

To: Maria Luís Albuquerque, Commissioner for Financial Services and the Savings and Investment Union  
Valdis Dombrovskis, Commissioner for Economy and Productivity; Implementation & Simplification

Cc: Cristina Dias, Head of Cabinet, Commissioner Albuquerque  
Michael Hager, Head of Cabinet, Commissioner Dombrovskis  
Sean Berrigan, Director-General, DG FISMA  
Sven Gentner, Head of Unit, Corporate reporting, audit and credit rating agencies (FISMA.C.1)  
Petra Hielkema, Chairperson, European Insurance and Occupational Pensions Authority (EIOPA)

Subject: Insurance Europe and CFO Forum joint letter on EFRAG's technical advice on the revised ESRS

Brussels, 16-01-2026

Dear Commissioner Albuquerque,  
Dear Commissioner Dombrovskis,

This letter is from Insurance Europe, the European insurance and reinsurance federation representing 95% of the premium income of the European insurance market, and the European Insurance CFO Forum, which represents 23 of Europe's largest insurance companies. Together, it reflects the consensus view of the European insurance industry.

European insurers are committed to support the transition to a more sustainable economy and to tackle climate change as a priority. The European insurance sector strongly supports the objective of transforming Europe into a climate-neutral continent by 2050 and is ready to contribute to that objective. The insurance industry shares the European Commission's ambitious objective of establishing an efficient and robust sustainability reporting framework through the Corporate Sustainability Reporting Directive (CSRD). A majority of insurers were part of the "wave 1" CSRD adopters and committed significant resources to its implementation.

Insurers supported the Commission's decision taken last spring to substantially reduce the number of mandatory European Sustainability Reporting Standards (ESRS) datapoints and ultimately simplify the standards to make them more operable and less burdensome to implement, while preserving the EU's leadership in sustainable finance and its commitment to the Green Deal.

As mandated by the Commission, EFRAG published its technical advice on the draft simplified ESRS on 3 December 2025. We commend them for the significant effort invested in revising the standards within a very short timeline. In particular, we welcome the stronger emphasis on decision-usefulness and the filtering out of immaterial information, the option to follow a top-down approach in the Double Materiality Assessment (DMA), the streamlined terminology and structure for clarity, as well as the new implementation and "undue costs and efforts" reliefs. For example, the relief granted to financial institutions from disclosing absolute emissions targets for their Scope 3, Category 15 emission intensity targets is welcome. Moreover, we appreciate that reliefs are not subject to time limitations, as temporary ones would undermine the simplification objective and create unnecessary complexity.

However, **further adjustments to the revised standards are needed** to ensure that simplification truly reduces the burden on preparers and meets the Commission's stated goal of meaningful simplification. Under the simplified ESRS developed by EFRAG, undertakings will continue to face complexity and excessive disclosure requirements, diverting resources from effective sustainability management and high-quality reporting.

**These changes must uphold core principles:** trust preparers, auditors and supervisors to implement the standards fairly by avoiding overly prescriptive requirements; refrain from introducing new reporting obligations; and ensure that applying the ESRS remains a transparency framework rather than to mandate behaviour - for example, in climate-related scenario analysis, as outlined in the technical section below.

**Applying the revised standards should neither increase reporting volume nor company's effort** to support external audits and must avoid requirements that could be interpreted as conflicting with the overarching principles of fair presentation and materiality of information. Detailed suggestions are provided in the annex.

To avoid reintroducing prescriptiveness through implementation practice, any accompanying measures (e.g. FAQs, Q&As, implementation guidance and audit-related interpretation) should not expand disclosure requirements and must align with the Commission's overarching objective of simplification.

The **introduction of new concepts and terminology** is of particular concern—such as the term “informed assessment” in ESRS 1 paragraph 23(b). Since this concept was not part of Set 1 nor the consultation draft published in July, its late addition in the deliberations process risks creating unnecessary reporting burden and uncertainty. To remain aligned with the Commission's simplification objective, this concept should be removed or fundamentally reconsidered.

Finally, **the governance and due process observed during EFRAG's ESRS revision have exposed limits in its multi-stakeholder approach and warrant reflection.** The weeks leading to the finalisation of the advice at EFRAG demonstrated that their ability to deliver on the simplification mandate was constrained by constituent diversity—particularly where some resisted the Commission's direction set earlier this year. This raises important questions about the effectiveness of EFRAG's governance model and its capacity to deliver timely outcomes under similar circumstances in the future. The challenges encountered, reflected in the Board's final vote, suggest the governance framework may need reconsideration to ensure swift action when urgent revisions are required.

