

## FoodDrinkEurope's position on the key questions of the ESRS exposure draft

### I. Feedback on EFRAG's six 'top-down' levers of simplification

#### 1. Simplification of the Double Materiality Assessment (DMA): the amendments simplify the DMA process and documentation for audit purposes.

**Question:** *Is this simplification sufficient? Do you see the need to add more amendments, and if yes, which ones? Do you want to see any of the amendments deleted? Which ones?*

**Positive:**

The amendments to simplify the DMA are a good first step in order to simplify the reporting processes under the ESRS. Especially the clarification under 3.3. Double materiality assessment Nr. 29, which now states that the DMA has to be updated only when circumstances change, is a helpful clarification as well as a simplification.

We welcome the simplification that comes with disclosing at a topic level as compared to individual IRO (p22) and the top-down approach that is described in chapter 3.5. However, with limited to no criteria of application, some members have concerns that this may obscure the materiality standard and undermine fair presentation and comparability. The introduction of 3.5 Practical considerations in determining the material impacts, risks and opportunities and their related topics to be reported ensures clarity in assessing the double materiality analysis. In particular, the clarification in No. 46, which aims to avoid detailed information about IROs if they are not relevant to users and to support understanding of what is meant by disproportionate cost or effort in the context of the DMA, provides clarity regarding the requirements of the DMA. Furthermore, we support the possibility to report on non-material topics or information, as these may be independently important for stakeholders to know and understand.

**Suggestions for improvement and clarification:**

There is still the opportunity for additional simplification through defining if risks should be assessed at inherent or residual level. Current instructions for assessing risk (ESRS 1, Appendix C) add unnecessary complexity. The materiality assessment of IROs must take into account any efforts of the company in the reporting year to prevent, mitigate, or remediate negative impacts.

No. 34 of 3.3.1 impact materiality assessment is intended to clarify how to consider the implemented remediation, mitigation and prevention policies and actions when assessing the materiality of an impact. However, it is confusing that new (as well as ongoing) actual impacts are to be reported in the reporting period, but remedial measures taken during the reporting period are not to be included in the materiality assessment. This seems contradictory insofar as remedial measures implemented in the reporting period may still show success in the reporting period and may already provide short-term relief. In such a case, the actual negative impact would be counteracted and may not occur, or only to a lesser extent, due to the measures taken during the reporting period - but this would not be apparent from the DMA.

Simply disclosing the remedial measures taken and their expected or actual results cannot compensate for this.

We suggest the following measures to provide additional clarity:

- Specify what are the expected engagements with different stakeholder groups and what could be provided as evidence for these engagements
- Specify what type of evidence is acceptable to support remediation/mitigation

**2. Better readability and conciseness of the sustainability statements: improved flexibility on how to organize the information, more emphasis on how the company manages its sustainability issues.**

**Question:** *Are the changes related to the flexibility on how to organize the information sufficient? Is anything missing? Do you have further suggestions?*

**Positive:**

We agree that the proposed changes related to the flexibility on how to organize the information are in general helpful.

A welcome development is that many tables in the ESRS AR can now be used voluntarily and that the information can alternatively be provided in a narrative form. This offers the opportunity to adapt the reporting requirements to the actual circumstances of the company. It would be desirable for all tables to be adaptable to the actual circumstances of the company. One example is the gender 'other', which we suggest should not have to be reported if this is not present in the company, instead of reporting it as '0'.

**Suggestions for improvement and clarification:**

In the ESRS exposure draft there is still some lack of clarity around whether any information on policies, actions and targets need to be reported within the general information section, or in the topical sections only. We see the opportunity to provide additional clarity by providing an example of how the sustainability statement should look / be laid out.

Question 19 of the EFRAG questionnaire asks about Relief for Anticipated Financial Effects. Regarding financial Effects of IROs, the Amended ESRS currently includes two possible options, which would apply to all topics, including climate (DR E1-11):

- a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions.
- b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions.

