment planning. The same topics, however, are also requested in E1-5 §24 (a) and (c). In addition, E1-1 §14 (d) requires disclosure of progress in relation to the transition plan, while E1-5 §24 (b) requests disclosure of expected and achieved GHG emission reductions, which in our view appears to be overlapping as well. While AR 2 for para. 14 (a) notes that a coherent narrative should be provided "without necessarily duplicating content", it remains unclear under which Disclosure Requirement the respective information is ultimately expected. A clearer delineation between the disclosure under E1-1 and E1-5 would help avoid potential redundancies and enhance consistency. We would therefore recommend clarifying in E1-1 that the disclosure is intended to provide a high-level description, without going into detail on key actions and financial planning, as these elements are intended to be addressed in more depth in E1-5. ……
ESRS E1	E1-1 AR 2 for para. 14(a) Transition plan for climate change mitigation (c): We would like to highlight potential challenges regarding the proposed requirement in ESRS E1 (as well as E1-5 (c)) to disclose detailed financial planning over the short- and medium-term, as well as investment plans and related CapEx and/or OpEx figures. Such disclosure would risk revealing sensitive strategic information and thus undermine companies' competitive position. Moreover, the draft standard does not clearly define which CapEx and OpEx figures should be included, making comparability across companies unrealistic. For large multinational groups it would be extremely difficult to aggregate consistent data across diverse business lines and geographies, while anticipated long-term planning is connected to a high level of uncertainty and would result in speculative and potentially misleading information. Finally, the requirement would impose a disproportionate administrative burden without providing a clear benefit to stakeholders. We therefore recommend limiting this disclosure to qualitative descriptions and high-level indications of financial implications, while avoiding prescriptive requirements for detailed financial forecasts.
ESRS E1	E1-5 §24 (c): Please see above (redundancy to E1-1)
ESRS E1	E1-6 AR 14 for para. 25: Presentation of targets and actions: We would suggest including this Application Requirement in the NMIG, as it is only a "may" requirement and therefore not mandatory. To avoid confusion regarding the mandatory Disclosure Requirements, we believe it is misplaced in its current location.
ESRS E1	E1-6 §26 (a) (previously E1-4 §34 (b)): The Exposure Draft allows GHG emission reduction targets to be presented in a combined manner. However, in cases where combined targets are disclosed, it requires undertakings to indicate the share related to each respective GHG emission Scope. In practice, we think that this requirement is problematic for several reasons: - Decarbonization levers impact multiple scopes simultaneously, making a reliable split by scope unrealistic.

	- Holistic impact of reduction measures: Large multinational groups with decentralized structures implement decarbonization programs across various business units and geographies. These programs are designed to achieve overall reductions in GHG emissions, not to optimize reductions in a specific scope. Requiring a scope-by-scope allocation risks introducing artificial splits that do not reflect the actual management approach - Complexity and inconsistency risk: Estimating scope-specific shares would require assumptions, undermining comparability and reliability. - Existing disclosures already ensure clarity, as companies must specify which Scopes are covered by the target. We therefore propose deleting the wording "and the share related to each respective GHG emission scope" in §26(a), to keep the requirement both meaningful and feasible
ESRS E1	**E1-6 AR 15 for para. 26:** We would like to raise concerns regarding the interpretation of AR 15 for para. 26 (GHG emissions reduction targets compatible with 1.5°C). AR 15 refers to companies applying the operational control boundary under E1-8. Yet the revised E1-8 requires the financial control boundary as the default, with operational control disclosure only where needed to avoid unfair presentation of Scope 1 and Scope 2 emissions. In general, target setting is only meaningful when based on operational control. Setting targets for leased assets (for Scopes 1 and 2) is not practical if there is no ability to influence emissions in these areas. We therefore request that the option to apply the operational control approach also be made available for E1-8, as is the case for all other Disclosure Requirements (see also comments below).
