

Comment on EFRAG's technical advice on the ESRS simplification mandate

The German Insurance Industry supports the European Commission's initiative to revise and simplify the European Sustainability Reporting Standards (ESRS), as set out in the proposed Delegated Regulation published on 6 May 2026. We welcome the objective of making the ESRS more practicable in light of initial CSRD reporting experience, while reducing unnecessary complexity and preserving the usefulness of reported sustainability information.

Against this background, we welcome a number of clarifications and amendments contained in the Commission's proposal. This applies in particular to the clarifications in ESRS 1 AR 6 for para. 19-20 and para. 21 that fair presentation is assessed at the level of the sustainability statement as a whole, rather than in relation to each individual disclosure requirement or datapoint and that applying the ESRS leads to fair presentation. Furthermore, the newly proposed rules on the omission of information, including in cases where disclosure could seriously harm an undertaking's commercial position, are an important step towards a more workable reporting framework. We also welcome the proposed clarification in ESRS E1-8 AR 19 for para. 30, which brings the wording closer to the GHG Protocol methodology and appears to provide additional flexibility for the treatment of leased assets. Additionally, we support the new provision in ESRS 1 AR 17 for para. 37 on materiality assessment for undertakings managing investments.

Moreover, we also welcome the clearer separation between mandatory reporting requirements in the ESRS and voluntary or illustrative content outside the standards, in particular in the Non-Mandatory Illustrative Guidance (NMIG). At the same time, it should be explicitly clarified that such guidance is purely non-binding and non-authoritative and does not create additional disclosure expectations or de facto requirements, including from an audit perspective. This is important to ensure that the principle of materiality is not undermined and that reporting requirements are not expanded beyond what is envisaged in the ESRS themselves. Finally, to support consistent implementation of the revised ESRS in line with the EU simplification mandate, an Excel-based list of ESRS requirements together with a datapoint-level mapping of the currently applicable ESRS to the revised ESRS would be highly valuable and should be made available as early as possible, ideally alongside the publication of the final ESRS, to maximise its usefulness for undertakings.

While we welcome the progress made, we believe a limited number of targeted adjustments would achieve the simplification objective set out by the Commission, which is further elaborated below.

Remaining areas to be addressed

Materiality of Information	
Reference	ESRS 1, para. 23, including para. 23(a) and para. 23(b); ESRS 1, AR 8 for para. 23(b)
Background	<p>We welcome the objective of ensuring that sustainability information is decision-useful for users. However, we have concerns regarding the introduction of the term “informed assessments” in the definition of information materiality in ESRS 1 para. 23(b).</p> <p>The term is not established in existing corporate reporting frameworks and was not part of ESRS Set 1 or the consultation draft. Its introduction therefore raises concerns in terms of clarity and consistency. As it is used within the definition of materiality, it may add interpretative uncertainty and reduce comparability in application.</p> <p>These concerns are not fully addressed by Application Requirement AR 8 for para. 23(b), which refers to users’ “reasonable evaluations” but does not provide sufficient clarity. Referring to ‘decisions, including informed assessments’ lowers the threshold for when information is considered capable of influencing other users of general-purpose sustainability statements. This may increase legal uncertainty and create additional risks for preparers and auditors.</p> <p>We therefore do not see a clear need to expand the concept of decision-making to include “informed assessments”, as the notion of decision-usefulness is already sufficiently covered. We recommend removing the reference to “informed assessments” from ESRS 1 para. 23(b) and the related Application Requirement AR 8 for para. 23(b).</p> <p>More meaningful simplification should instead be achieved by focusing information materiality on decision-usefulness for users, in particular primary users of general-purpose financial reports, while also appropriately considering the information needs of other users in line with the Level 1 CSRD requirements. This would also improve alignment with ISSB IFRS S1 and IFRS S2 and support the Omnibus objective of greater convergence with international standards.</p>
Proposed Amendment	<p>ESRS 1 para. 23(b) and the related AR 8 for para. 23(b) should be deleted in full or at least remove the reference to “informed assessments” from ESRS 1 para. 23(b) and the related Application Requirement AR 8 for para. 23(b).</p> <p>Modify ESRS 1 para. 23 including para. 23(a) as follows:</p>