We agree with Option 2 and oppose Option 1 because:

1. Under Option 1, entities cannot omit quantitative information when they do not have the skills, capabilities or resources to provide that quantitative information. This will require significant internal and external resources (e.g. hiring of external consultants).
2. Disclosing financial impacts (quantitative information) may include commercially sensitive information.

### **3. Elimination of the overlaps between general disclosures and topical standards: deleting most granular narrative requirements in topical standards.**

***Question:** Have the overlaps between general disclosures and topical standards been addressed properly? Do you want to suggest further changes? Do more (or less?) granular narrative requirements in topical standards need to be deleted? Which ones?*

**Positive:**

We are glad to see that many overlaps between general disclosures and topical standards have been simplified.

Although the actual impact and simplification of the flexibility of organizing the information can only be conclusively assessed during the actual reporting process, one change and simplification in particular can already be highlighted as positive: The adaptation of topical standards with regard to PATs to avoid redundancies with ESRS 2 represents a significant simplification and avoids duplication. Although there is still a substantive link between ESRS 2 and the topical standards, and this will presumably be referenced accordingly in the reports, the changes to the topical standards and the removal of PATs from the topical standards ensure clarity and improve the readability of the reports. We also support the possibility to include PATs at a higher aggregation level than the material IROs, as PATs often concern multiple IROs, therefore this option will reduce repetition and reporting burden, and improve readability. Additionally, we agree with removing the requirement to disclose whether the company plans to adopt a PAT for a material IRO.

**Suggestions for improvement and clarification:**

It is currently unclear if any details on policies, actions and targets need to be included within the general information section, or if these details should only be included in the topical sections. To avoid this confusion, it would be helpful to have an example of how a sample report should be structured and laid out.

Additionally, SBM-3 seems to be duplicative to IRO-2 and E1-11. We suggest reassessing these to avoid any duplication.

It would furthermore be desirable to see further simplification in ESRS 2 regarding “Disclosure requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported”. The DMA process follows the ESRS guidelines, which are clearly defined. We thus do not see the necessity to add an additional description of the procedure by the company which largely reproduces the ESRS requirements for DMA. These requirements could therefore be shortened or deleted.

ESRS 2 GDR - PAT disclosures should be further simplified as some members suggest, as they are very detailed, granular and in some cases excessive and may also require disclosure of sensitive information (e.g. significant resources expected to be allocated to key actions).

### **4. Improved understandability, clarity and accessibility of the ESRS standards: voluntary disclosures eliminated, clarified language, various concepts are simplified, text is shortened.**

***Question:** Should some of the voluntary disclosures that are now eliminated have been kept? Should more voluntary disclosures be eliminated? Is the language clear enough or do you*

*want to suggest further changes? Are the "various concepts" simplified enough (and not too simplified)?*

**Positive:**

In general, the additional clarification provided in the exposure draft is helpful. Although a final assessment will only be possible once the ESRS has been implemented, the proposed changes already make things significantly easier and simpler. In particular, the additional definitions of individual terms and requirements provide clarity.

**Suggestions for improvement and clarification:**

We suggest that all DPs (mandatory and voluntary) are captured in the same document so that users do not need to use multiple documents when preparing their CSRD Sustainability Statements. That could follow the same approach taken for the Application Requirements that are now in-line with the associated Disclosure Requirements. We suggest that the Non-Mandatory Illustrative Guidance (NMIG) on how to implement the mandatory datapoints will not be included in the ESRS. The inclusion of NMIG would lead to less flexibility for companies to report, and the status of the document could then be misinterpreted.

As the requirements for Gov-3 (due diligence) are still somehow vague, we recommend adding additional detail to make it crystal clear what is expected.

We suggest also providing clarification on the relief options for E1-11.

Since the EU has now decided that there will be no sector-specific standards, the interpretation of ESRS 1 No. 10 und 11 is questionable. According to this, companies are obliged to report entity-specific information under certain conditions, even if this is not required by the ESRS. The practical implementation of this requirement appears difficult. Although the company shall consider comparability over time and with other undertakings that operate in the same sector(s) and may use available best practices and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards, it is unclear how comprehensive the additional entity-specific reporting requirement should be. Interpretations of this provision can vary greatly, and there is little clarity on the extent to which entity-specific information is required under the ESRS. Practice also shows that specific information is provided to customers, for example, when necessary. The provision should therefore be clarified or even deleted.

