

The European Round Table for Industry (ERT) strongly supports the overall process to revise the European Sustainability Reporting Standards (ESRS) Set 1 to significantly reduce the reporting burden on European companies while considering the needs of relevant stakeholders. However, despite some progress, we believe that the current proposals for simplification as outlined in the technical advice published by EFRAG on 3 December are insufficient to significantly reduce the reporting burden for companies in line with the promises of the Commission’s simplification agenda.

The first year of reporting has clearly shown that the current ESRS are overly complex and granular, introducing significant workload and unnecessary costs for European preparers without providing clear benefits or added value for relevant stakeholders. A large number of individual data points are not relevant for managing or steering the company and therefore are of very limited use to users. This risks shrouding the relevant information due to information overload. Overly complex and vague definitions and terms, as well as unclear disclosure requirements have led to diverging interpretations of the legal requirements, ultimately reducing the usability and comparability of the disclosed information.

ERT therefore welcomes the efforts of EFRAG to simplify the ESRS Set 1, as outlined in the technical advice published by EFRAG on 3 December 2025. Several proposals will increase the flexibility for preparers and increase the readability of the sustainability statement. These include the option to provide an executive summary and appendices to present additional and more detailed information, consolidating the ESRS 2 related disclosure requirements in the topical standards in ESRS 2, and an improved and simplified structure for reporting on policies, actions and targets. ERT also welcomes the introduction of various relief clauses and flexibility mechanisms, such as that applying in case of acquisitions and disposals, and the exclusion of subsidiaries from sustainability reporting if they are non-material from a financial perspective.

However, despite the progress outlined above, we believe that EFRAG’s technical advice is insufficient to significantly reduce the reporting burden for companies in line with the promises of the Commission’s simplification agenda. Many proposed changes are cosmetic and do not affect the substance of the respective disclosure requirements. While the number of datapoints has formally decreased by more than 60% according to EFRAG, the underlying substance of the disclosure requirements in many cases remains intact. The expected reduction of the reporting volume and effort is therefore much lower for ERT members and potentially – for many companies – even below the objective of 25% set by the Commission. Merging data points, removing duplicative data points or making linguistic changes do not effectively reduce the reporting burden. On the contrary, several proposed amendments to the current ESRS are not clear and subject to interpretation, creating new uncertainties and reducing comparability rather than easing implementation.

ERT therefore calls for further substantial improvements in the final Delegated Act to ensure that the ESRS provide for high-quality and truly decision-useful information to support investment decisions by users while aligning with the Commission's simplification agenda. A strong focus should be placed on the feasibility of reporting for preparers and the relevance and usefulness of the disclosed sustainability information for primary users.

The **attached annex** summarises our key concerns relating to EFRAG's technical advice and provides constructive and concrete solutions to improve the standards in the final Delegated Act. Many of these issues have been shared already with EFRAG during bilateral workshops in 2025 and through EFRAG's public consultations in Spring and Summer 2025. All of them are equally important to ensure preparers' support of the simplified standards and must be viewed as a package.

The key concerns outlined in the annex are underpinned by guiding principles that we encourage the European Commission to consider as it develops the Exposure Draft:

1. The ESRS revision should not include any new mandatory disclosure requirements or datapoints. Similarly, no datapoints that are currently voluntary should be made mandatory.
2. Completely delete the mandatory disclosure requirements on current and anticipated financial effects due to a lack of mature and established methodologies to assess them.
3. Remove all datapoints on sub-topics that are not sufficiently mature to be included in the current ESRS Set 1 (e.g. disclosure on secondary microplastics).
4. The ESRS should not mandate any specific behavioural requirements (e.g. the reference to a reduction of GHG emissions of approximately 90–95% in the Net-zero target definition). They should only focus on disclosure and transparency requirements.
5. Changing terms and underlying concepts should lead to a significant simplification and clarification of the ESRS, and not the opposite.
6. The materiality assessment should be further simplified, more principles-based and less prescriptive, providing more flexibility to preparers.

A particular emphasis should be placed on harmonising the revised ESRS with existing EU legislation.

The priority should be to improve clarity within the standards themselves and limit reliance on external materials (e.g. separate guidance documents from EFRAG or FAQs). Where guidance is provided, it should be clearly identified as non-binding to avoid misinterpretation.

We understand that the Commission aims for a mandatory application of the revised ESRS for reporting covering financial year 2027. ERT supports an option to apply the revised ESRS voluntarily already for financial year 2026 to allow preparers to use the simplified ESRS as soon as possible. We encourage the Commission to include the necessary provisions in the delegated act revising the ESRS. The Delegated Act on the EU Taxonomy¹ could provide for a blueprint for such a provision.

¹ See Article 4 of Commission Delegated Regulation (EU) 2026/73 of 4 July 2025.