

# 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 the [mandate](#) 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:**

Sara

**Last Name:**

Lissdaniels

**Email address:**

sara.lissdaniels@far.se

**Telephone number:**

**Name of organisation:**

FAR AB

**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):**

Other (please specify - textbox to open)

**User (subcategories to open):**

**Other (please specify)**

Professional Accountancy Organization

**Function in the organisation:**

Authorized accountant, Sustainability expert

**Country (principal location):**

Sweden

**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?

## 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:**

Defining IROs is essential for the preparation of a relevant and consistent sustainability statement. However, first wave reports indicate that undertakings are struggling to understand the concept of IROs.

ESRS should clarify the concept of an impact, risk and opportunity, including the difference between a positive impact as opposed to a mitigated negative impact.

ESRS should articulate even more clearly that the requirement is to identify material IROs, not just to identify the relevant topics/sub-topics listed in ESRS 1 AR 16.

Preparers struggle to allocate their material IROs to relevant sustainability matters, especially as some IROs link to multiple topics or are highly entity specific. The reporting structure should focus more on reporting material information resulting from the DMA, enhancing clarity and reducing duplication. The usability and understandability of the sustainability statement would benefit from preparers providing a clear "read thread" throughout the report. From how the SBM relate to sustainability matters and the undertakings exposure to IROs, to the assessed material IROs, why, where and when these IROs materialize, the PATs to manage the IROs and the relevant metrics connected to them.

### **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.

### **Please detail ESRS provisions on materiality improvements:**

FAR acknowledges that some of the main challenges resulting in the reporting burden is connected to excessive detail and requirements to report a wide range of information, instead of focusing on what is truly material. This can also hinder the clarity and usefulness of sustainability reports. Undertakings have faced difficulties in performing double materiality assessments (DMA) and in reporting only information that is genuinely material. A well-executed DMA not only limits the number of datapoints to report on but also serves as a valuable tool for long-term business resilience and strategic development. We believe that further clarification and simplification of the materiality assessment provisions in the ESRS is essential to ensure that reporting is both decision-useful and not unnecessarily burdensome. Based on our experience, the following improvements are recommended:

Clarifying the concept of materiality:

The concept of materiality should be further clarified as relative - not absolute. In fact - a small undertaking may find some IROs material that a big undertaking, in the same sector, does not. Key should be that preparers take responsibility for providing a fair presentation of their relevant IROs, focusing on strategic issues relevant to their business and sector. This enhancement could be based on the existing DMA, thus being achievable without adding burden to those undertakings that already have performed their DMAs.

EFRAG may evaluate whether materiality for specific disclosures should be regarded as absolute rather than relative, based on the perspectives of investors.

Mitigating actions:

A common question among preparers is whether to assess IROs before or after mitigating actions. ESRS should clarify the following principles on mitigating actions:

- Considering mitigating actions in the evaluation of material IROs.
- Netting negative impacts with positive impacts on different subject matters.
- The difference between a positive impact and a mitigation action.

Implemented mitigating measures could reduce the consequences of an impact or risk, reducing the severity and thus the materiality. Planned mitigating action however constitutes decision-useful information - ESRS could clarify this concept.

Clarification on including voluntary information

ESRS should further clarify if, and how, the sustainability statement can include voluntary information without risking obscuring material information. Some undertakings have been lenient in their DMAs but still want to disclose information they have reported in previous years and consider important. Rating institutes also influence the desire to include information related to non-material topics. The concept of materiality is overarching and it should be further clarified in ESRS 1 p. 114 that voluntary, non-material, information should not be part of the sustainability statement.

### **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 information materiality is often forgotten or considered too late in the DMA-process resulting in undertakings focusing on the wrong aspects. EFRAG should consider highlighting and clarifying this step of the DMA. The flowchart in appendix E in ESRS 1 is not clear on the concept of information materiality. Clarification could be made by merging information from ID 177 in EFRAGs Q&A Platform. The clarifications needed regards if information materiality could be applied "on every level" of information, for instance if the "IMA-filter" apply on DP-level when a sub-topic is deemed material.

FAR would also suggest EFRAG to expand the IMA-filter to a metric-level. For example, for an undertaking in the food and beverage sector E3-4 on water consumption for the brewery is relevant but not water consumption at HQ. Thus, collecting data on HQ water consumption and disclosing this would not be decision useful if preparers are transparent on reporting principles and perimeters. The same concept should be clarified on PAT-disclosures so that preparers only disclose information on PATs connected to the part of the business where the issue is material. Lessons could be learned from the GRI G4 conference introducing the concept to "report what matters when it matters".

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

- the disclosures related to the process according to IRO-1

**Please detail ESRS provisions on materiality improvements:**

Narrowing down IRO-1 serves great potential in reducing the number of DPs, reducing reporting burden and clarity in the sustainability statements. Current practice shows that much of this narrative information is boilerplate and adds limited value, obscuring truly material information. Further, the DMA is already subject to auditors' assurance.

