ESRS Set 1 revision: Questionnaire for public feedback

1.

Following a public call for contributions from EFRAG, this survey has been prepared by the EFRAG Secretariat to support the collection of written input that will inform the revision of ESRS Set 1.

The contributions will be anonymized and leveraged only in aggregate form, however name of contributors will be made available following your consent.

For viewing purposes, a pdf version of the questionnaire is available here.

Questionnaire for public input on simplification of ESRS

EFRAG wishes to collect input from all the stakeholder categories on how to simplify ESRS, following the Omnibus proposals issued by the European Commission on 26 February 2025 and themandate that EFRAG received on 27 March 2025.

SECTION 1 – PARTICIPANT GENERAL INFORMATION

1.1 Guidance for respondents

Where not specifically indicated, EFRAG welcomes input on question from all stakeholder categories.

Comments are most helpful when they:

answer questions as stated;
state the DR or paragraph(s) of ESRS Set 1 to which they relate;
explained the cause of the identified issue; and
describe practical example(s) relevant to the questions;
include clear suggestions of amendments, if appropriate.

Please note the following elements for the compilation of the questionnaire:
Respondents can save the draft questionnaire and return to it at a later time. EFRAG will only consider submitted surveys.
Respondents can select and focus on the areas that are most impactful, thus do not have to consider all questions
For the questions requiring inclusion of a reference to IG3, and for consistency among the different replies, please indicate specific DPs that require consideration in your view by copy pasting the code defined in IG3 – List of ESRS Data Points (see column ID).

1.2 Respondent profile

Where not specifically indicated, questions refer to all stakeholder categories.

First Name:

Jessica

Last Name:

Göres

Email address:

goeres@dai.de

Telephone number:

Name of organisation:

Deutsches Aktieninstitut

Do you consent to make publicly available only the name of your organisation as contributor to this questionnaire, while the content of your contribution will be anonymized and leveraged only in aggregate form?

Yes

Type of organisation (Drop down menu with the following categories):

Business Association

User (subcategories to open):

Other (please specify)

Function in the organisation:

Head of Sustainability Reporting

Country (principal location):

Germany

Sector(s) (if applicable)

If preparer, please specify whether you prepared an ESRS sustainability statement for your 2024 year end:

If yes

Please specify whether it was a voluntary or mandatory application

Please indicate if the ESRS sustainability statement was assured (limited/reasonable)

Please add an hyperlink to the report [add box for including hyperlink)

If preparer, please specify your size in terms of employee number:

2. (untitled)

SECTION 2 – GENERAL ASSESSMENT (OPTIONAL)

As preparer/user/other stakeholder, could you share your overall assessment about the implementation challenges and benefits that you have experienced or observed?

- For climate reporting, ESRS E1 should be simplified to achieve full alignment with IFRS S2 common disclosures. For non-climate topics, we propose a substantial and ambitious reduction of data points to at least LSME-level.
- Disclosures involve considerable effort and offer limited benefit: Significant amount of time for data collection has to be invested although the information is not relevant for stakeholders.
- Unclear requirements exist, e.g. gender pay gap.
- The use of pre-defined tables/layouts, to allow ESEF tagging massively reduces readability.
- Some ESRS are redundant/repetitive, e.g. DR in the topical standards that are covered in ESRS 2.
- Further aligning scope of consolidation with financial reporting is required.
- Application requirements should not introduce additional disclosure requirements.

3. (untitled)

SECTION 3 – QUESTIONS

1. PART 1 – HOW TO IMPROVE THE MATERIALITY ASSESSMENT

The Materiality Assessment process is critical to establish the perimeter of the sustainability statement and pivotal to ensure that undertakings only report material information, that they do not report unnecessary information nor dedicate excessive resources to the materiality assessment process.

Initial feedback seems to suggest that required disclosures on the process may be too detailed and the outcome of the process may lead to disclose too many/too detailed IROs. The Omnibus proposals have identified this area as to be clarified.

