

Brussels – 6 May 2025

EFRAG Questionnaire for Public Feedback:
ESRS Set I Revision

Please note: The blue text boxes are Eurosif's replies to the questions, the text on white background belongs to EFRAG's questionnaire

SECTION – PARTICIPANT GENERAL INFORMATION

Respondent profile

First Name: Anne

Last Name: Risse

Email address: anne.risse@eurosif.org

Name of organisation: Eurosif, the European Sustainable Investment Forum

Type of organisation: Other – sustainable investment forum, primarily commenting from a user perspective

Function in the organisation: Policy and Communication Officer

Country (principal location): Belgium

SECTION 2 – GENERAL ASSESSMENT

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

The European Sustainability Reporting Standards (ESRS) make a significant contribution to facilitating investors' capital allocation in line with their clients' preferences, to channel investment towards the green transition and to manage their own exposure to risks and impacts. What is particularly valuable about the ESRS is the double materiality perspective and the inclusion of environmental (not only related to climate, but also biodiversity, circular economy, and other matters), social, and governance information.

Importantly, investor experience indicates that the ESRS incentivised companies to tackle sustainability reporting at senior levels within their organisations. This increased the resources allocated to sustainability reporting and improved its relevance, structure and reliability for investors. This also gave businesses the opportunity to systematically analyse and address sustainability risks and impacts as a core issue.

The first reports under the Corporate Sustainability Reporting Directive (CSRD) indicate much-improved alignment and consistency in fundamental metrics, providing investors with more comparable, decision-useful information. **This is particularly the case for ESRS-EI datapoints**, where there is limited room for streamlining and for which the degree of alignment with international standards (e.g. ISSB/GRI, CA 100+ or TPT) is already very high.

However, as can be expected at the beginning of implementation, there is currently a relatively low number of companies that conducted their CSRD reporting, and expertise on the subject is still limited, which may impact data quality and comparability. While the streamlining of established processes and growing expertise is expected to improve the quality of reporting for upcoming exercises, further efforts should be made to ensure that the information reported is more relevant for the company, and by extension, for investor decision making.

This entails clarifying the Double Materiality Assessment (DMA) process to ensure companies have a clearer view of the information that is material to report. Materiality assessments for companies of different sizes show insufficient consistency in the information reported, even from within the same sector. In this regard, additional guidance – including sector specific guidance reusing the work already conducted by EFRAG on sectoral standards – would help companies to identify truly material information that is more useful and comparable for investors.

This also entails maintaining the datapoints that are essential to identify the risks and impacts associated with investing in these companies and to verify the quality of the information reported. This includes essential forward-looking information, and the narrative disclosures to provide context for this information.

Some of these datapoints should be maintained due to their relevance in complying with other pieces of EU legislation. This is the case for the datapoints that correspond to Principal Adverse Impact (PAI) indicators under the Sustainable Finance Disclosure Regulation (SFDR), but also the information needed under the Benchmark Regulation (BMR) and Pillar 3 prudential requirements.

To ensure a sufficient level of interoperability between the ESRS and international standards (e.g. ISSB, GRI, TPT, TNFD, CA 100+ etc), corresponding ESRS datapoints should also be maintained. A review of these disclosures (whenever appropriate) could be useful, to reduce unnecessary misalignment.

Finally, the usability of sustainability reports would be improved by simplifying some elements in the structure of the ESRS. This can be achieved by, for instance, consolidating some of the duplicative disclosures across ESRS 2 and topical standards.

Please note we are still consulting the investors in our network, which means that we do not yet have a complete picture to share on the most essential datapoints to maintain. There are additional datapoints that are important to investors which we did not include in this questionnaire. In the coming weeks, Eurosif will provide EFRAG with a detailed and comprehensive list of the essential ESRS datapoints to maintain for investors.

SECTION 3 – QUESTIONS I

I. PART I – HOW TO IMPROVE THE MATERIALITY ASSESSMENT

The Materiality Assessment process is critical for establishing the perimeter of the sustainability statement and pivotal to ensuring 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.

I.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.

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

The process to determine material matters, including how to factor implemented mitigation and prevention actions in the materiality assessment and how to define thresholds striking the right balance between completeness and decision-usefulness of information.