ESRS 1 should clarify the process in a concise way, integrating relevant guidance from IG1 and IG2.

IRO-1 DR in the topical ESRS leads to duplication when the IRO is material or creates unnecessary burden when it is not. The core elements of the process should be clearly described in ESRS 1 and streamlined with requirements spread across the topical standards so that all requirements are consolidated. The current approach adding on IRO-1 requirements in the topical standards risk resulting in undertakings initiating the process and then, once having identified a material topic, realizing they need to supplement the process/assessment discovering new requirements in topical standards. Example of topic specific IRO-1 DRs adding on new elements which should have been considered earlier in the DMA-process are E1 p 20 and 21, E2 p 11, E4 p 17, E3 p 8.

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

- the disclosures related to the outcome of the process (SBM 3)

**Please detail ESRS provisions on materiality improvements:**

As described above SBM-3 DRs in the topical ESRS leads to duplication. The usability and understandability of the sustainability statement would benefit from preparers providing a clear "read thread" throughout the report. From how the SBM relate to sustainability matters and the undertakings exposure to IROs, to the assessed material IROs, why, where and when these IROs appear, the PAT to manage the IROs and the relevant metrics connected to them.

**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:**

The unclarities in ESRS lead to difficult judgement calls for auditors on whether undertakings have made enough effort in their DMA or not. The process could vary significantly between different undertakings. Some undertakings have performed a very thorough process while others have a more superficial approach. The question is whether the outcome of the DMA differs as much as the time and effort invested in the DMA does. FAR believes that ESRS should clarify the requirements of the DMA at the same time as proportionality is ensured. As described above FAR suggests removing the disclosures requirements on the process (IRO-1). This would not only reduce reporting burden but also some burden from the assurance work.

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

- the value chain

### **Please detail ESRS provisions on materiality improvements:**

There remains a need for a clearer definition on value chain boundaries, and how far into the value chain undertakings are expected to go in the DMA. EFRAG could incorporate descriptions from IG 2 into ESRS 1, for example describing the beginning and end of the VC and limiting the VC-information to actors associated with the undertaking's operations, products, or services.

FAR do not believe the VC-disclosures per se add to the reporting burden. Undertakings request information from VC-actors driven by risk mitigating- and transition factors rather than from reporting requirements. IG 2 VC-coverage map illustrates that undertakings do not need to collect information from the VC for reporting on metrics, apart from GHG Scope 3 disclosures and if deemed relevant as an entity specific metric. This fact should be clarified directly in the ESRS.

The VC-approach in ESRS should be harmonised with CSDDD. In IG2 EFRAG describes this risk-based approach where potential or actual IROs do not need to be identified for every business partner in the VC. Due to the Omnibus proposals, EFRAG should consider adding guidance on when undertakings must go beyond tier 1-actors. For instance, depending on how much of the impact derived from a VC-actor is actually connected to the reporting undertaking.

ESRS should specify that preparers are required to collect publicly known and accessible information beyond tier 1 actors, while acknowledging the challenges associated with obtaining detailed information.

For financial sector undertakings, guidance on complying with the ESRS requirements regarding value chain information is critical, as well as the need for harmonisation with the CSDDD, where value chain responsibility is limited for the financial sector.

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

- the aggregation/disaggregation of information

### **Please detail ESRS provisions on materiality improvements:**

FAR suggest that ESRS should specify how to consolidate, aggregate, and disaggregate IROs for complex groups and conglomerates.

**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)**

**Datapoints (DP)**

**Comment on challenge:**

**Suggestion:**

## **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<sup>[LS1]</sup> 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:**

IRO-1, please see our response to Q1.1.

SBM-2. These disclosures could be reduced to matters truly relevant to the outcome of the DD-process.

SBM-3, please see our response to Q1.1.

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

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

**Suggestions:**

IRO-1, please see our response to Q1.1.

SBM-1 – 40d (ESRS 2), merging all sub paragraphs.

SBM-2. These disclosures could be reduced to matters truly relevant to the outcome of the DD-process.

SBM-3, please see our response to Q1.1.

E5-4-31c merge with E5-5-36c (covers the same matter)

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

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

**Suggestions:**

FAR supports reduction of DPs but opposes the proposal to transfer “shall” datapoints to voluntary “may” datapoints. On the contrary, FAR believes the concept of voluntary DPs contradicts the principle of reporting material information. FAR suggests “may”-datapoints are deleted or reclassified. The non-mandatory DPs make up 24% of all datapoints in the current ESRS whereas it is important not to mechanically delete all “may” datapoints but instead consider decision-useful and purposeful information.

EFRAG could also review and assess the usability of all conditional requirements, clarifying what is conditional and when it is applicable, deleting those not adding any value for users.

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

Other – please specify.

**Suggestions:**

EFRAG could consider deleting/merging:

G1 (whistleblower) is often disclosed by reference to S2. There are duplications in the ESRS if an undertaking is reporting on both G and S2. EFRAG should make it more concrete what is being aimed for in each subcategory.