1.1. From your perspective (preparer/user/others), please share your suggestions on how to improve the ESRS provisions on materiality indicating the most critical and the most useful elements, in relation to

How to improve the ESRS provisions on materiality, in relation to:

- the definition of material impacts, risks and opportunities (IROs) under double materiality assessment

Please detail ESRS provisions on materiality improvements:

We call for a clear guidance to allow net-risk approach that is completely aligned with a corporation's Enterprise Risk Management methodologies and practices. The existing prevention measures should be factored in to assess the net risk – the impact after safeguards. We argue for factoring in effective avoidance and mitigation measures, allowing a net-risk approach (aligned with risk management) when such measures are in place and proven effective. In consequence this means less reporting on topics that are not critical for a company as they are managed, and also that only really material topics will have to be reported on. Clearer ESRS guidance is needed on this, even as EFRAG works on related guidance.
More precise explanation/definition what exactly positive impacts are, because the interpretation what can be considered as a positive impact varies very strongly

How to improve the ESRS provisions on materiality, in relation to:

- the process to determine material information to be reported (information materiality, ESRS 1 – paragraph 31 and 34)

Please detail ESRS provisions on materiality improvements:

The level of granularity currently set by the ESRS is not feasible. The sub-sub-topic level is too detailed and does not result in an information gain. The double materiality assessment should be limited to only direct clients/supplier and other business relationships in the value chain.

How to improve the ESRS provisions on materiality, in relation to:

- the challenges related to the audit of the double materiality assessment (process and outcome)

Please detail ESRS provisions on materiality improvements:

We urge the swift development of a harmonised and proportionate auditing standard for limited assurance across all EU member states, explicitly confirming the non-binding nature of EFRAG guidance.
We need clear and binding audit standards across Europe, which is currently not the case e.g. ESRS reports of companies in Denmark are much shorter than of companies in Germany.
The documentation required to facilitate the DMA process often does not align seamlessly with the requirements of external audits.

How to improve the ESRS provisions on materiality, in relation to:

- the value chain

Please detail ESRS provisions on materiality improvements:

ESRS 1 para 69 permits the estimation of upstream and downstream value chain data when primary data collection proves infeasible despite reasonable efforts. However, this "exceptional" circumstance is prevalent. The stringent "reasonable effort" condition imposes a significant burden without consistently yielding primary data.
We ask for a revision of requirements around supply chain levels, reduce requirements of value chain data levels. The standards should allow estimation more easily, taking a pragmatic cost-benefit approach.
Furthermore, this requirement risks increasing the "trickle-down effect", compelling reporting entities to demand primary data from value chain partners, potentially undermining the aim of reducing such burdens.
We recommend a more accessible allowance for utilising public information or estimations for value chain reporting, without overly strict preconditions. Instead, disclosure on the extent of primary and secondary data usage should be mandated.

How to improve the ESRS provisions on materiality, in relation to:

- other (open a box to specify).

Please detail ESRS provisions on materiality improvements:

For sustainable finance regulation to have a transformational effect, sustainability and financial matters must be treated with equal importance in decision-making and reporting—this is referred to as "connectivity."
Currently, the connectivity between financial and sustainability reporting is underdeveloped in the ESRS. Some KPIs, like energy intensity (ESRS E1.34) or biodiversity-related CapEx/OpEx (ESRS E4.AR18), combine elements based on different scopes of consolidation, which can reduce their informational value or be misleading.
To improve connectivity, sustainability reporting should, by default, align with the scope used in consolidated financial statements. If sustainability issues arise in non-consolidated subsidiaries, companies may either extend the financial consolidation scope or report them through the value chain, where applicable.

1.2. OPTIONAL: If possible, and if not specified already under point 1.1 above, please identify the narrative disclosure requirements (DRs) or datapoints (DPs) that raised the most critical challenges in determining the material information to be reported and share your suggestions.

