



Joint recommendations from users of sustainability data on the European Commission's revised ESRS and voluntary standard delegated acts

Eurosif – the European Sustainable Investment Forum, the Principles for Responsible Investment (PRI), the Institutional Investors Group on Climate Change (IIGCC), the European Federation of Financial Analysts Societies (EFFAS), and the Dutch Federation of Pension Funds (PensioenFederatie), organisations representing European and international users of sustainability data, overall welcome the European Commission's [draft revised ESRS delegated act](#).

The draft **preserves several key elements** that are essential for credible and comparable sustainability reporting. **However, important gaps remain.** The final delegated act should bring simplification but also lead to decision-useful sustainability disclosures. We therefore urge the European Commission to retain these key elements and address the remaining concerns in the final June 2026 text.

1. Preserve disclosures on quantitative and qualitative anticipated financial effects.

Quantitative and qualitative disclosures on anticipated financial effects are a central component of credible and decision-useful sustainability reporting. They are essential for understanding how sustainability-related risks and opportunities may translate into future financial impacts. They help users connect sustainability information with financial statements, assess financial materiality and make informed capital allocation decisions. **These disclosures should therefore remain in the final delegated act,** supported by practical implementation guidance.

2. Retain double materiality and the fair presentation principle.

These are foundational to the ESRS framework. **Double materiality must remain at its core,** with financial and impact materiality treated on equal footing, so that users can assess both the financial effects of sustainability matters and companies' impacts on people and the environment. **The fair presentation principle is equally important** to ensure that sustainability statements remain faithful, balanced and decision-useful, rather than becoming a purely formal compliance exercise.

3. Maintain the ESRS structure and avoid further cuts to data points.

The current draft **already delivers very substantial simplification,** with more than 60% of the initial ESRS data points removed – we welcome the European Commission not going significantly beyond EFRAG's recommendations on this point. Any further cuts would weaken the information that investors and other users need to assess risks, opportunities and transition preparedness. We also welcome **improved interoperability** with ISSB

standards, GRI standards and the TNFD framework on key areas such as anticipated financial effects, transition plan reporting and nature-related disclosures. **The overall ESRS structure developed through EFRAG’s technical work should also be preserved**, as it underpins coherence across the framework and comparability across reporting companies.

4. Address remaining concerns for users – noting individual signatories to this statement have also raised additional specific issues.

- **Problematic changes to some data points:** some of the adjustments proposed by the European Commission risk reducing the reliability and comparability of sustainability reports and create further divergence with international standards.
- **Over-extensive phase-ins and reliefs without safeguards:** extensive reliefs, including those based on “undue cost or effort” or lack of “skills, capabilities or resources”, remain too broad and lack sufficient safeguards, including justification requirements, time limits and phase-out plans.
- **A value chain cap restricting information availability:** the [draft voluntary standard delegated act](#) retains only a subset of its data points under the value chain cap, likely reducing the availability, comparability and decision-usefulness of information for users.

Annex: Detailed recommendations

1. Preserve disclosures on quantitative and qualitative anticipated financial effects.

Disclosures on anticipated financial effects are a core component of credible and decision-useful sustainability reporting. By quantifying and contextualising the financial implications of sustainability-related factors, companies enable users to link sustainability risks, impacts and opportunities to financial statements and to assess financial materiality in a meaningful way. These disclosures can cover, for example, transition-related capital and operating expenditure, stranded assets, insurance costs, or litigation-related costs arising from service disruptions. Qualitative disclosures are equally important because they explain the assumptions, methods and limitations underlying the quantitative information.

Although methodologies are still developing, users do not expect exact precision in all cases, but rather reliable ranges and contextual explanations. EFRAG’s advice already proposes substantial reliefs for preparers concerning timing and quantification (see below). Limiting or deferring these disclosures would risk creating a disconnect between the materiality assessment performed by companies and the information made available to users.

The European Commission should therefore preserve these requirements in the final delegated act and support implementation through practical guidance drawing on existing ISSB material.

2. Retain double materiality and the fair presentation principle.

Double materiality should remain the cornerstone of the ESRS framework, with financial and impact materiality given equal importance. This dual perspective is vital for users of sustainability data because it enables them to assess both the financial implications of sustainability-related risks and opportunities and the real-world impacts of companies on people and the environment. Interoperability with international standards should not result in a

hierarchy between disclosures that are financially material and those that reflect material impacts on society or the environment.

