



Mr Patrick de Cambourg
Chair
Sustainability Reporting Board
EFRAG
35 Square de Meeûs
1000 Brussels
Belgium

29 September 2025

Re Response to EFRAG consultation on draft revised ESRS / Exposure Draft published on 31 July 2025

Dear Mr de Cambourg,

1. The CEAOB welcomes EFRAG's exposure draft published on 31 July 2025 and the revisions proposed by EFRAG to simplify the ESRS following the European Commission's (EC) request.
2. The CEAOB herewith provides several comments on various revisions included in the exposure draft which may induce impacts for assurance engagements. The CEAOB shares the comments with EFRAG for consideration before the finalisation of its advice to the EC.
3. The content of the CEAOB response to this consultation has been prepared by the CEAOB sustainability reporting support team and has been adopted by the CEAOB. The comments raised in this response reflect matters agreed within the CEAOB. The response is not intended, however, to include all comments that might be provided by the individual regulators that are members of the CEAOB and their respective jurisdictions.

1. Materiality filter at information level (ED Question 11)

Reference: ESRS 1 paragraph 21. The sustainability statement shall include material information. Information is material when:

- (a) omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make based on those reports, including financial statements and the sustainability statement; or*
- (b) it is necessary for users of general purpose sustainability statements to understand the undertaking's material impacts, risks and opportunities and how it identifies and manages them.*

4. The CEAOB stresses that the overall filter of materiality for the provision of information related to Impacts Risks and Opportunities identified under the double materiality lens, with a view to reducing the length of sustainability statements, as it is drafted in the ED, will create some challenges for consistent implementation, and thus for assurance providers.
5. The materiality as defined by the ED will be very judgmental for preparers and assurance providers, in the absence of practical experience and thus, the absence of benchmarks that may be available.



6. The CEOB stresses that different notions are used (in ESRS1 paragraph 21) to establish this filter and questions the differences between the notions used in (a) and (b). It may be difficult in particular to assess expectations created by this paragraph 21 and, for the preparers and for the assurance providers, to determine what is needed to fulfil the appropriate level of “understanding” for users of general purpose sustainability statements. The CEOB would thus welcome a reconsideration of the way the filter is established in this paragraph of the ED.

2. Revisions related to the Double Materiality Assessment process (ED Question 11)

Reference: ESRS1 paragraph 45. In conducting its double materiality assessment, the undertaking is expected to (a) focus the assessment of the undertaking’s own operations and upstream and downstream value chains on areas where material impacts, risks and opportunities are deemed likely to arise based on the business model, the nature of the activities, business relationships, geographies or other factors; and (b) use reasonable and supportable evidence to estimate the levels of severity and likelihood of impacts and the likelihood and magnitude of financial effects of risks and opportunities.

ESRS1 paragraph 27 – ESRS1 paragraph 35

7. The CEOB welcomes simplifications on the DMA process requirements, but stresses that the introduction of a less prescriptive approach will create a further challenge for assurance providers regarding the DMA process. This will mean that a more outcomes-oriented approach will become relevant for the assurance engagement, with step back and consideration of the business model of the entity, with more value for users.
8. In addition, the revisions in the ED sometimes lack clarity regarding the status (compulsory or not) of the new provision in ESRS1 paragraph 45. EFRAG should use consistent wording like “the undertaking shall ...” or “the undertaking may ...” instead of “the undertaking is expected to ...” to clarify the status of this ESRS provision (i.e. whether it is compulsory or not).

3. Wording amendments for incorporation by reference (ED Question 13)

Reference: ESRS1 paragraph 103 (112 amended). The undertaking shall present all the disclosures required by the ESRS within a dedicated section of the management report identified as the undertaking’s sustainability statement except for those incorporated by reference in accordance with Chapter 9.3.