**5. Introduction of several burden-reduction reliefs: new flexibilities and reliefs have been included. For example, information does not have to be reported if it requires undue cost or efforts.**

**Question:** *Are the burden-reduction reliefs sufficient? Do you want to see more reliefs?*

**Positive:**

We consider the reliefs in general helpful. We welcome the inclusion of an "undue cost and effort" principle in cases in which metrics cannot be quantified directly and can only be estimated or when metrics lack data quality and require either major operational disruptions or significant costs to gather.

We prioritize transparency and interoperability with the ISSB standards, above simplification and burden relief. Therefore, we support burden reliefs and clarifications as long as they do not create imbalances between the ESRS and the ISSB requirements.

We support the relief provided in section 7.3 of ESRS 1, which sets as an overarching rule that companies should disclose “reasonable and supportable information that is available without undue cost or effort”.

***Suggestions for more reliefs and clarification:***

We are concerned that the assessment of what constitutes ‘*undue cost or effort*’ appears to be open to interpretation in the application of the regulation. It can be difficult, especially for globally active companies with diversified business models and value chains, to obtain certain information to meet the obligations under the ESRS. Further guidance and clarification would be helpful here.

For interoperability and to manage the burden of reporting we suggest consistency with IFRS S2 consideration for undue costs of preparation –specifically the proportionality relief –

<https://www.ifrs.org/content/dam/ifrs/news/2025/sustainability/proportionality-deck.pdf>

We recommend that relief / options for E1-11 are clarified.

GDR-A, 38 requires disclosure of significant resources allocated to actions / planned for actions. For a private company, this information is confidential. We recommend that additional relief be provided on this data point for private companies or have options to provide qualitative information.

We welcome the relief provided in ESRS 1 Paragraph 91, which allows undertakings to report metrics based on partial data coverage when reliable data is only available for part of the reporting boundary or value chain. However, we believe this relief should also apply to ESRS E1-6 GHG Emissions, which is currently excluded. Many companies subject to the CSRD have already committed to science-based targets under the SBTi, which require coverage of at least 67% of Scope 3 emissions. For these companies, the scope of reporting is already aligned with internationally recognized standards. They should therefore not be required to justify a broader scope or additional data collection efforts beyond what is already mandated by their climate commitments.

**6. Enhanced interoperability with global reporting standards: various changes have been implemented to further enhance interoperability with other standards, in particular the IFRS Sustainability Disclosure Standards.**

***Question:*** *Are the changes made sufficient to provide better interoperability with other standards such as the IFRS Sustainability Disclosure Standards? What other changes would you like to see? Is more interoperability needed? To which standards?*

***Positive:***

We see the attempt to provide some interoperability between ISSB and GRI for materiality definition as a major improvement. This will be particularly helpful for other jurisdictions that will adopt ISSB S1 and S2. We reiterate that the ESRS materiality assessment process should be aligned with the ISSB materiality assessment process. The two standards will concurrently apply for most multinational companies, therefore the new ESRS must establish interoperability to the highest degree possible.

We are thus in general aligned with the proposed interoperability-related changes and encourage EFRAG to continue alignment with IFRS S1 and S2.

We support a simplified materiality assessment, based on clear and meaningful standards. The proposed standard is headed in this direction. Each company should have the flexibility to adopt its materiality assessment methodology, if it is aligned with the “fair presentation” principle.

We fully support the “fair presentation” as an overarching principle applicable throughout the disclosure requirements. This principle will complement the materiality filter and will reduce unnecessary reporting. This principle also enhances interoperability with the ISSB standards, and “fair representation” in sustainability statements aligns with “true and fair view” in financial statements, creating a balanced approach between financial and non-financial reporting.

