

To: Corporate Reporting - Investments & Sustainable Finance WG
From: Cléa Gobet
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Subject: EFRAG provides its technical advice on draft simplified ESRS to the European Commission

Summary

On 3 December, EFRAG has submitted its technical advice to the European Commission on the draft simplified European Sustainability Reporting Standards (ESRS): [here](#).

EFRAG announces that the [revised ESRS](#) introduce practical considerations and proportionality mechanisms across all reporting steps. The materiality assessment has been streamlined to reduce administrative burden, improve clarity, and ensure that companies focus on disclosures that are genuinely decision-useful. Value chain requirements have also been made more flexible, notably through broader use of estimates, easing the need for direct data collection.

Key simplifications highlighted by EFRAG:

- **Usefulness and fair presentation** now act as general filters to improve relevance and reduce compliance-driven reporting.
- **Materiality assessment** has been simplified through clearer guidance, reduced documentation, and better alignment with audit expectations.
- **Value chain data** requirements no longer favour direct data collection, lowering data-gathering pressure.
- **Proportionality and phasing-in measures** provide relief for challenging disclosures.
- **Narrative disclosures** follow more principles-based standards, giving companies flexibility in presenting policies, actions, and targets, with stronger focus on how sustainability matters are managed.
- **Structure and clarity** have improved, with shorter and more accessible standards.
- **Datapoint reduction**: a 61% decrease in required datapoints (when material) and the removal of all voluntary disclosures.
- **Enhanced ISSB interoperability**, maintaining common disclosures where feasible and improving alignment (e.g., revised GHG boundary, approach to anticipated financial effects). Companies relying on ESRS reliefs should note that some go beyond those permitted under ISSB Standards.

Next steps

The European Commission will now prepare the Delegated Act revising the first set of ESRS based on EFRAG's technical advice.

The secretariat is preparing a letter to be shared with the European Commission and will invite members to provide comments in the coming days. Members who wish to share any preliminary feedback or concerns are welcome to contact the secretariat at crisfin@insurancееurope.eu.