A current issue for investors is inconsistent outcomes of the materiality assessment from companies, even when they are active in the same sector, which may lead to divergence in how information is reported. It is important to ensure that the Double Materiality Assessment (DMA) is conducted in a more consistent manner. The expertise of companies and auditors is expected to improve in the coming years and lead to more standardisation, but additional guidance is also needed.

Moreover, the existing EFRAG guidance on the materiality assessment is very lengthy, but at the same time we hear from various preparers, that it is not sufficiently comprehensive and/or informative. GRI's materiality assessment guidance could be considered a useful example of a document which is succinct and informative at the same time. Given that this year's first round of sustainability reports has been published, it could also be useful to include more examples of best practices in that guidance.

In addition to the general materiality assessment guidance, it would also be helpful to develop **sector-specific guidance** to help companies from different sectors identify which of the disclosures are most pertinent for them. To that end, EFRAG's work on the sectoral standards could be repurposed. Many aspects of the materiality assessment will be similar for companies in the same sector which means the standards can provide valuable information and would be reducing the complexity and workload rather than adding to it.

The definition of material IROs under double materiality assessment

The ESRS should focus on ensuring the information reported is truly material for the company, investors and other key stakeholders. While current definitions of e.g. impacts, risks, and opportunities (IROs) should be maintained, efforts to provide guidance to companies on their DMA need to be strengthened to help improve the consistency of their reporting. This includes clarifying the process to identify material information to be reported in the IROs such as how companies should identify the qualitative and quantitative metrics used to conduct their DMA.

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.

-

PART 2: HOW TO STREAMLINE NARRATIVE INFORMATION

Narrative information is a key part of sustainability reporting, in particular with respect to governance, strategy and business model, as well as policies, actions and targets (PATs). It is a key factor in meeting the quality characteristics of relevance of information and fair presentation [LSI] 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, the 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 I 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 careful consideration of this point 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: *This question is required.

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

Suggestions:

Other – please specify

Firstly, we acknowledge that the number of narrative disclosures can be streamlined. At the same time, we would like to emphasise the overall importance of narrative disclosures for investors and companies alike.

Narrative disclosures are essential to understanding the context of quantitative disclosures - including the circumstances of preparation, calculation methodologies, and the evolution of figures and practices - and provide investors with the information to understand company business models, business plans, governance, and policies regarding social matters. Narrative disclosures contribute to painting a more comprehensive picture of the company and making disclosures more accessible and engaging.

This is especially important for ESRS 2, social and governance topics as well as E topics where practices are still developing (e.g. on biodiversity).

Merging datapoints

Overall, the ESRS would benefit from adjustment to avoid repetitive information or fragmented disclosures across ESRS 2 and topics or sub-topics. This could for example be the case of topical disclosure requirements on policies, which are duplicative with the general disclosure requirements existing in ESRS 2.

We would like to advise caution with regard to “merging” the datapoints. The artificial aggregation of several different disclosures within a single datapoint may impair machine readability and create usability and comparability challenges for investors, while not reducing corporate reporting burdens.

Among the governance topical disclosures, some datapoints could be removed if necessary because they primarily cover business conduct matters. Important governance information is already included in the GOV disclosures in ESRS 2.

For the S topic, the structure between disclosures relating to processes for consumers and end-users, affected communities, own workforce and value chain workers could be streamlined. For example, the description of policy for an entity that concerns several of

those groups, which is often the case, could be aggregated in one disclosure under ESRS 2, while maintaining the more specific topical disclosures in the four social sub-topics.

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

Others - please specify

Disclosures on Policies, Actions and Targets (PATs) are essential, forward-looking elements that enable investors to assess the potential evolutions of their sustainability risks and impact exposures over time. They facilitate investors’ own due diligence assessments as well as their engagement efforts with investee companies.

While the potential duplication across ESRS 2 and Minimum Disclosure Requirements (MDRs) could be removed, PAT disclosures in ESRS 2 and topic-specific PATs should be maintained. While we agree that quantitative information is easier to aggregate and compare for investors, as explained above, **narrative disclosures remain vital to understanding the context of the quantitative information, assessing its credibility, and covering matters that are (still) difficult to quantify.**

Merging MDR of ESRS 2 with “shall” PAT datapoints of topical standards

In some cases, MDRs introduce a minimum content layer that is then partially replicated or expanded through PATs. This layering of cross-cutting and topical disclosures can create confusion about reporting hierarchy. Streamlining of disclosures where possible and developing illustrative examples of the interaction could improve clarity.