Simplified sustainability reporting standards that support Europe's competitiveness and reduce undue burden are more important than ever for addressing long-term sustainability challenges.

We remain at your disposal for any questions or clarifications you may need.

Yours sincerely,

Thea Utoft Høj Jensen  
Director General, Insurance Europe

Alban de Mailly Nesle  
Chair, European Insurance CFO Forum

## Annex:

### Technical points: remaining areas to be addressed

While we welcome the progress made, several provisions still require attention to fully achieve the simplification objective set out by the Commission:

#### Materiality of information

##### **We recommend removing ESRS 1 paragraph 23(b) and AR 11 in its entirety, modifying paragraph 23(a) and partly deleting ESRS 1, AR 40 for para 89.**

The term “**informed assessments**” (ESRS 1 para 23(b)) is a new addition that was not part of Set 1 or the consultation draft and therefore was not subject to public feedback. This concept, being unclearly defined and being used in the very definition of “information materiality”, risks hindering the whole “information materiality” concept, which is a foundational pillar of the simplification project.

Its inclusion expands the ESRS rather than simplifying or clarifying existing standards, notably by encouraging over-reporting. Meaningful simplification can be achieved by focusing on decision-usefulness for primary users, ensuring reporting information is tailored to their needs. This approach also supports stronger alignment with ISSB standards (IFRS S1 and IFRS S2), which is a separate Omnibus objective. We therefore propose modifying ESRS 1 paragraph 23 as follows:

*ESRS 1 para 23. Information is material when omitting, misstating or obscuring that information could reasonably be expected to influence decisions that users make, mainly primary users of general-purpose financial reports, based on those reports, including financial statements and the sustainability statement.*

In addition, AR 11 should be deleted, as it pre-empts materiality considerations, including the assessment of the materiality of information for disclosure requirements in ESRS 2. More broadly, AR11 (for para 29) and elements of AR 40 (for para 89) risk contradicting the materiality of information principle by defining all information ESRS 2 information as “fundamental in nature”, which could be interpreted as rendering the information materiality filter as not applicable for ESRS 2 related disclosures. The sentence in AR 40 stating that “Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B).” conflicts with the relief on measurement uncertainty for Anticipated Financial Effects (ESRS 2, para 28(b)); as currently drafted, it could render the relief inapplicable and create interpretative difficulties. This sentence should therefore be deleted from AR 40.

In order to avoid unnecessary challenges from auditors to company’s DMA outcome regarding entity level disclosures, we suggest the following changes:

*12. (AR 4(b) amended) When developing its entity-specific disclosures, the undertaking shall consider comparability over time and **may consider disclosures by** other undertakings that operate in the same sector(s).*

*AR 5 related to paragraph 12: In developing its entity-specific disclosures, the undertaking may use, **without pre-empting the results of their DMA**, available best practices, frameworks or reporting standards, such as IFRS industry-based guidance and GRI Standards (including GRI topic and sector standards).*

#### Consideration of mitigation policies (‘Gross versus Net’)

##### **We recommend rephrasing ESRS 1 paragraph 44 as suggested below and deleting AR 24, AR 25, and AR 26 in their entirety.**

We welcome the strengthening of the management approach for the identification of reporting relevant impacts. However, the current framing in ESRS 1 paragraph 44 risks re-introducing a “gross” expectation

that can create interpretative uncertainty, increase audit complexity, and incentivise extensive disclosure even where effective mitigation measures are in place. A more proportionate approach would preserve the multi-stakeholder perspective while allowing undertaking to apply professional judgement, so that reporting remains decision-useful and focused on topics clearly linked to the undertaking's strategy and business model, while still enabling undertakings to present how policies and actions contribute to addressing material matters. In this regard, we recommend deleting AR 24, AR 25 and AR 26 and rephrasing paragraph 44 as proposed below, with the deletion of paragraph 44(c).

*ESRS 1 para 44: "The following applies in determining how to consider policies and actions in the materiality assessment:"*

*44(a): "When assessing the materiality of impacts, risks, and opportunities, the undertaking shall exercise judgement on whether to consider the effect of existing policies and actions. Policies and actions that have not yet been implemented shall not be considered in the materiality assessment."*

*44(b): "Irrespective of 44(a), in considering whether to disclose information about impacts, risks, and opportunities and corresponding policies or actions, the undertaking is required to consider whether omitting, misstating or obscuring information about the impacts, risks, and opportunities and its policies or actions could reasonably be expected to influence the decision of users, mainly primary users of general-purpose financial reports to understand the undertaking's impacts, risks, and opportunities."*

Finally, we suggest moving §44 to the overarching section of ESRS 1 3.2, instead of under 3.2.1.