	<p>§23. <i>“Information is material when omitting, misstating or obscuring that information could reasonably be expected to influence decisions that users, mainly primary users of general-purpose financial reports, make based on those reports, including financial statements and the sustainability statement.”</i></p>
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<p>Anticipated Financial Effects</p>	
<p>Reference</p>	<p>ESRS 2 SBM-3, para. 31; ESRS 2 AR 17 for para. 27; ESRS 1 para.84 ;</p>
<p>Background</p>	<p>The German insurance industry reiterates its concerns regarding quantitative disclosures on anticipated financial effects (AFE). Such disclosures are inherently forward-looking, rely on estimates, and are subject to significant measurement uncertainty. In many cases, the underlying data is not sufficiently reliable or comparable, and the financial effects of individual sustainability-related risks cannot be isolated with sufficient confidence. This may reduce the decision-usefulness of the information while increasing legal and assurance-related risks for undertakings.</p> <p>In particular, ESRS 2 SBM-3 para. 31 and ESRS 2 AR 17 illustrate that the proposed adjustments do not resolve the underlying issue of limited feasibility of meaningful quantitative AFE disclosures and therefore further clarification is needed.</p>
<p>Proposed Amendment</p>	<p>ESRS 2, SBM-3 requires disclosure of anticipated financial effects. Where robust methodologies are not yet available, quantitative figures are often unreliable and do not support decision making; clear qualitative explanations are therefore more appropriate. In light of the simplification objectives of the Omnibus initiative, qualitative reporting should therefore remain permitted on an indefinite basis. It should be ensured that all related paragraphs are modified accordingly. E.g. in ESRS SBM-3 para. 31 it should be clarified that “determines” means identifying or ascertaining the relevant anticipated financial effects and does not create an additional obligation to quantify such effects where robust data or methodologies are not available. Lastly, further clarification is needed regarding the interaction between ESRS 2 AR 17 and ESRS 1 para. 84. In combination, these provisions may create uncertainty as to whether updates of estimates would require restatement of previously reported comparative figures. This clarification is necessary to ensure consistent application in practice and to avoid disproportionate implementation and assurance challenges.</p>

Relief for metrics	
Reference	ESRS 1, para. 91
Background	ESRS 1, para. 91 introduces a general relief for metrics but explicitly excludes GHG emissions. The German Insurance Industry reiterates its concern and views this as 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. As drafted, the para. would effectively require full coverage for GHG emissions regardless of cost or data quality, making the relief unavailable where it is most needed. Regulation should prioritize 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. The current framing risks encouraging extensive use of sector averages or coarse estimates, which obscures meaningful differences across companies and undermines investor decision-making. The relief concept in ESRS 1, para. 91 is sound and should apply to GHG emissions as well.
Proposed Amendment	The phrase “Except when reporting ESRS E1-8 metrics Gross scope 1, 2, 3 GHG emissions” should be removed from ESRS 1, para. 91 so that the relief also applies to GHG emissions.

ISSB	
Reference	ESRS 1, para. 105; ESRS 1, Appendix B – Qualitative characteristics of information
Background	Global undertakings operating in the EU continue to face significant reporting complexity due to the parallel application of different sustainability reporting frameworks, in particular ESRS and the IFRS Sustainability Disclosure Standards developed by the ISSB. The current simplification proposals do not yet provide sufficient relief in this respect. For internationally active companies, meaningful simplification would be achieved if ESRS reporting could be used once and accepted across multiple regulatory contexts. We therefore support targeted clarifications that would enable the ISSB to recognise ESRS as sufficient for complying with IFRS Sustainability Disclosure requirements in Europe. Such clarifications should not alter the European double materiality framework or undermine EU standard-setting autonomy. In particular, they must not create

	<p>additional reporting or assurance obligations, increase the scope, depth or granularity of information to be reported, or lead to heightened audit procedures. Any clarification of the non-obscuring principle should be understood solely as a clarification of existing ESRS concepts and must apply symmetrically to both financial and impact materiality, in order to avoid any implicit hierarchy between the two perspectives.</p>
<p>Proposed Amendment</p>	<p>ESRS 1 para. 105 should be amended to provide greater flexibility in the structure of the sustainability statement. The provision should read: <i>“The undertaking may structure its sustainability statement in four parts in the following order: general information, environmental information, social information and governance information. It may use appendices or separate sub-parts in accordance with para. 112.”</i></p> <p>In addition, ESRS 1 Appendix B should include a clarification of the non-obscuring principle.</p> <p>A new QC 21 should state: <i>“Sustainability information shall be presented in a way that does not obscure reported information from a financial materiality perspective. Reported information from a financial materiality perspective is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that material information.”</i></p> <p>A new QC 22 should state: <i>“Sustainability information shall be presented in a way that does not obscure reported information from an impact perspective. Reported information from an impact perspective is obscured if it is communicated in a way that would have a similar effect for other users to omitting or misstating that material information.”</i></p> <p>These amendments should be included in the ESRS Delegated Act in close coordination with EFRAG and the ISSB, with the objective of enabling official recognition of ESRS as sufficient for ISSB application in Europe.</p>

Berlin, 03. June, 2026