***Suggestions for further changes:***

Considering that the *ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR 19), aligned with the financial control approach in the GHG Protocol*, we would like to see optionality in the reporting boundary by EFRAG to reduce the reporting burden, i.e. the use of financial control or operational control boundary. We support the clarification that companies are allowed to exclude from their calculation of environmental metrics the joint operations over which they do not have operational control. We seek clarification as to the meaning of “join operations”, which is not currently defined. EFRAG states that applying the ESRS is presumed to result in a sustainability statement that achieves a “fair presentation”. EFRAG has made strides to align ESRS with ISSB, IFRS S1 and S2 through requiring the adoption of “fair presentation” of information. These are important steps in the need to ensure interoperability between ESRS and ISSB, which is of key importance for European companies.

Compared to international standards, ESRS has more granular and excessive requirements, while IFRS requirements are more generic and less specific. The structure of the standards is different; hence the reporting entities need to build their mapping of disclosures to both ESRS and IFRS.

ESRS requirements include disclosures that go beyond the IFRS. We suggest a gradual implementation approach for the reporting and assurance requirements **or** reconsidering the extent of requirements to better align with IFRS and to avoid disproportionate efforts, while still ensuring that information is disclosed in a meaningful and manageable way.

## **II. Overall feedback**

### **7. Disclosure requirements (DRs): We would like to get your feedback on the reduction of data points (DPs).**

***Question:*** Have DPs been deleted that you would prefer to keep? Do further DPs need to be deleted? If yes, which ones? Do you agree with the deletion of voluntary DPs? Do you have other suggestions on DPs in the exposure draft?

***Suggested additional DPs to be deleted:***

Overall, our membership holds the view that the reduction of DPs does not necessarily reduce the reporting burden, e.g. in cases where the information captured by respective DPs is needed elsewhere. In this context it is important to note that the majority of the DPs removed are qualitative in nature or fall under the category of optional (“may”) disclosures. The quantitative data points, which typically require the most resources to collect and report, remain largely unchanged. Therefore, while the total number of disclosures, both mandatory and voluntary, has been reduced by 68%, this does not correspond to a proportional reduction in the reporting burden for companies.

We therefore recommend that EFRAG considers the desired outcome on the actual reporting burden for companies when reducing the number of mandatory data points in the ESRS, **and** to combine the mere DP reduction with other measures that prove to increase efficiencies. The overall aim should be to enhance interoperability and easing the reporting burden for European and multinational companies. This would support more efficient implementation, reduce complexity, and promote consistency across jurisdictions while maintaining the integrity of sustainability disclosures.

***Suggestions for clarification/simplification:***

We recommend that EFRAG enhance the accessibility and usability of the ESRS amendment documentation by providing concise executive summaries or change logs for each topical and general standard. The current amendment logs, often exceeding 100 pages, place a significant burden on companies, requiring substantial time, resources, and technical expertise to review. Streamlined summaries would facilitate more efficient stakeholder engagement and support timely, informed implementation of the standards.

ESRS 1 – Direct/Indirect Connectivity with Financial Statements: the requirement to cross-reference monetary amounts or other quantitative information with the financial statements (“direct connectivity”) involves a significant administrative burden. Similar cross-referencing requirements have already been removed from several topical standards. We strongly recommend removing this requirement entirely to simplify reporting obligations and reduce complexity for reporting entities.

Corruption and Bribery – Mandatory Disclosure: The change in wording from “may” to “shall” regarding the disclosure of the “number and nature of confirmed incidents of corruption or bribery” raises concerns. Due to data protection and confidentiality considerations, such information should not be subject to mandatory public disclosure. We recommend keeping this data point optional or allowing for anonymized reporting.

ESRS E1 – DP 25. The SBTi requires a minimum ambition level of 67% coverage for Scope 3 emissions when using the physical intensity approach. Without alignment, undertakings could be required to report under two different thresholds - one for SBTi targets and another for ESRS disclosures. This risks duplication, administrative burden, and potential confusion for users of the information. Where undertakings have emissions reduction targets validated by the SBTi, it should be explicitly stated that they are permitted to disclose Scope 3 coverage and emissions boundaries in line with the scope and boundaries used for SBTi targets.