Disclosure requirements (DR)

S1 - SBM – 3

Datapoints (DP)

Comment on challenge:

DP S1.SBM-3_02
Similarly, the extensive data requests related to non-employee workers in S1 pose significant challenges due to data protection laws and the availability of information, raising questions about their materiality for the reporting undertaking's own impact. These detailed requirements make it difficult to strike a balance between relevance, comparability, and preparation effort. They often go beyond the mandate of the CSRD and lack clear target-group relevance. The sheer volume of potentially immaterial information obscures key data.

Suggestion:

With regard to particularly the social sustainability reporting, we keep advocating for a revision of the ESRS: While the CSRD identifies only 24 social and human rights factors as explicit reporting obligations, ESRS S1-S4 introduce approximately 400 data points across 85 pages with regards to social standards. This creates a significant disconnect between the outlined obligations in the directive and the subsequent reporting requirements in the delegated act. This trespassing amounts to unnecessary gold-plating, therefore a balanced implementation of the directive is essential.

Disclosure requirements (DR)

S1 – 12

Datapoints (DP)

Comment on challenge:

DP S1-12_03
This disclosure requirement on disabilities does not help nor simplify implementing the reporting obligation as set in CSRD in a meaningful way and hence we consider it for disproportionate. Diverse national legislation including differences of definitions across the EU and beyond make fulfilling this requirement virtually impossible. On top of it, requiring employees to provide this kind of personal information is often prohibited by law and an invasion of privacy. Companies are already compliant with the legal requirements and customs that apply within the national context of their economic activities, despite the restricted access to verifiable information, reporting on compliance thus would become redundant. Furthermore, the undertaking is usually not capable of providing this information for non-employee workers

Suggestion:

With regard to particularly the social sustainability reporting, we keep advocating for a revision of the ESRS: While the CSRD identifies only 24 social and human rights factors as explicit reporting obligations, ESRS S1-S4 introduce approximately 400 data points across 85 pages with regards to social standards. This creates a significant disconnect between the outlined obligations in the directive and the subsequent reporting requirements in the delegated act. This trespassing amounts to unnecessary gold-plating, therefore a balanced implementation of the directive is essential.

4. (untitled)

PART 2: HOW TO STREAMLINE NARRATIVE INFORMATION

Narrative information is a key part of sustainability reporting, in particular with respect to governance, strategy, business model, as well as policies, actions and targets (PATs). It is a key factor to meet the quality characteristics of relevance of information and fair presentation[LS1] of the situation of the undertaking with respect to its sustainability matters. However, narrative information is difficult to compare. In determining the content of narrative information to be reported per disclosure requirements, ESRS combine a principles-based disclosure objective with a list of “shall” datapoints.

Initial feedback seems to suggest that the “shall disclose“ datapoints in ESRS Set 1 may be too detailed and too prescriptive in that regard and that a proper balance between relevance/fair presentation, comparability and preparation effort has been difficult to achieve. The Omnibus proposals suggest to consider this point carefully for burden reduction purposes.

2.1. From your perspective (preparer/user/other), please share your suggestions on how to simplify narrative information, in relation to:

The options to reduce the number of “shall” datapoints (DPs):

Deleting datapoints that are not critical

Suggestions:

This is a key priority. Many current datapoints appear to lack clear decision-usefulness or impose disproportionate burdens. Many data points appear overly granular and do not provide essential information for assessing sustainability.

DP E4-5: The reporting on metrics for biodiversity (own operations and even more important in the value chain) and the disclosure requirement E4-5 must be deleted or at least be voluntary. As of now, internationally agreed metrics on biodiversity are currently not available – they are not defined and agreed on as metrics on GHG, water or waste. There is a clear lack of guidance and standardization, to enable meaningful reporting on biodiversity. As such, there is no comparability between different companies or even sectors. In fact, impacts on biodiversity are not only difficult to measure, but often also a result of various influences beyond what a single company can influence and therefore be held accountable for.

S1-11 datapoints related to local requirements, S1-8 collective bargaining coverage, S1-12 persons with disabilities, S1-14; as (1) data/regulation differs from country to country and has therefore limited value for the users of sustainability information. Furthermore, it has to be collected locally and sometimes there are restrictions when collecting the data on local level.