Forward-looking information

The disclosure of **climate transition plans** (E I-I 01 to 16) is among the most valuable information for investors, according to [our research](#). For this information to be credible, however, it needs to be supported by disclosures on the resources the company uses for its implementation, which includes: operating expenses (OpEx) and capital expenditure (CapEx) (E I-I 04 to 06), as well as governance-related information such as disclosures on policies regarding the remuneration of members of administrative, management, and supervisory bodies linked to climate consideration (E I.GOV-3 01 to 03), the approval of the climate transition plan by administrative, management and supervisory bodies (E I-I 14), follow-up on progress (E I-I 15), and the concrete policies (E I.MDR-P 01-06) for sustainability risk management which are key to assessing the robustness and effectiveness of sustainability risk policies and the maturity of the company in this area.

When it comes to analysing risks and planning, assessing the quality of the data and the depth of the analysis based on which these decisions have been taken, is important. Because of this, we recommend retaining datapoints like EI.IRO-1 12 to 15.

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

In general, being able to assess the data quality of disclosures is essential to understanding a company's report, what it covers and where its limitations are. We therefore suggest maintaining ESRS 2 BP-1 04 and 05, BP-2 03 to 05, BP-2 07, 09, 10 and 12, and 13, at a minimum.

ESRS 2 includes governance disclosures that are essential for investors to understand how effective and robust the sustainability risk and impact policies are, how sustainability risks and impacts are identified, assessed, what their impact is on the company's strategy and how they are addressed and mitigated. Such information is essential to understanding the financial resilience of the company and the robustness of its business model. This is particularly the case for GOV-1 06 to 08, 14, 16, 17, GOV-2 01 and 03.

As mentioned above, the disclosure of **climate transition plans** (E 1-1 01 to 16) is among the most valuable information for investors. See the dedicated section on forward-looking information above for a more detailed explanation of the relevance of these datapoints.

When it comes to analysing risks and planning, understanding the quality of the data and the depth of the analysis based on which these decisions have been taken, is important. Because of this, we recommend retaining datapoints like EI.IRO-1 12 to 15.

The G disclosures **on lobbying activities** (G1-5) are useful to keep as they provide a good understanding as to what extent a company's lobbying activities are aligned with its overall strategy and policies on sustainability matters.

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):

We are still in an early phase of consulting the investors in our networks, which means that we do not yet have a complete picture to share. The following **list of relevant datapoints** is **not yet comprehensive** but provides a list of disclosures which we have already identified as important to retain. Eurosif will provide EFRAG with a comprehensive list of essential datapoints that are essential to maintain for responsible investors in the coming weeks.

Disclosure requirements (DR): IRO 2

Datapoints (DP) IRO-2_03- IRO-2_13 - Comment: This information is the basis for understanding how the materiality assessment was conducted. For investors, this is key to assessing the reliability of the assessment, to challenge it if necessary, and to manage their own risks exposures accordingly.

Suggestion: maintain

Disclosure requirements (DR) EI

Datapoints (DP): all

Comment: almost all datapoints in EI are vital because climate data is among the most sought-after by investors, as demonstrated in [our research](#). The disclosures are also practical to use due to their substantial alignment with ISSB and GRI (which also points to their relevance).

Suggestion: Important to maintain

Disclosure requirements (DR): E 2-1

Datapoints (DP): E2-1_02, E2-1_04

Comment: Important for investors' own risk management, also linking to wider EU priorities (EU chemical strategy) and targets in EU action plan.

Suggestion: maintain

Disclosure requirements (DR): E 2-4

Datapoints (DP): E2-4_17

Comment: needed for risk management and DNSH.

Suggestion: maintain

Disclosure requirements (DR): E3.IRO-1

Datapoints (DP): E3.IRO-1_01

Comment: Important disclosure, which is also aligned with GRI and TNFD.

