

29 September 2025

CONTEXT :

In March 2025, the European Commission formally asked EFRAG to deliver critically simplified standards, following its Omnibus on Sustainability Regulations. The aim is to ease the administrative burden of CSRD reporting while keeping it meaningful and aligned with the European Green Deal. Following this request, EFRAG published draft revised ESRS based on a top-down simplification strategy and a bottom-up review of data points, and opened a public consultation from July until 29 September.

The European Confederation of Directors' Associations (ecoDa) submitted comments to this consultation. Overall, ecoDa welcomes the simplification of the double materiality assessment (DMA) and IRO process, as well as the streamlining of mandatory and voluntary datapoints, while encouraging further reductions in ESRS 2 requirements where information is already covered in integrated reports.

ecoDa's opinion is addressed below, following the structure of the EFRAG consultation.

➤ **Clarifications and simplification of the Double Materiality Assessment and materiality of information as the basis for sustainability reporting**

ecoDa sees as positive simplifications in the DMA and the IRO (impact, risk and opportunities) the fact that:

- The companies can limit themselves to information that is available without undue cost or effort, thereby allowing for a pragmatic approach
- The introduction of a materiality aspect for the scoring/quantification of IROs: activities may be excluded from metric calculations if, due to their nature, they are not expected to be a significant driver of the impacts, risks and opportunities

However, we believe that the whole process of DMA (including the IROs) could be even further simplified, for example by simplifying the engagement with all stakeholders, e.g., by allowing to take into consideration the opinions of stakeholders indirectly (e.g., through publicly available information about their strategy, position papers, etc) to facilitate the process.

➤ **Improved readability, conciseness and connectivity of ESRS Sustainability Statements**

We agree that the readability and conciseness are improved, however it could be improved even further, e.g., by further reducing (or removing entirely) the qualitative datapoints required in ESRS 2, such as GOV-1,2,3,4,5 (role of management and supervisory bodies, due diligence, risk management, etc.) and SBM 1,2,3 (description of strategy, business model and value chain; stakeholders etc.). This information is typically already included in other sections of integrated annual reports, and it would allow to simplify even further the ESRS.

➤ **Restructuring of the architecture and interaction between ESRS 2 and Topical Standards**

While the simplifications are welcome, ESRS 2 could be further simplified.

➤ **Relief for anticipated financial effects**

We are in favor of having undertakings disclose both qualitative and quantitative information, while allowing the omission of quantitative information under certain conditions. We believe this option will provide the possibility for the market to develop the best methodology for quantitative information (convergence of practice over time). Also, omission of quantitative information should be allowed if deemed confidential. However, this should not be taken as a way to not measure the quantitative information, and the undertaking should confirm that it is measured and not disclosed for confidentiality reasons.

➤ **Enhanced interoperability with the ISSB's standards IFRS S1 and S2**

Keeping the interoperability with the ISSB's S1 and S2 is of particular importance.

➤ **Reduction in the number of mandatory and voluntary datapoints**

We welcome the simplifications, but would have advocated for an even further simplification, especially of the qualitative datapoints (from ESRS 2 mainly, but also other sections) to be made optional, as they are often covered by other sections of the integrated annual reports in many cases (general governance description, general description of business).

➤ **Exception for Financial Institutions' Absolute Climate Reduction Targets**

ecoDa believes that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets. This exemption should apply unless an industry-wide indicator is found that would eliminate the impact of the increase of the portfolio size (eg. pro forma information using previous year perimeter).

➤ **New threshold for reporting metrics disaggregated at country level**

ecoDa has reservations about the proposed change to the threshold for country-by-country disclosure under the DRs ESRS S1-5 and ESRS S1-7. For simplification purposes, we would recommend that reporting breakdowns at the country level remain voluntary. As an alternative, disclosures could be provided at a regional level (e.g., larger geographies with similar characteristics).

➤ **Calculation approach to adequate wages outside the European Union (EU)**

ecoDa supports the proposed change to the methodology for calculating non-EU adequate wages in ESRS S1 and notes that conducting a targeted field test is good practice for addressing complex issues like this.

➤ **SFDR and other EU datapoints in Appendix B of Amended ESRS 2**

ecoDa welcomes the approach taken to incorporate the SFDR PAI into the Amended ESRS. ESRS2 should incorporate (where material) the SFDR PAI indicators specifically mentioned in the amendment, as they are the most critical indicators that financial institutions need to pay attention to. This ensures consistency of definitions and facilitates data gathering from financial institutions.

➤ **Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets**

ecoDa supports the review of AR 26 in Amended ESRS E4. The use of a science-based framework such as SBTN is critical. EFRAG should publish the criteria for a framework to be considered eligible (independence, science-based, etc)

➤ **ESRS G1 DR G1-2 and G1-6: Payment practices**

ecoDa considers the current formulation adequate to meet the objectives of the CSRD regarding the protection of SMEs. The amended version also provides sufficient room for expressing behaviour towards SME suppliers

➤ **Any other comments**

ESRS 2: The basis for preparation could have been further simplified, by removing many qualitative indicators (e.g., by further reducing (or removing entirely) the qualitative datapoints required in ESRS 2, such as GOV-1,2,3,4,5 (role of management and supervisory bodies, due diligence, risk management, etc.) and SBM 1,2,3 (description of strategy, business model and value chain; stakeholders etc.). This information is typically already included in other sections of integrated annual reports, and it would allow to simplify even further the ESRS.

ESRS E1-3: Resilience in relation to climate change: We suggest making voluntary the disclosures related to the resilience analysis, when this resilience analysis is covered as part of the double materiality assessment and the definition of the IROs.

ESRS S-1: We suggest making voluntary the disclosures about the measurement of the effectiveness of the social actions, as the methods for measuring effectiveness in these topics are not disseminated on a wider basis, and without scientifically-based methods (with the help of economists, sociologists, behavioral economists, etc), it is often difficult or impossible to measure the effectiveness of such actions (e.g., the effectiveness of a training or an awareness raising campaign cannot be effectively and pragmatically measured). It would also help further simplify the ESRS.

About ecoDa: The European Confederation of Directors Associations (ecoDa) is an independent and unique umbrella organization representing the main national institutes of directors across Europe. Our member institutes collectively encompass around 50,000 individual directors from 24 countries, who serve on the boards of companies spanning various sizes and sectors. Our mission is to promote the highest standards of boardroom

governance and to ensure that directors across Europe are well-equipped to meet the challenges and opportunities of their roles.

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