9. The CEOB does not concur with the editorial change in ESRS1 paragraph 103. The wording used creates confusion about the scope of information which belongs to the sustainability statement, under the scope of the independent external assurance engagement mandated by the CSRD. EFRAG should avoid any doubt and make clear that even disclosures located outside the dedicated section of the management report are an integral part of the sustainability statement.
10. Paragraph 103 could e.g. be amended as follows to avoid confusion on the status of information incorporated by reference: ***“The undertaking shall present all the disclosures required by the ESRS within a dedicated section of the management report identified as the undertaking’s sustainability statement. By exception, information incorporated by reference according to the conditions prescribed in Chapter 9.3, may be located outside that dedicated section, provided that the conditions of Chapter 9.3 are met. Information incorporated by reference remains an integral part of the sustainability statement.”***



Reference: ESRS1 paragraph (NEW) 109. The undertaking may provide an executive summary in the sustainability statement which includes the key messages about its material environmental, social and governance impacts, risks or opportunities and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information. It may also incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference.

11. In the same vein, in ESRS1 paragraph 109 the terms “outside its sustainability statement” should be replaced by “*outside the dedicated section identified as the undertaking’s sustainability statement*” to avoid confusion and to remain consistent with other provisions on incorporation by reference in the ESRS.

Reference: ESRS1 paragraph 118. (120 amended) The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 117, provided that the information incorporated by reference: (a) constitutes a separate element of information clearly identified in the source document as addressing the relevant ESRS DR or datapoint; (b) is published before or at the same time as the management report; (c) is in the same language as the sustainability statement; (d) is subject to at least the same level of assurance as the sustainability statement (i.e. the information incorporated by reference is considered as part of the ESRS sustainability statement subject to assurance, not to the entire document referred to); and (e) meets the same technical digitalisation requirements as the sustainability statement.

12. The wording introduced as revision of letter (d) in ESRS1 paragraph 118 remains unclear and confusing. To achieve the objective of allowing incorporation by reference without undermining the quality of the reporting and creating doubts about the scope assurance engagement, the provision should e.g. read: “*the information incorporated by reference: ...is subject to the same assurance **engagement** as the **other information that is part of the sustainability statement** (i.e. the information incorporated by reference is **treated as all other information** presented in the sustainability statement with regards to assurance)*”.

4. Additional disclosures in the sustainability statements, outside materiality assessment outcomes (ED Question 13)

Reference: ESRS1 paragraph 108. The undertaking may include in its sustainability statement additional disclosures that do not relate to a topic to be reported following the materiality assessment, such as when this information is needed by a specific user. In these cases, the additional disclosures shall: (a) be clearly identified and presented in a way that they do not obscure material information; and (b) provide a faithful representation of the relevant item of information.

13. The CEAOB identifies a conceptual challenge with the introduction of ESRS1 paragraph 108, that allows for the provision of information that would not fall under materiality conditions, in the absence of any other reporting framework requirement. It will be difficult to determine in which conditions non-material information will not “obscure” other (i.e. material) information.
14. Furthermore, assurance providers will have no reference in the ESRS framework to assess the information in the absence of any provisions for the disclosures except for faithful representation.



15. Finally, and more importantly, misunderstanding will increase about whether the non-material information will fall into the scope of the assurance engagement, the status and assurance over the information. In contrast, the benefits of locating this type of information in the “sustainability statements” rather than under other documents sent to a specific user or other sections of the management report remains unclear.
16. If this type of information remains allowed by the final ESRS, then the preparers should make clear (1) that this information is outside the scope of ESRS reporting requirements and (2) thus it was not reviewed nor scrutinized in the course of an assurance engagement required by law. The use of a special appendix to locate this information would best allow this clarification.

5. Content for an executive summary needs to be specified (ED Question 13)

Reference: ESRS1 paragraph 109. The undertaking may provide an executive summary in the sustainability statement which includes the key messages about its material environmental, social and governance impacts, risks or opportunities and their management. (...)