ESRS 1 – DP 62 states that the undertaking may use either collected information or estimates. However, according to the GHG Protocol Corporate Value Chain (Scope 3) Standard, companies are expected to prioritize collecting primary data from their value chain wherever feasible and only use secondary data when primary data is not available. The current wording is therefore misaligned with the GHG Protocol, which clearly emphasizes the use of primary data whenever possible.

ESRS 1 – DP 119. In addition to permitting incorporation by reference to EMAS reports, we recommend that EFRAG explicitly allow references to reports prepared under certified ISO management systems. These standards are widely adopted and internationally recognized, and their inclusion would help reduce the reporting burden for undertakings already applying them. Provided that the conditions in paragraph 118 are met, and the information is prepared on the same basis as ESRS disclosures, ISO-based reporting should be considered equally valid for incorporation by reference.

E2-4 and E2-5 (pollution metrics) require robust reporting against many potential pollution emissions. This level of reporting feels inconsistent with other ESRS section metrics. Is there a way to simplify these requirements to align more closely to key requirements from financial report readers?

ESRS E2 – DP 16. The requirement to report on the amount of secondary microplastics depends on the availability of a harmonized methodology at EU level. The upcoming EU Regulation on preventing plastic pellet losses to reduce microplastic pollution explicitly states that, in order to establish a common basis for estimating pellet losses to the environment, a standardized methodology is necessary. Therefore, the reporting requirement in section E2-4 on secondary microplastics should be postponed until a harmonized methodology is in place at the EU level.

ESRS E3 – AR 1. Water consumption is calculated in a different way from how it is calculated in environmental legislations such as e.g. Industrial Emissions Directive (Directive 2010/75/EU and Directive 2024/1785/EU), and BAT conclusions for the textiles industry. Please add a reference to the definition of water consumption in Annex II.

E4-5, 21 states: *“In addition to paragraph 20 and in accordance with [Draft] Amended ESRS 2 GDR-M, the undertaking shall report metrics related to its material impacts on biodiversity and ecosystems”*. As the area of biodiversity is not very well defined in terms of reporting across different legislations, we suggest keeping it flexible so that companies can decide to report on what is relevant for their own business and strategy.

G1-1, 8 states *“In addition to the information required by [Draft] Amended ESRS 2 GDR-P, the undertaking shall disclose: (a) (10(b)) the circumstance when it has no policies on anti-corruption and anti-bribery policies consistent with the United Nations Convention against Corruption<sup>1</sup> ; (b) (10(d)) the circumstance when it has no policies on the protection of whistle-blowers”*. We see the need to provide more clarity on what is meant by ‘circumstance’.

Moreover, most of the deletions refer to narrative datapoints but do not include examples of typical narrative information. We recommend that EFRAG considers including illustrative examples of typical narrative data points within the amended ESRS. While the recent reduction in mandatory and voluntary disclosures (particularly narrative elements) streamlines reporting, the absence of guidance on narrative disclosures introduces ambiguity and complexity. Examples would support cross-functional alignment, improve data consistency, and ensure disclosures reflect the intent of the CSRD.

## **8. Improvements and simplification of the ESRS (besides DPs, covered in 7.)**

**Question:** *Do you think that the improvements and simplification proposed by EFRAG is sufficient? Do you think it is going too far? Do you have additional suggestions for improvement and for simplification of the ESRS that you would see as important? Which ones?*

**Overall feedback:**

After thorough assessment, we do not think that the improvements and simplification proposed by EFRAG are leading to the desired result of reducing companies' reporting burden. While many clarifications have been added, the exposure drafts still contain quite a large number of DPs that will require significant effort to report on. Potential further reduction in requirements and simplification will be beneficial.

Furthermore, we prioritize transparency and interoperability with the ISSB standards, above simplification.