ESRS E1	**E1-8 AR18 for para 32:** ESRS 1 paragraph 70 clearly states that "impacts, risks and opportunities arising from the use of a leased asset do not depend on whether the asset is legally owned or leased. The lessee is causing and contributing to the impacts of the leased asset, therefore reports the impacts and related risks and opportunities in its own operations, during the lease period. The lessor is directly connected with the impacts of the leased asset; therefore, it reports the impacts and related risks and opportunities as part of its downstream value chain." This aligns with the operational control approach. However, E1-8, regrettable that this important and well-founded clarification is undermined in E1-8. In their current form, the ESRS permit the application of the operational control approach in relation to ALL impacts except greenhouse gas (GHG) emissions (where the financial control approach is obligatory). Such a distinction is inconsistent with the overarching logic of ESRS 1 and gives rise to avoidable ambiguity and confusion among stakeholders as reporting boundaries vary greatly without a plausible explanation. Accordingly, we request that the operational control approach should likewise be permitted for GHG emissions (contrary to the current provision in AR 19 for para. 32 requires the financial control approach as the default option.operational control approach may be applied only in addition to the financial control approach and only in cases where "due to specific facts and circumstances" such application is deemed necessary), in order to ensure coherence and consistency in the application of the standards. This would also be in line with the GHG Protocol. (see also the answer of question 21) Auditors therefore consider that ESRS 1 paragraph 70 does not apply to GHG emissions. At the EFRAG Outreach Event, EFRAG already clarified that ESRS 1 paragraph 70 takes precedence over AR 19. We kindly request that this clarification be explicitly reflected in the standard
ESRS E1	E1-8 AR 26 for paras. 31 and 32 (Emissions disaggregation): For the sake of clarity, we would recommend explicitly stating that the level of aggregation may, in accordance with [Draft] Amended ESRS 1, Chapter 3.7, be determined by the undertaking itself. Otherwise, we see a risk that this Application Requirement could be interpreted as imposing a requirement to disclose GHG emissions disaggregated by country, operating segment, economic activity, subsidiary, GHG, or source type in all cases.
ESRS E1	E1-8 AR 27 for paras. 31 and 32 (Emissions disaggregation): We would suggest including this Application Requirement in the NMIG, as it is only a "may" requirement

	and therefore not mandatory. To avoid confusion regarding the mandatory Disclosure Requirements, we believe it is misplaced in its current location
ESRS S1	**ESRS S1 §8:** We would like to point out that the newly introduced definition of "non-employees" based on national legislation (par.8 and AR 9) will result in additional complexity for multinational undertakings, who may have adopted a different approach (e.g., Group-level definition) in their reporting. We suggest aligning all S1 provisions with the approach of AR 23 for para. 36 (disability), that allows flexibility to undertakings on the definition to adopt (national legislation or Group-level.
ESRS S1	**S1-1 §§ 12-13** In order to limit boiler plate texts and increase the relevance and readability of the disclosure, we suggest requiring only disclosures if: • §12 Policies do not explicitly address trafficking in human beings, forced labour or compulsory labour and child labour. • §13 It has not a policy or management system for safeguarding the health and safety.
ESRS S1	**S1-3 §19(a)** (Previously §S1-4 38(a)) does not require to report key actions taken, planned or underway to cause positive impacts and to manage risks and opportunities. It should also require these actions because this would be critical for undertakings that did not identify material negative impacts.
ESRS S1	**S1-5 -** Characteristics of the undertaking's employees (ESRS S1 - 23. (a)): Change in definition/threshold of significant headcount for the metrics regarding 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) leads to additional effort as it triggers changes in methodology and additional disclosure requirements. In particular, with respect to S1-5 and S1-7 this additional effort to collect the relevant data is considerable.
ESRS S1	**AR 15 for S1-5 §23(c)** (previously S1-6 §50(c)) should clearly state how the denominator of employee turnover is calculated. As stated, it can be interpreted that the denominator can consider only employees who leave voluntarily, only employees who leave due to dismissal and retirement or only employees who leave due to death in service. For better understanding the "or" conjunction should be replaced by the "and" conjunction.
ESRS S1	**S1-9 §32** In order to limit boiler plate texts and increase the relevance and readability of the disclosure, we suggest requiring only explanations if employees are not paid an adequate wage.
ESRS S1	**S1-10 §33** (previously S1-11) In order to limit boiler plate texts and increase the relevance and readability of the disclosure, we suggest requiring only explanations if not all employees are covered by social protection against loss of income due to major life events.