17. The CEOB underlines that the executive summary will be a very challenging part for the assurance engagement, in the absence of indications of what should be considered as “key messages” apart from “material information” about “material IROs”. The notion creates another layer of complexity and judgement. Discussions are likely to occur regarding which messages are “key”, as this judgement will depend on the users of the information. More indications are needed in the ESRS to allow for a proper understanding of this notion of summary of “key messages”, so as to allow an assurance provider to form an opinion on whether this summary complies with the ESRS requirements.

6. Entity specific disclosures vs. sector specific disclosures, and need for guidance (ED Question 13)

Reference: ESRS1 paragraph 49. The sustainability statement shall include general material information in accordance with [Draft] Amended ESRS 2 and, when necessary, on an entity-specific basis.

ESRS1 paragraph 11. When developing its entity-specific disclosures, the undertaking shall consider comparability over time and with other undertakings that operate in the same sector(s). For this purpose, it may use available best practices and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.

18. To align with the Omnibus proposals, the ED has anticipated the perspective that no sector ESRS will be developed, and consequently, that undertakings will need to prepare entity specific information when the ESRS general or topical disclosure requirements will not allow to reach the objectives aimed at. The CEOB flags in this regard that the consequential increase in the use of entity specific disclosures will lead to (1) sustainability statements that are less comparable between preparers, and (2) a different approach, for assurance providers, since they will need to assess whether the (general) characteristics of information are met, rather than assess whether the disclosure requirements have been complied with.
19. ESRS1 paragraph 11 mentions that preparers “may use” available best practices, frameworks or standards such as IFRS industry-based guidance or GRI sector standards, which will thus not be for mandatory use. Therefore, should the Omnibus proposals be adopted, the CEOB advises that sector specific guidance be developed (at a later stage) by EFRAG to prevent individual approaches by preparers and to allow undertakings with the same sectorial challenges to benefit from a collective approach. In particular, this will be useful for undertakings in the financial sector.



7. Side effect of introducing non mandatory implementation guidance (ED Question 16)

Reference: NMIG introduction: The legal status of the NMIG remains open from EFRAG's standpoint (either as appendices in the Delegated Act or as documents issued independently of the Delegated Act) and will be considered by the EC in due course.

20. The CEAOB underlines that the split in provisions between, on the one hand, requirements set by the revised ESRS, and, on the other hand, non-mandatory implementation guidance (NMIG) will result in preparers not being obliged to implement the NMIG, and likewise assurance providers not being required to assess whether NMIG have been implemented or not, in the case those are outside the requirements of the ESRS.
21. Introducing a “non-mandatory” status will put outside of the scope of scrutiny by assurance providers the implementation of provisions which fall under this status.
22. The CEAOB notes in this regard that the status of NMIG should be reconsidered by EFRAG and the Commission, in case the policy objectives are higher in terms of disclosures and assurance on the implementation on NMIG.

8. Fair presentation in the sustainability reporting (ED Question 25)

Reference: ESRS 1 paragraph 3 – The objective of sustainability reporting prepared in accordance with the ESRS is to present fairly (see Chapter 2) the undertaking's material impacts on people and environment, as well as the material sustainability risks and opportunities (collectively referred to as 'impacts, risks and opportunities') in relation to environmental, social and governance topics. Reporting under these two perspectives constitutes the double materiality principle. An ESRS sustainability statement covers governance, strategy, policies, actions, targets and metrics for topics related to material impacts, risks and opportunities.

ESRS1 Chapter 2 – paragraphs 16, 17, 18, 19

23. The CEAOB welcomes the inclusion regarding “fair presentation” in the ED, which is relevant to avoid inconsistencies in interpretations amongst stakeholders. It will also facilitate the connection with the provisions of the international assurance standards and it will avoid misunderstanding around the categorization of the sustainability reporting framework originated by the ESRS. It will facilitate further consistency in assurance engagements performance and reports issued by assurance providers.

Please feel free to contact me, should you need any further information about the content of this response.

Yours faithfully,

Panos Prodromides

Chairman