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FAR welcomes the European Commissions draft delegated act on the revised European Sustainability Reporting Standards. We appreciate that only limited changes have been made to EFRAGs technical advice, which supports stability in the EU sustainability reporting framework. Although FAR notes some shortcomings, stability remains important. In several areas, it is preferable to allow practice to develop before making further revisions. FAR also refers to the feedback submitted by Accountancy Europe. Assessment of material risks and opportunities, net or gross considerations: FAR welcomes that the simplified ESRS include considerations regarding how preventive, mitigating and remedial policies and actions should be considered in the materiality assessment of impacts. However, there are still areas of improvements to provide more clarity as how the principles are to be applied, one example is the potential inconsistency between paragraph 43(a)(b) and paragraph 43(c) of ESRS 1. Paragraphs 43(a) and (b) suggest that preventive, mitigating and remedial actions should be considered when assessing whether an IRO is material. However, paragraph 43(c) states that information may still be material even where such actions have reduced the severity of the matter. This creates uncertainty: if mitigation has made a matter no longer material, it is unclear whether the undertaking should still treat the underlying IRO as material and provide full topic-specific disclosures, or simply explain the mitigating actions taken. If paragraph 43(c) prevails, some matters could effectively always remain material in certain industries, undermining the purpose of the materiality assessment. FAR therefore recommends that paragraph 43(c) be clarified, redrafted or removed. Inclusion of upstream and downstream value chain information: FAR recommends clarifying that entity-specific reporting including quantitative metrics from the value chain is not mandatory (even where material impacts, risks and opportunities have been identified). The focus should be on the undertakings own operations and on qualitative disclosures for the value

chain. If the framework requires metric data from the value chain to be included (beyond Scope 3), this would significantly increase the reporting burden. Reliefs: FAR appreciates the reliefs in the ESRS as an effort to reduce burden and promote useful reporting with reliable data. However, we see the following need for amendments: Relief for acquisitions and disposals may reduce comparability and relevance in key metrics, especially where sustainability data no longer aligns with the financial statements. ESRS should clarify how such cases should be handled, including for intensity metrics linked to revenue. Where undertakings report only a subset of metrics due to undue cost and effort, they should also explain why the missing data is unavailable, as this is important information for users of the report. FAR recognises the need for guidance on asset management activities. However, FAR notes a lack of clarity regarding managing investments, in particular as to the meaning of fiduciary duty in this context and its relationship with financial reporting. ESRS E1 Transition plan for climate change mitigation: FAR would welcome clarification on how reporting companies can demonstrate that their strategy and business model are compatible with 1.5 degrees. By contrast, temperature alignment is easier to assess for targets, as previously required. ESRS E1 Reporting boundary: The Commission proposes full alignment with the GHG Protocols optionality regarding the reporting boundary. FAR considers that the alternative presented in EFRAGs technical advice achieved an appropriate balance between increased interoperability and simplification. Full interoperability would mean that ESRS directly refers to the GHG Protocol, but this comes at the expense of comparability because the GHG Protocol offers three alternatives.