Examples for quantitative data points with potential for deletion/simplification: E1-GOV-3.13, S1-8 (mandatory table is not useful/meaningful for decision-making), S1-10, S1-16 (a global median is not very meaningful and difficult to determine; the arithmetic mean, for example, would be just as meaningful and much easier to determine)

Delete / make it non-mandatory: G1-2, G1-5 and G1-6 as these data points do not contribute to comparability or help transparency for the reasoning behind the DRs
- Governance, including corporate management and corporate culture, to be deleted as a separate chapter and the topics covered therein to be integrated into the existing ESRS 2 chapter.
- Code of Conduct could also be included in the ESRS 2 section, as it helps to shape the corporate culture
- Either eliminate G1-5 Political influence and lobbying activities or alternatively e.g. integrated into ESRS 2, as a separate DR (analogous to SBM-2) Stakeholder engagement) or as a separate GOV-DR, only paragraph ESRS 2 GOV-3 29a + 29d as disclosures to be published
- Either eliminate G1-2 and G1-6 or alternatively focus more clearly on target-oriented information and key figures (focus on SMEs, for example, is not practical)

The options to reduce the number of “shall” datapoints (DPs):

Merging datapoints (with an indication of its effectiveness for burden reduction purposes)

Suggestions:

Overlaps exist between different disclosure requirements and their associated data points. For example, the information requested on policies related to diversity in ESRS S1 (DR S1-1 and S1-9) appears duplicative. Merging such overlapping requirements would reduce the reporting burden. There are also overlaps between the S standards. Generally, the standards S1, S2, S3 show many redundancies, which could be reduced if the standards focused on topics instead of stakeholder groups, especially human rights related issues.

The options to reduce the number of “shall” datapoints (DPs):

Transferring “shall“ datapoints to non-mandatory material (“May“, guidance, illustrative examples)

Suggestions:

The focus should be on identifying and reporting truly material aspects. Transferring mandatory ("shall") datapoints to optional ("may") categories is counterproductive, as it introduces ambiguity and the potential for non-material information to become a de facto requirement. This undermines the efficiency and purpose of materiality-based reporting and does not eliminate the reporting burden; instead, it shifts it into a less clear, optional space, potentially creating a shadow obligation and adding unnecessary complexity. We advocate for a system where reporting is clearly focused on material aspects, avoiding the burdens associated with extensive optional disclosures.

The options to reduce the number of “shall” datapoints (DPs):

Other – please specify.

Suggestions:

It is imperative to uphold the focus on material sustainability reporting.

The potential overlaps between minimum disclosures requirements (MDRs)on Policies Actions and Targets (PATs) that are located in ESRS 2 and PAT “shall” datapoints located in topical standards:

Please select:

Comments

Forward-looking information

On the other hand, please indicate the most critical and the most useful elements to be retained

2.2. OPTIONAL – If possible, and if not specified already under point 2.1 Please identify the most critical narrative disclosure requirements and/or datapoints that require clarification, and share your suggestions

Please organise your comments and suggestions according to the sequence of the standards (cross-cutting, E topical, S topical, G topical:

Disclosure requirements (DR)

Datapoints (DP)

Comment:

We ask for clear definitions and terms that are universally known, recognized and understood univocally by all companies across all sectors. If there is no such term we suggest removing that reporting requirement. E.g. for the textile industry, no globally accepted definition for "durability" exists, so this must not be a requested data point. At best, this can be turned into a qualitative requirement. Also, a clear definition of "substances of concern" (E2-5) does not exist.
Ambiguity in terminology and a lack of clear definitions create uncertainty and hinder consistent application of the standards.

Suggestions:

Provide clear and consistent definitions for key terms throughout the ESRS, which are applicable in every Member State. Ensure a clear distinction between related disclosure requirements to avoid confusion and double reporting.