BP-2 The user value in disclosing whether a specific DP is verified is limited since the sustainability statement is subject for assurance.

EFRAG should consider whether to retain all 12 ESRS or to merge standards that overlap with each other, such as the social standards. DR S2-2 and S2-3 are similar in all social standards (how dialogues are conducted with different groups).

EFRAG should consider deleting DPs that refers to criteria that do not exist. For example, in relation to “industry averages” when no industry average exists.

ESRS 2 p 56 require a list/index of the DRs complied with including the page numbers and/or paragraphs where the related disclosures are in the sustainability statement, and a table of all the datapoints that derive from other EU legislation. There is an unproportionate workload providing the page numbers in such an index. The usability would still be maintained if limiting the references to “paragraphs/headings” in the sustainability statement. This would require the undertaking to map the sustainability statement according to DRs and DPs in ESRS, easing users to navigate and enhancing the usability of the report.

**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:**

Other – please specify

**Comments**

Merge MDRs (DR and related AR) - It's challenging to determine when to report MDRs, as once an undertaking begins writing on a topic, they must refer back to ESRS 2 and the MDRs to gather all necessary information.

MDR requirements regarding the general baseline value and baseline year should be specified in the relevant standard based on the subject matter being reported.

Certain DPs necessitate the establishment of a baseline year. This should be specified as a conditional requirement, as a baseline may not always be available.

## Forward-looking information

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

Bearing in mind that the EU's vision for the Green Deal and sustainability goals remain unchanged, and the purpose of the CSRD and reporting has not altered, an excessive reduction of scope and diluted reporting may jeopardise the EU's ability to meet its targets.

Reporting is primarily about transparency. Prior to reporting, undertakings identify the IROs that impact their stakeholders and their strategy and business model. A well-structured DMA limits the number of DPs included in the report, but it is also a tool that can strengthen the company's ability to build resilience and set strategies for long-term survival. Reporting and the fact that the sustainability statement is subject for assurance and assigned to the board's responsibility have the potential to improve and accelerate companies' sustainable transition and ESG-due diligence-efforts.

FAR considers the following the most critical elements to be retained in the ESRS:

- the double materiality principle, including disclosure requirements that address both the impact and the financial perspectives
- the 4-pillar (TCFD/ISSB) structure of the standards, whereby the disclosure requirements are grouped in (1) governance, (2) strategy, (3) impact, risks and opportunities management and (4) Metrics & Targets
- ESRS elements that are fully aligned to or interoperable with other relevant international standards.

### 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)

ESRS2 AR.18

#### Comment:

ESRS 2 AR18 Disclosure of anticipated financial effects of material risks and opportunities on financial position, financial performance and cash flows over short-, medium- and long-term:

Clarity is needed on how this should be disclosed, it is, qualitatively unclear how much should be reported. This disclosure may be one of the most important but can be interpreted in very different ways.

#### Suggestions:

### 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)?

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?

## 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:**

As mentioned above, we suggest merging ESRS 2 requirements from topical standards with ESRS 2.

**Please select:**

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

**Suggestions:**

As mentioned above, we suggest rewriting the "Application Requirements" (AR) section to:

- not include any disclosure requirements: if some of the current AR disclosures are decision-useful, they should be moved to the main text of the standards as "shall" disclosures; the rest should be deleted from the standard.
- move examples and other guidance to guidance that is not adopted as a delegated act.

The current structure of the standards dilutes usability and makes the standards difficult to read.

## **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:**

## **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.**

Structure and presentation of the report:

FAR suggest EFRAG explores the possibility of providing the quantitative information prescribed in the ESRS in a tabular form while providing narrative information in notes. This would improve usability.

Sector guidance:

ESRS is designed to be sector-agnostic but is written from the perspective of manufacturing undertakings. Certain concepts and especially environmental topics are not applicable to FS undertakings or undertakings in the service sector. As sector standards are being phased out, some sectors require additional guidance, either through conceptual reporting guidance (as for the FS) or references to other standards such as GRI or SASB sector standards for reporting on relevant sector KPIs.

Undefined criteria:

Some DRs include concepts that has no definition or general accepted meaning. These concepts lead to interpretations and add to the reporting and assurance burden. Examples are concepts as in E1 IRO-1 p 20. "high emission climate, resilience analysis, scenario analysis, climate impact," etc. ESRS should elaborate on these concepts where there is no practice or common understanding, such as what a resilience- or scenario analysis should entail.

Additional Reference to Accountancy Europe's Response:

In conjunction with the feedback provided in this questionnaire, FAR wishes to refer to the response from Accountancy Europe. Please see the following link for further details: <https://accountancyeurope.eu/wp-content/uploads/2025/05/250502-EFRAG-questionnaire-for-public-feedback-on-ESRS-Set-1-revision.pdf?v1>

## **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.**