ESRS S1	**S1-11 §36** (Previously S1-12) As this data is only allowed to be collected in a limited number of EU countries the percentage will not provide meaningful and complete information. This comment also applies to S1-12. Additionally, the DR requires the undertaking to only report data that can be lawfully collected. Since there are significant limitations to collect this data (e.g. GDPR), we suggest this to be deleted.
ESRS S1	**S1-13 §40** (Previously S1-14) Ill-health data is only allowed to be collected in a limited number of EU countries; hence the percentage will not provide meaningful and complete information. Therefore, we suggest deleting. Additionally, the requirement to disclose the percentage of people in its own workforce who are covered by the undertaking's health and safety management system should be only if less than 100% of the workforce is covered in order to provide a more meaningful disclosure and reduce boiler plate texts.
ESRS S1	**ESRS S1 AR 27 for §40c:** The newly introduced definition of "work-related accidents" based on national legislation (par.8 and AR 9) will result in additional complexity for multinational undertakings, who may have adopted a different approach (e.g., Group-

	level definition) in their reporting. We suggest aligning all S1 provisions with the approach of AR 23 for para. 36 (disability), that allows flexibility to undertakings on the definition to adopt (national legislation or Group-level).
ESRS S1	**S1-14 §42** (Previously S1-15) The requirement to disclose the percentage of employees entitled to family related leave should be only if less than 100% of the workforce is entitled, in order to provide a more meaningful disclosure and reduce boiler plate texts.
ESRS S1	**ESRS S1-15 § 44(b)** We would like to refer you to Directive (EU) 2023/970, which provides exactly this information, and suggest therefore a deletion of the data point. If this is not possible, we would at least propose a simplification of the data point since calculating the median is disproportionately burdensome. We would recommend the following: "The undertaking shall disclose the percentage gap in pay between its female and male employees and the ratio between the average remuneration of its executive members of its administrative and management bodies and the average remuneration of its employees (excluding the before mentioned)."
ESRS S1	**ESRS S1-16 §46(b)** The amended wording replaces "number of severe human rights [incidents/issues]" with "number of human rights [incidents/issues]." This broadens the scope from substantiated, high-impact cases to potentially all recorded incidents, regardless of severity. It also risks undermining alignment with SFDR PAI Indicator #14, which refers to "identified cases of severe human rights issues and incidents". We recommend reintroducing the qualifier "severe" to ensure conceptual clarity and consistency.
ESRS S1	**Former paragraph 99** in relation to paragraph 97 (b): The option to report figures adjusted for purchasing power differences has been removed. The deletion of voluntary data points was cited as the reason. However, we believe that this was not a data point, but rather a disclosure option. This option was particularly useful for corporate groups operating in countries with different purchasing power. We recommend deleting the entire data point. But if this is not the case this option should definitely be given to international groups.
ESRS S2	In order to limit boiler plate texts and increase the relevance and readability of the disclosure, we suggest requiring only disclosures if: • Policies do not address trafficking in human beings (…)(§11) • There is no supplier code of conduct (§12) • There is no grievance mechanism (§15) (see also S3 §13 and S4 §12) Human rights incidents (…) have been reported (§19)(See also S3 §19 and S4 §15).
ESRS S2	For better comparability it should be clarified whether the insured workers of a company are to be treated as workers in the downstream value chain or as consumers and end-users for the insurer.
ESRS S2	S2 §19: The amended wording replaces "number of severe human rights [incidents/issues]" with "number of human rights [incidents/issues]." This broadens the scope from substantiated, high-impact cases to potentially all recorded incidents, regardless of severity. It also risks undermining alignment with SFDR PAI Indicator #14, which refers to "identified cases of severe human rights issues and incidents". We recommend reintroducing the qualifier "severe" to ensure conceptual clarity and consistency. ESRS S2, S3 and S4 are not classified as metric-containing standards (ESRS 2 AR 37). However, the phrase "disclose these" in DR S2-3 §19 implies quantitative disclosure, creating confusion about whether these should be treated as metrics and how they fit into the overall metrics and targets framework.