2.3. OPTIONAL If possible, and if not specified already under point 2.1 above, please beyond the need for clarification, identify the 10 most challenging narrative disclosure requirements (DRs) with an indication of the least important or most problematic datapoints (DPs) to prepare and share your suggestions:

Please organise your comments and suggestions according to the sequence of the standards (cross-cutting, E topical, S topical, G topical:

Disclosure requirements (DR)

Datapoints (DP)

Comment on the challenge:

Suggestions:

5. (untitled)

PART 3: HOW TO IMPROVE QUANTITATIVE INFORMATION AND EU REGULATION RELATED INFORMATION

Quantitative information (metrics) is in principle comparable (over time and between undertakings). Initial feedback seems to suggest that some required metrics may be too granular and/or not decision useful or may be difficult to prepare (due to difficulty to collect basic data or lack of maturity of the matter).

Furthermore, EU Regulations related information (SFDR, Climate Law, Pillar 3, Benchmark) was included in ESRS Set 1 to facilitate the appropriate flows of information between the various actors, in order to create consistency in reporting. In this context, its relevance with respect to general purpose sustainability reporting was not assessed by EFRAG. Initial feedback seems to suggest that certain datapoints may not meet the criteria to be included in the general-purpose sustainability reporting.

In addition, with respect to Article 8 of the Environmental Taxonomy Regulation 2020/852, it was decided to offer a placeholder in the sustainability statement for the information required under this regulation. In this context, its relevance with respect to general purpose sustainability reporting was not assessed by EFRAG. Initial feedback seems to suggest that this information has increased significantly the volume of information reported in the sustainability statement.

3.1. Please identify the most challenging quantitative DRs/DPs and share your suggestion on how to address the issue, in terms of:

- The relevance (least important, critical)
- The difficulty to prepare
- The need for clarification

Please organise your comments and suggestions according to the sequence of the standards (cross-cutting, E topical, S topical, G topical:

Disclosure requirements (DR)

Datapoints (DP)

Comment on the challenge:

Suggestion:

3.2. Do you have suggestions regarding EU regulation related datapoints (DPs)?

It is necessary for the CSRD to serve as a uniform database for all relevant reporting obligations - including for regulations such as the Sustainable Finance Disclosure Regulation (SFDR) and the Capital Requirements Regulation (CRR). We do not consider additional information requirements outside the CSRD to be appropriate. A uniform, CSRD-based data basis for companies and financial institutions is the only practicable and efficient way forward. Information should only be reported once so that it is not necessary to have such list of EU Regulation related datapoints embedded into the ESRS.The gender pay cap DR should be a phase-in until clear requirements are being published and alignment with EU Pay Transparency Act is finalized. Moreover, the use of an unadjusted gender pay gap metric does not provide a meaningful assessment of whether the principle of "equal pay for equal work" is being upheld. By simply aggregating all employees without accounting for factors such as job roles, experience, and industry sectors, the unadjusted gender pay gap can lead to distorted conclusions.Asset managers need corporate sustainability data to guide their sustainable investing and comply with their own regulatory reporting (entity and product). The EU standards on sustainability reporting should contain the relevant PAIs of the SFDR. If certain information is considered non-material by the companies, then banks should not be required to report it.

Additionally, to reduce complexity, ensure consistent assessments and comparability, ESRS disclosure requirements should be better linked to and harmonized with other EU regulations. Specifically, substances of concern which are covered under the ESRS should be streamlined with existing EU chemical legislation. This harmonization will help avoid diverging scopes and interpretations, thereby enhancing the reliability and transparency of sustainability reporting.

3.3. Do you have suggestions regarding Article 8 of the Environmental Taxonomy Regulation 2020/852 related information and its inclusion in the sustainability statement under a placeholder approach?