Suggestion: maintain

Disclosure requirements (DR): E4.IRO-1

Datapoints (DP): E4.IRO-1_02

Comment: Sustainability risk management: dependencies analysis is the basis point for risk analysis relating to biodiversity issues and for managing transition risks. The datapoint is also aligned with GRI and TNFD.

Overall, narrative disclosures are important for reporting on biodiversity.

Suggestion: maintain

Disclosure requirements (DR): E4-5

Datapoints (DP): E4-5_2, E4-5_22, E4-5_23, E4-5_24, E4-5_25

Comment: Key to make comparisons between corporates, and to better prioritise material targets and/or the action plan. For investors, this information is often missing in corporate reports. Most of these are aligned with GRI and some also with TNFD.

Suggestion: maintain

Disclosure requirements (DR) G 1-5

Datapoints (DP) G1-5_09

Comment: Lobbying information is very relevant for investors, the datapoint is also aligned with TNFD.

Suggestion: maintain

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):

--

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 the difficulty of collecting basic data or lack of maturity on the matter).

Furthermore, EU regulation-related information (SFDR, Climate Law, Pillar 3, Benchmark) was included in ESRS Set I 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 the volume of information reported in the sustainability statement significantly.

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):

**This question is required.*

Given the absence of a dedicated section in this questionnaire to highlight the most critical quantitative disclosures to maintain, we opted to identify those in response to this question.

Please find below a preliminary list of critical datapoints to maintain. Eurosif is still consulting the investors in our network, which means that we do not yet have a complete picture to share. The following list is not yet comprehensive, but a selection of examples of important disclosures. Eurosif will provide EFRAG with a comprehensive list of essential datapoints that are essential to maintain for responsible investors in the coming weeks.

Disclosure requirements (DR) ESRS 2 SBM-I

Datapoints (DP) ESRS 2 SBM-I 9-20

Comment: Emissions linked to fossil fuel activity & other potentially harmful activities is key for assessing whether the company will be able to reach the EU's decarbonisation objectives and is a major element in assessing principal adverse impacts under the SFDR and for respecting exclusions defined e.g. in the criteria for Paris-Aligned / Climate-transition benchmarks. Hence, having access to this data is necessary for investors to effectively perform their duty, and to comply with relevant rules e.g. ESMA guidelines on fund names using ESG or sustainability-related terms.

Suggestion: maintain

Disclosure requirements (DR) EI

Datapoints (DP): general comment

Comment on the challenge: The EI disclosures do not offer much space for streamlining in our opinion. They are among the most sought-after information for investors and also particularly well-aligned with other international disclosure frameworks, which simplified the work for preparers and users and is also a good indicator of their relevance.

Suggestion: maintain for the most part

Disclosure requirements (DR) EI.GOV-3

Datapoints (DP): EI.GOV-3 01 to 03

Comment on the challenge: essential datapoints to assess the extent to which climate-related matters are considered at senior level within a company.

Suggestion: maintain

Disclosure requirements (DR) EI.I

Datapoints (DP) EI.I 03, 05 and 06

Comment on the challenge: important to understand how credible the transition plan is.

Suggestion: maintain

Disclosure requirements (DR) E I-4

Datapoints (DP): E I-4 03 to 20, 22

Comment on the challenge: Important to see how well the plan is implemented against a 1.5°C target.

Suggestion: maintain

Disclosure requirements (DR) E I-6

Datapoints (DP): E I-6 04 and 05, 25 to 29

Comment on the challenge: important information

Suggestion: maintain

Disclosure requirements (DR) E I-7

Datapoints (DP) E I-7 03 to 05

Comment on the challenge: important to understand how implementation is going

Suggestion: maintain

Disclosure requirements (DR) E2-4

Datapoints (DP) E2-4 02 to 07

Comment on the challenge: DNSH, Sustainability risk management: this data allows the effective assessment of the exposure of a company to transition risk linked to regulations limiting the emission of pollutants.

Suggestion: maintain

Disclosure requirements (DR): E2-5

Datapoints (DP): E2-5 01 to 03, 08 and 09

Comment on the challenge: Relevant for DNSH and Sustainability risk management; this data allows the effective assessment of the exposure of a company to transition risk linked to regulations limiting the production of main hazard classes of substances.