### Anticipated Financial Effects

Publishing quantitative information in the absence of a mature and commonly accepted methodology will not result in decision-useful disclosures and will negatively impact competitiveness. **Should the disclosure requirement be retained, we support requiring only qualitative information on anticipated financial effects.**

While transitional reliefs for FY 2026–2029 are welcome, requiring quantitative disclosure—even with relief—creates burden and legal uncertainty for long term projections (ESRS 2 SBM-3 and ESRS 1 Chapter 10).

The insurance industry stands by to discuss and work on commonly accepted methodologies.

### Geographical dimension

**We recommend deleting ESRS 1 paragraph 33 and AR 15 in their entirety** to maintain the original scope and optionality.

The new provisions introduce an unbalanced focus on the geographical dimensions of impacts and "the specific context of the geography" for the double materiality assessment, which goes beyond Set 1 ESRS requirements. Moreover, the application of such geographical considerations to social topics constitutes a new requirement compared to Set 1. While not explicitly naming it, these provisions could implicitly enforce the LEAP approach across all topics, significantly increasing complexity and effort. Removing para 33 and AR 15 would avoid these unintended consequences and preserve meaningful simplification.

### Disaggregation

**We recommend deleting ESRS 1 paragraph 53 and the related AR 31 to maintain proportionality and simplicity.**

Under the revised ESRS 1 para 53, disaggregation of information is required, in case "significant variations" of material impact, risks, or opportunities arise at a specific level of aggregation, such as at sector, subsidiary, location or asset level. For global undertakings, there will always be "significant variations" at the most

granular level, as no single asset or single location will always have the exact same impacts, risks, and opportunities as other assets or locations. This would lead to a significant increase in reporting burden and length, producing reports that are much longer compared to set 1 ESRS reports.

In addition, the current wording in the related AR 31 for para 53 introduces a new requirement compared to Set 1, notably the requirement to “not obscure systemic interactions or drivers of impact that exist in specific geographic contexts”. This concept is extremely prescriptive, and it not clearly defined, which could lead to interpretation uncertainties and additional reporting burden.

### Reliefs for metrics

**We recommend deleting the phrase “Except when reporting ESRS E1-8 metrics” from ESRS 1 para. 92.**

That deletion would allow the relief to also applies to GHG emissions. ESRS 1 paragraph 92 introduces a general relief for metrics but explicitly excludes GHG emissions. This is problematic, as GHG accounting—especially Scope 3—is the area most affected by high measurement uncertainty, limited or unreliable data, and significant cost and effort. We do not see any reason why the ESRS should introduce such a prescriptive exception to the relief; this seems to suggest a different status of GHG data compared to other information, which contradicts the materiality principle.

As drafted, the paragraph would effectively require full coverage for GHG emissions regardless of cost or data quality. Regulation should prioritise accuracy and reliability. Estimates should be used only when they genuinely improve understanding of the undertaking’s activities, not to chase 100% coverage with low-quality figures.

### Climate-related scenario analysis

**We recommend deleting or rephrasing ESRS E1, AR 6 for para 15,** as it could be interpreted as “mandating behaviour” on how undertakings should conduct climate-related scenario analysis. The paragraph is overly prescriptive and could benefit from simplification. For example, adopting a “trust the system” approach by deleting the requirements and leaving verification on this topic to independent external verifiers.

### Operational control and organisational boundaries

**For emissions reporting boundary, we recommend redrafting ESRS E1 AR 25 in line with the former AR 49 and the second paragraph of ESRS E1 AR 19 to be deleted.** ESRS E1 AR 19 and AR 25 introduce unnecessary complexity when compared to the GHG Protocol and former AR 49, reducing comparability and increasing burden (including through expansive disaggregation expectations).



#### *About Insurance Europe*

Insurance Europe is the European insurance and reinsurance federation. Through its 39 member bodies, the national insurance associations, it represents insurance and reinsurance undertakings active in Europe and advocates for policies and conditions that support the sector in delivering value to individuals, businesses, and the broader economy.

#### *About the European Insurance CFO Forum*

The European Insurance CFO Forum ('CFO Forum') is a high-level discussion group formed and attended by the Chief Financial Officers of major European listed, and some non-listed, insurance companies. Its aim is to influence the development of financial reporting, value-based reporting, and related regulatory developments for insurance enterprises on behalf of its members, who represent a significant part of the European insurance industry. The CFO Forum was created in 2002.