We would welcome to turn the EU Taxonomy into a voluntary framework for all non-financial and financial undertakings falling under the scope of the EU Taxonomy Regulation.
For many companies the EU Taxonomy reporting results in a tremendous effort to setup and maintain the EU Taxonomy processes, without corresponding benefits either for the company nor its stakeholders due to the following reasons:
- The economic activities of those companies are either not or only to a very limited extend covered by the EU Taxonomy, hence, eligible turnover and eligible operating expenses (OpEx) are not material from a financial point of view.
- The capital expenditures (CapEx) from the purchase of products from production of Taxonomy-eligible economic activities are not used for internal steering and decision-making since those activities are not considered as a core activity.
- The eligible and aligned CapEx is of limited/no interest for investors and the capital market.

6. (untitled)

PART 4: HOW TO ADDRESS THE SIMPLIFICATION OF THE STANDARDS (STRUCTURE AND PRESENTATION) AND THE NEED FOR INTEROPERABILITY

Initial feedback seems to suggest that the current structure and presentation of reporting requirements in the standards may be difficult to understand and use and may have contributed to the inclusion of repetitive and duplicated content within the sustainability statement.

In addition, to avoid unnecessary regulatory fragmentation that could have negative consequences for undertakings operating globally, ESRS Set 1 has been drafted with the objective to contribute to the process of convergence of sustainability reporting standards at global level. The Omnibus proposals suggest to further enhance the already very high degree of interoperability with global sustainability reporting standards.

5.1. Please share your suggestions on how to improve and simplify the current structure and presentation of the standards, in relation to:

Please select:

The relationship between cross-cutting and topical standards

Suggestions:

Clearly delineate the purpose and scope of cross-cutting standards versus topical standards to avoid redundancy. Ensure a logical flow and avoid duplication of foundational concepts.

Some topical standards contain requirements that have an impact on the overall report or previous steps. Example: ESRS E1 requirements can lead to a change in the scope of consolidation that is defined in the cross-cutting standards.

ESRS 2 MDR-P/MDR-A/MDR-T: The large number of requirements, which in turn are multiplied in the thematic standards, produces excessive complexity and repetition. Proposal: Clean transfer to the thematic standards, elimination of duplications and overall reduction/voluntary making of data points and consequently deletion in ESRS 2 (or then only for company-specific disclosures).

Please select:

Any other matter

Suggestions:

The IFRS have a comparable structure. As this structure is already proven, we support this. However, additional publications, such as implementation guidance, illustrative examples, etc. could prove valuable.

Scope of consolidation: For the simplification and improvement of the ESRS, it is crucial that the scope of consolidation for sustainability reporting and financial reporting is identical. This promotes the "connectivity" of both reports and avoids erroneous or misleading KPIs due to different scopes of consolidation. The concept of "operational control" should be completely eliminated. Applying this concept leads to high administrative effort and misunderstandings. Its elimination would significantly simplify reporting and create clear, consistent framework conditions.

Value chain information: The ESRS 1.69 requirement to use primary data for value chain impacts poses significant challenges. Primary data is often unavailable, and obtaining it requires substantial effort. Instead, using industry benchmarks or public databases should be more easily permitted. Allowing estimated data without stringent conditions would enhance transparency and reduce reporting costs. This suggestion would align ESRS requirements with available tools, lowering costs and improving transparency on value chain impacts.

Anticipated financial effects: Disclosures of "anticipated financial effects" will take a lot of effort but don't give much useful information due to lack of reliability. Anticipated effects can already be covered in financial statements and management reports under certain conditions (recognition and measurement criteria). Giving more detailed information on quantification of those financial effects will include sensitive information. Therefore, quantifying these effects should be optional.

Please select:

The relationship between the main body of the standards and the application requirements

Suggestions:

The distinction between the main body and the application requirements seems to be blurred in various instances. Application requirements should not introduce any additional disclosure requirements that are not covered in the main body; they should be restricted to being application requirements. For the user, it appears often beneficial and better manageable if there were not such distinction.

5.2. Regarding interoperability, please:

If you are a preparer, indicate if you are reporting under another framework and which one:

If you are not reporting under another framework, indicate if you intend to do so and use which one:

Please share any suggestion you may have to enhance the already high level of interoperability of ESRS with other frameworks (ISSB, GRI, TCFD, TNFD, CDP). Please indicate DR/DPs if relevant.