ESRS S3	S3 §19: The amended wording replaces "number of severe human rights [incidents/issues]" with "number of human rights [incidents/issues]." This broadens the scope from substantiated, high-impact cases to potentially all recorded incidents, regardless of severity. It also risks undermining alignment with SFDR PAI Indicator #14, which refers to "identified cases of severe human rights issues and incidents".

	We recommend reintroducing the qualifier "severe" to ensure conceptual clarity and consistency. ESRS S2, S3 and S4 are not classified as metric-containing standards (ESRS 2 AR 37). However, the phrase "disclose these" in DR S3-3 § 19 implies quantitative disclosure, creating confusion about whether these should be treated as metrics and how they fit into the overall metrics and targets framework.
ESRS S4	**S4-3 §14(a)** (Previously §S4-4 31(a)) does not require to report key actions taken, planned or underway to cause positive impacts and to manage risks and opportunities. It should also require these actions because this would be critical for undertakings that did not identify material negative impacts.
ESRS S4	S4 §15: The amended wording replaces "number of severe human rights [incidents/issues]" with "number of human rights [incidents/issues]." This broadens the scope from substantiated, high-impact cases to potentially all recorded incidents, regardless of severity. It also risks undermining alignment with SFDR PAI Indicator #14, which refers to "identified cases of severe human rights issues and incidents". We recommend reintroducing the qualifier "severe" to ensure conceptual clarity and consistency. ESRS S2, S3 and S4 are not classified as metric-containing standards (ESRS 2 AR 37). However, the phrase "disclose these" in DR S4-3 §15 implies quantitative disclosure, creating confusion about whether these should be treated as metrics and how they fit into the overall metrics and targets framework.
ESRS G1	**ESRS G1 §10(c)** While we recognise the idea to consolidate previous scattered datapoints on training in one generic provision, this approach creates further ambiguities. The proposed wording seems to retain as much as possible the original phrasing, thus creating many distinctive DPs in section 10c: -Training on business conduct in general (formerly 10g), -Percentage of functions/roles most at risk within the undertaking in respect of corruption and bribery trained (formerly 21b), -Board members covered (formerly 21b), and -Members of the "procurement team" covered Save for the first item, it appears to be not entirely clear whether data should concern mentioned groups being trained on business conduct in general, or on anti-corruption and bribery specifically. Furthermore, in case of these requirements being considered making up just one (larger) DP, for those undertakings previously having assessed as non-material the present DR G1-2 'Management of relationships with suppliers', and thusly not having reporting under it, it remains unclear whether the inclusion of that information will become mandatory under the proposed ED. Additionally, the term 'procurement team' is unclear. Therefore, we suggest designing DPs in relation to training in a way that their requirements are clear and that the scope required disclosures conforms to materiality principles (in particular with regard to relationships with suppliers). In addition, the DR concerning the percentage of functions/roles most at risk within the undertaking in respect of corruption and bribery trained does not bring any added value. The way companies define the functions will be different and therefore the data point is not comparable. The first part of §10(c) already provides a good overview of the relevant training measures.
ESRS G1	**ESRS G1 §17** It is unclear what "lobbying activities" refers to, considering that there is no harmonized regulation across Europe that defines it. Therefore, we suggest amending the definition in the glossary as such: Activities carried out with the objective of influencing the formulation or implementation of policy or legislation, or the decision-making processes of governments, governmental institutions, regulators, European Union institutions,

	bodies, offices and agencies or standard setters. Such activities include (non-exhaustive list): i. organising or participating in meetings, conferences, events; ii. contributing to/participating in public consultations, hearings or other similar initiatives; iii. organising communication campaigns, platforms, networks, grassroots initiatives; iv. preparing/commissioning policy and position papers, opinion polls, surveys, open letters, research work as per the activities covered by transparency register rules. **Activities carried out by, among others, business associations in the exercise of their constitutional functions shall not be considered lobbying activities.**
ESRS G1	**ESRS G1 §18** It is unclear what "regulators" refers to. Therefore, we would suggest a modification: "The disclosure shall also include information about the appointment of any members of the administrative, management and supervisory bodies who held a political position in public administration in the 2 years preceding such appointment in the current reporting period."