

To: Corporate Reporting - Investments & Sustainable Finance WG
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Subject: EIOPA opinion on the revised ESRS

Summary

On 16 February, the European Insurance and Occupational Pensions Authority (EIOPA) published an [opinion](#) on EFRAG's technical advice on the amended European Sustainability Reporting Standards (ESRS).

EIOPA notes that the reduced scope of companies required to report under ESRS makes it essential to ensure proportional, coherent requirements for those in scope, and alignment with the future voluntary standards that will apply to most insurance undertakings.

EIOPA highlights several points:

- **Data quality and use of estimates:** Removing the data hierarchy (no longer prioritising direct over estimated data) could reduce the quality, comparability and reliability of sustainability information.
- **Reliefs:**
 - ESRS should clarify that Anticipated Financial Effects (AFE) reliefs apply only when appropriately substantiated and should not be used where quantitative metrics are already widely available (e.g. most climate-related data).
 - EIOPA proposes a three-year time limit on the "undue cost or effort" relief for own-operations reporting, as they say that an unlimited waiver could hinder data availability, reduce comparability with IFRS standards, and weaken insurers' and pension funds' ability to perform risk assessments.
- **Consistency with Solvency II:** As the revised ESRS would allow insurers to meet requirements on materiality assessments, resilience analysis, and time horizons by applying Solvency II processes, EIOPA recommends an explicit cross-reference confirming that insurers may rely on their Solvency II-aligned internal risk management procedures when conducting the financial materiality assessment.
- **Consistency with SFDR:** EIOPA welcomes the removal of SFDR entity-level disclosures. However, as the CSRD scope has been significantly reduced, most financial undertakings would no longer be subject to mandatory reporting under either framework. EIOPA therefore recommends retaining Principal Adverse Impact (PAI) disclosures in the voluntary standard to maintain transparency.
- **Interoperability:** EIOPA welcomes the strong interoperability between ESRS, IFRS Sustainability Disclosure Standards, and the Global Reporting Initiative (GRI), notably through the inclusion of impact materiality. However, ESRS reliefs, such as those for undue cost or effort or for reporting partial estimated data, go further than allowed under IFRS. EIOPA recommends revising these reliefs to ensure alignment and avoid inconsistencies.