If you are a user/other type of stakeholder.
Share your views on the importance and usefulness of interoperability from your perspective:

ESRS E1 should be simplified to achieve full alignment with IFRS S2 common disclosures. The EU could explicitly permit an option for EU undertakings to comply with CSRD by applying IFRS S2 for climate-related disclosures. Should this not be the case, it would be of utmost importance for globally operating companies that would like to state compliance with ISSB Standards that the EFRAG/ISSB Interoperability Guidance is turned into a datapoint by datapoint comparison that demonstrates equivalence of the disclosure requirements and to which globally operating companies could refer to instead of being required to each perform a datapoint by datapoint comparison which is required in the context of external assurance.
As a maximum of alignment between ESRS and ISSB global baseline is key, we want to stress that the revisions to the ESRS must not result in new requirements. The alignment must not lead to requirements that exceed the mandate and objectives of the CSRD. We urge EFRAG to opt for enhanced interoperability with ISSB standards while maintaining double materiality.

7. (untitled)

PART 6 – ANY OTHER COMMENT OR SUGGESTION

For instance, among others, in relation to format and presentation of the sustainability statement and its relationship with other parts of the management report, the communication of the company, the reporting boundaries, etc.

The implementation of ESRS Set 1 presents significant challenges due to its excessive regulatory burden, lack of clarity, and overly granular disclosure demands. As part of the forthcoming revision of the ESRS, we expect a significant reduction in the number of data points to be reported and a greater degree of freedom with regard to reporting requirements.

The current standards risk being legally questionable, inadequate for providing decision-useful information, and impractical for efficient implementation. This threatens to divert crucial resources from core business functions without yielding proportional value, while the complexity and sheer volume of required data obscure key insights for financial stakeholders and impede effective sustainability transitions.

A thorough revision of the ESRS is essential to ensure they are practical, streamlined, and centered on material information, aligning with the original intent of the CSRD. The current ESRS impose an excessive reporting burden, evidenced by the proliferation of data points that far exceed the requirements of the underlying directive. This overreach constitutes unnecessary gold-plating.

We would like to highlight that the ESRS do not fulfil their aim in making companies more sustainable as they lead to a disclosure overload. The sustainability information needs to be consumed by stakeholders, and they need to make decisions based on it. An average report with a size of ~160 pages (German DAX companies) and a low readability leads only to a disclosure overload. The information cannot be processed meaningfully.

To (1) mitigate disclosure overload and (2) reduce effort for companies, a pragmatic way forward would be allowing a more flexible use of the standards: companies should be given the freedom to (1) decide which datapoint is material (i.e. put more emphasis on the use of the ESRS 1 Appendix E flowchart and allow companies to use quantitative thresholds, such as in financial reporting) and (2) structure the information in a way that fits them best (e.g., no pre-defined tables). Furthermore, a targeted review and deletion of datapoints can help but is not sufficient to reduce the burden for companies while having the potential to reduce the overall usefulness of ESRS.

Given the current complexity and breadth of the legal requirements, the revision of the ESRS should consider all KPIs, using a cost-benefit analysis. Only those KPIs that provide real value to the recipients should remain in the legal requirements. It should be ensured that all relevant requirements and definitions are clearly understandable and leave no room for interpretation.

We suggest ensuring alignment between the scope of sustainability reporting and financial reporting. To enhance consistency and comparability, the scope of sustainability disclosures should be aligned with that of financial reporting.

Timely provision of sustainability assurance standards is essential to enable auditors to apply consistent and harmonized audit practices.

We urge for the tagging obligation for financial and sustainability information to be eliminated. The associated bureaucratic effort is disproportionate to the benefits. Modern AI tools have long been able to reliably extract and analyze relevant content from PDF documents - without digital tagging. Abolishing this would significantly reduce the burden on companies without any loss of information.

8. Thank You!

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

You will receive a copy of your submitted questionnaire in your email.

The EFRAG Secretariat will anonymise contributions and leverage them only in aggregate form.