Suggestion: maintain

Disclosure requirements (DR) E 3-4

Datapoints (DP): E3-4_01 to E3-4_04, E3-4_11, E3-4_12

Comment on the challenge: Key information for Sustainability Risk management and DNSH, parts aligned with GRI.

Suggestion: maintain

Disclosure requirements (DR) E5-5

Datapoints (DP) E5-5_04, E5-5_05, E5-5_07, E5-5_09, E5-5_10, E5-5_15, E5-5_16

Comment on the challenge: important to assess data quality

Suggestion: maintain

Disclosure requirements (DR) S I-6

Datapoints (DP) SI-6_09, SI-6_12

Comment on the challenge: important, parts aligned with GRI and TNFD

Suggestion: maintain

Disclosure requirements (DR) SI-8

Datapoints (DP): SI-8_01

Comment on the challenge: key information, also aligned with GRI

Suggestion: maintain

Disclosure requirements (DR): SI-9

Datapoints (DP): SI-9_02

Comment on the challenge: provides key information, also aligned with GRI

Suggestion: maintain

Disclosure requirements (DR): G I-4

Datapoints (DP): GI-4_01, GI-4_02, GI-4_04, GI-4_05

Comment on the challenge: provides important information and is aligned with GRI

Suggestion: maintain

Disclosure requirements (DR): G I-5

Datapoints (DP): GI-5_06, GI-5_04, GI-5_05, GI-5_03

Comment on the challenge: understanding lobbying activities is a priority for investors.

Suggestion: maintain

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

Based on our discussions with investors, receiving the information they need for their own current reporting requirements, for example SFDR, but also Pillar 3 or the Benchmark Regulation, is crucially important. These include forward-looking metrics (transition plans), social safeguards (human rights), and indicators used in Principal Adverse Impact (PAI) reporting. In particular, scope 1, 2 and 3 emissions are disclosures which are very important information for investment decisions while at the same time also needed for calculating the respective PAI.

The same goes for the data needed for investors for their exclusion policies. The ESMA guidelines on fund names using ESG or sustainability-related terms, applicable to all funds and starting May 2025, require financial products using these terms to apply minimum exclusions listed in the Paris-aligned Benchmarks and Climate Transition Benchmarks criteria. This data corresponds to ESRS 2 SBM-I 09 to 20 which must be retained.

All datapoints corresponding to information required in other pieces of EU legislation should therefore be maintained, including optional PAIs under SFDR. While there are no obligations to report on all optional PAIs, to be able to assess and report on some of them, investors need investee companies to provide these disclosures.

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?

-

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 I has been drafted with the objective to contribute to the process of convergence of sustainability reporting standards at global level. The Omnibus proposals suggest further enhancing the already very high degree of interoperability with global sustainability reporting standards.

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

The relationship between cross-cutting and topical standards

We recommend maintaining the overall structure, while scanning the standards for duplications/overlaps and removing them, for example regarding DR on policies in ESRS 2 and the topical standards, which can create confusion about the reporting hierarchy. In such cases, the disclosures could be removed from the topical standards and aggregated in ESRS 2.

Any other matter

In the S standards, the structure between disclosures relating to processes for consumers and end-users, affected communities, own workforce and value chain workers could be streamlined. For example, the description of policy for an entity that concerns several of those groups, which is often the case, could be aggregated in one disclosure under ESRS2, while maintaining the more specific topical disclosures in the four social sub-topics.

4.2. Regarding interoperability, please:

If you are a user/other type of stakeholder.

Share your views on the importance and usefulness of interoperability from your perspective:

Interoperability with other international frameworks is valuable, we therefore welcome EFRAG's existing work on interoperability with ISSB, GRI, CDP and other widely recognised international reporting frameworks and support its continuation. It allows investors, that are often active internationally, to compare disclosures from a wide range of companies. This also helps the reporting companies to reduce the reporting burdens as we can prepare the disclosures once.

It is essential that datapoints shared between the different disclosure frameworks, ISSB, GRI, TPT, TNFD, CA 100+ etc., are maintained to simplify the work for companies and European and international investors. ESRS E I for example has a high degree of alignment with many frameworks, which also shows that these disclosures have been considered important by a large number of stakeholders from different jurisdictions.

However, **alignment must not lead to a weakening of the standards**, in a sense a “race to the bottom”.

PART 5 – 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.

--