The fair presentation principle is equally important. It helps ensure that reported information provides a faithful and balanced picture of a company's sustainability-related risks, impacts and opportunities, rather than encouraging a compliance-driven exercise. Maintaining this principle would also improve interoperability with the ISSB framework.

3. Maintain the ESRS structure and avoid further cuts to data points.

The overall ESRS structure developed through EFRAG's technical work should be retained in the final delegated act. The architecture of cross-cutting and topical standards supports coherence across the framework and comparability across reporting companies. At the same time, the reduction of more than 60% of the original ESRS Set 1 data points already constitutes a major simplification.

Further cuts would significantly weaken the information available to investors and other users of sustainability data. This is particularly relevant for data points that are essential to understanding climate risks, transition preparedness, biodiversity impacts, pollutants, social issues (notably benchmarking against living wage estimates that are set in line with ILO principles) and stewardship practices. Maintaining the ESRS structure while avoiding further unnecessary cuts is therefore important for preserving the usefulness and credibility of the framework.

4. Address remaining concerns for users:

i. Problematic changes to specific data points.

Some changes proposed in the draft delegated act to individual data points remain concerning for users of sustainability data because they risk reducing comparability and alignment with international standards.

- **Climate transition plans.** Climate scenario analysis is a core component of climate risk assessment and transition planning from an investor perspective. Making it voluntary would weaken disclosures and create divergence from established international frameworks where it is mandatory such as IFRS 2 standards. Climate scenario analysis should therefore be reinstated as a mandatory element of transition plan disclosures in the ESRS.
- **GHG reporting boundaries.** Allowing companies to choose between financial control, operational control and equity share approaches for greenhouse gas reporting would improve interoperability with ISSB and the GHG Protocol. However, the signatories of this statement stress the importance of ensuring transparency of the methodologies employed and to strive for as much comparability as possible in reported information.
- **Biodiversity and microplastics.** Additional aggregation options for biodiversity disclosures risk weakening the granularity of site-level information that investors need to assess physical risk exposure, and the lack of an explicit value-chain dimension may leave material impacts insufficiently covered. Similarly, removing the qualitative data point on secondary microplastics would reduce the availability of material pollution-related information for investors. These disclosures should be preserved in the final delegated act.

- **Own workforce and human rights disclosures.** Replacing established due diligence concepts such as direct linkage with less clearly defined wording creates divergence from international frameworks such as the UN Guiding Principles and the OECD Guidelines, and narrowing the scope of reportable human rights incidents to ongoing proceedings or substantiated instances would reduce transparency. These data points should be restored in line with EFRAG’s initial simplification recommendations.

ii. Over-extensive phase-ins and reliefs without safeguards.

Targeted reliefs can be useful for preparers, but their credibility depends on appropriate safeguards. As currently drafted, extensive cross-cutting reliefs, including those based on undue cost or effort, lack sufficient conditions, justifications and time limits. The same concern applies to reliefs linked to anticipated financial effects, where companies may be allowed to omit disclosures on the basis of insufficient skills, capabilities or resources, or because the information is considered commercially sensitive. Without safeguards, these reliefs risk becoming common practice rather than exceptional measures, undermining the transparency, comparability and reliability of sustainability disclosures.

In addition, the draft delegated act suggests additional phase-in provisions for wave 2 companies allowing them to omit any information on AFEs for their first year of reporting, and to omit information on quantitative anticipated financial effects for their first three years of reporting. Compounded with the rest of the reliefs, these phase-ins may lead to delaying access to essential information for users of sustainability data.

Given the significantly narrowed scope of the CSRD following the Omnibus initiative, companies remaining in scope should be expected to dedicate sufficient resources to meet these requirements in a timely manner. The European Commission should therefore require clear eligibility conditions, mandatory justification, and time-bound phase-out plans whenever a relief is used and ask EFRAG to provide guidance clarifying when reliefs are justified and how preparers should progressively close data gaps.

iii. A value chain cap restricting information availability.

The draft delegated act retains only a subset of the voluntary standard data points under the value chain cap. This further limits the information that preparers can collect across their value chains, likely reducing the availability, comparability and decision-usefulness of information for users. This would be detrimental in particular for investors’ capital allocation decisions and reporting obligations under the Sustainable Finance Disclosure Regulation (SFDR). An excessively narrow value chain cap may also encourage the continued use of proprietary ESG questionnaires and bilateral information requests. This would increase reporting burden on SMEs rather than reduce them, contrary to the objectives of proportionality and simplification.

To address these issues, we recommend fully aligning the scope of the value chain cap with the basic and comprehensive modules of the voluntary standard.

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