***Suggestions for improvement and simplification:***

As a general observation, we see that there are many areas where the revised ESRS references other EU legislation. To enable easy navigation of ESRS, it would be helpful if these references could be linked into the revised ESRS.

With regard to audit assurance (limited vs. reasonable assurance), a limited assurance audit opinion would be desirable in the short, medium and long term. This requirement already poses major challenges for companies due to the complexity of the data sets and audit trail. It would therefore be desirable if the resulting burdens did not increase further in the future as a result of the requirement for reasonable assurance.

We also see the need for the ESRS to strive for greater coherence with existing environmental legislation to avoid double reporting. Improved alignment will help reduce administrative burdens for companies. This is for example relevant for companies within the scope of the Industrial Emissions Directive (Directive 2010/75/EU and Directive 2024/1785/EU) and the Industrial Emissions Portal (Regulation 2024/1244, which repeals Regulation 166/2006). Many quantitative data points — such as the use of raw materials, water, chemicals, and energy; emissions to air, water, and soil; and waste generation — are already required as part of environmental permits or must be made publicly available on the Industrial Emissions Portal. Data uploaded to the Industrial Emissions Portal has already been reviewed by environmental authorities. Therefore, a second review of this data should not be necessary. Furthermore, to improve the effectiveness and coherence of sustainability reporting, it is recommended that undertakings build on existing business practices. This includes leveraging certified ISO management systems, which are widely used and internationally recognized. Integrating these approaches into the reporting process can significantly reduce the administrative burden for companies already applying them. Moreover, there is a strong case for creating closer links between sustainability reporting and other EU legislation that either requires or relies on management systems. This includes legislation that incorporates certification or verification under the European accreditation regulation (Regulation (EC) No. 765/2008). Aligning these frameworks would not only streamline compliance but also support broader European policy objectives by reinforcing the role of verified sustainability data across regulatory domains.

**9. Ensure that the reporting focuses on strategically important information**

***Question:*** Will the new ESRS presented in the exposure draft provide you with all strategically important and necessary information that is relevant for your company's sustainability decisions? If not, what is missing?

We do not think any strategically important information is missing from the exposure drafts, but we think that some of the remaining disclosure requirements are not strategically important or necessary information that is relevant for our members' sustainability decisions.

Currently, E5-4 (resource inflows) do not enable the organization to discuss progress on developing no-deforestation / no-conversion programs. Given this is a significant focus of all stakeholders, we recommend that this is drawn out further through the metric reporting requirements.

***Final Question: Do you have any other suggestions or key demands that you would like us to convey to EFRAG?***

While the revised ESRS draft has been simplified, additional clarity has been added to the regulatory wording and duplication has been reduced, the administrative burden on businesses has not been reduced considerably. The remaining disclosure requirements will still require a significant amount of work.

We express a concern about the complexity of having multiple levels of applicable provisions – the main body of requirements, plus application requirements, and NMIG in a separate document. This new structure increases complexity and may create confusion among reporting companies. We further query if EFRAG intends to present additional non-binding guidance, as previously done. We do not support this possibility, as it would add to the complexity. If NMIG is maintained, it should be the single source of non-mandatory guidance, and its non-mandatory nature shall be clearly stated and accepted by all interested stakeholders, including auditors and other assurance providers. Non-binding guidance should not be included in the Delegated Act. For all the above reasons, we recommend postponing the issuance of NMIG until after the EU adoption of the revised ESRS.

An important element that contributes to this burden results from the requirement for limited assurance over the full ESRS sustainability statement.

**To summarize our major suggestions for opportunities to support greater clarity and reduced reporting burden:**

- **Opportunities for greater clarity:**
  - Provide examples of sustainability statements to clarify the reporting layout
  - Clarify reliefs and options that can be used for environmental financial risk assessments
  - Provide links to referenced EU legislation
- **Opportunities to reduce the administrative burden:**
  - Given the number of metrics, consider if pollution emission metrics can be reduced to those that are key to readers.
  - Consider relief options for reporting disclosure based on quantitative financial data related to resources spent.

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