The Chairman

To the kind attention of
Mr. Benoit Jaspar
President
EFRAG
35 Square de Meeûs
1000 Brussels
Belgium

29 September 2025

Copy to:

Mr. Sven Gentner - *Head of Unit DG FISMA - Corporate reporting, audit and credit rating agencies - European Commission*

Mr. Patrick de Cambourg - *Chair of the EFRAG Sustainability Reporting Board*

Ms. Chiara Del Prete - *Chair of the EFRAG Sustainability Technical Expert Group*

Ms. Saskia Slomp -*EFRAG CEO*

Comments on Amended ESRS - Exposure Draft 2025 Public Consultation Survey

Dear Mr. Jaspar,

Assirevi is the association of the Italian audit firms. Its member firms represent the vast majority of the audit firms licensed to audit undertakings listed on the Italian stock exchange and other public interest entities in Italy, under the supervision of CONSOB (Commissione Nazionale per le Società e la Borsa).

Assirevi promotes and carries out technical research in the field of auditing, assurance and accounting and publishes technical guidelines for the benefit of its members. Assirevi is a founding member of OIC (Organismo Italiano di Contabilità – the Italian accounting standard setter, now also tasked by the Italian law to contribute to the development of sustainability reporting standards) and collaborates with CONSOB, the Italian accounting profession and other bodies in developing auditing, assurance and accounting standards.

We appreciate the opportunity to respond to EFRAG's public consultation on the Exposure Draft of the Amended European Sustainability Reporting Standards (ESRS). This letter, together with our responses to the consultation survey, reflects the collective views of Assirevi and is provided in that spirit.

First and foremost, we wish to commend EFRAG for the considerable effort and commitment shown in delivering technical advice on the simplification of the ESRS to the European Commission, despite the breadth, complexity and very short timeframe of the project. We recognise the progress made in balancing stakeholder interests while seeking to reduce the reporting burden for preparers. Many of the proposed amendments, in our view, will enhance the relevance and coherence of sustainability reporting across Europe and globally.

We are also mindful of the ambitious timeline within which these revisions have been developed, in the context of the Omnibus proposals.

While we recognise that additional time would have allowed for a stronger outcome – including, from our perspective, in terms of the possibility for stakeholders to provide appropriate input – we fully understand the urgency and are responding as best we can within the established timeframe. Nonetheless, it is evident that the accelerated timeline has posed challenges: in some instances, clarity has been affected, for example where new definitions have been introduced without sufficient explanations. In this transitional phase, it is crucial that the standards remain clear and practical, enabling companies to implement them effectively.

Our detailed responses are set out in the survey and the accompanying Excel table submitted online. A PDF file and the excel table are attached herewith.

To facilitate a comprehensive reading of our responses, we thought it would be useful to highlight in this letter some general observations that have guided our feedback on the most relevant items of the consultation:

1) **Double Materiality Assessment (DMA) process** – We welcome the simplification of material information as a key principle and the flexibility introduced by the top-down DMA approach, including the focus on IROs at management level. However, it is our view that the criteria for determining material IROs remain unclear, and clearer definitions with illustrative examples would be needed to avoid complexity and excessive granularity.
   We also discourage including non-material information in the sustainability reporting, as this would be against the principle of materiality and could result in obscuring material information. In addition, it will even increase burden for undertakings, as unhelpful practices of reporting non-material information will likely spread across preparers. If such information is nonetheless included even though it is outside the mandatory framework, it is our view that this should not be subject to mandatory assurance. For further details on this subject, see our response to Question 11 of the survey.

2) **Fair presentation** – In connection with the amendments introduced to the DMA process, we note that EFRAG now presents ESRS as a "*fair presentation*" framework, with the expectation that this will strengthen the materiality filter, discourage a compliance-driven checklist approach, reduce unnecessary disclosures of non-material datapoints, and as a result drive further simplification.

We disagree with this approach, as it does not represent an element of simplification in the implementation of the standards. Quite to the contrary, it may increase efforts and costs for preparers (including with respect to assurance costs) and add complexity in assessing and disclosing material topics and information beyond what the standards require – in a context where information is not limited to primary users/investors, as it is the case with the ISSB standards.

The CSRD is built on a compliance-based model, and not on the principle of fair presentation as in financial reporting. If the EU legislator intended to apply the "*fair presentation*" principle also to sustainability reporting, it would have done so as explicitly as with financial reporting. In addition, introducing a fair presentation framework would imply an assurance conclusion that is inconsistent with the CSRD requirements.

The concept of fair presentation sometimes is not well understood in practice, which might lead to the gross misconception that fair presentation is "*less than compliance*". It should also be considered that if the fair presentation requirement is applied broadly to all relevant stakeholders, the scope of information to be disclosed in the sustainability statement could become virtually unlimited.

For these very reasons, we strongly recommend removing all references to fair presentation in ESRS 1 and clarifying that the purpose of sustainability reporting is to ensure compliance with the CSRD and the ESRS. We consider such approach fully appropriate in the context of the existing legal framework; furthermore, it has to be taken into account that sustainability reporting is still significantly less mature than financial reporting and requires further education for preparers and all players involved before the notion of "fair presentation" is sufficiently stabilized. For further details on this subject, see our response to Question 25 of the survey.

3) **Lack of data quality on metrics** – We acknowledge the intention to provide relief for lack of data quality on metrics as a useful proportionality mechanism, in connection with both own operations and value chain metrics. However, we recommend introducing a clear definition and detailed explanation of "*undue cost or effort*", aligned with the concept reflected in IFRS S1, according to which "*applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so*". The relief proposed should also be time-limited, similarly to the existing ESRS 1 relief for 'value chain' datapoints. It should also be considered that the relief mechanism as currently envisaged and the concept of "*undue cost or effort*" may pose challenges for assurance providers in assessing whether the information omission is justified and in assuring partially estimated metrics. For further details on this subject, see our response to Question 18 of the survey.

4) **Interoperability with the ISSB Standards** – We do welcome the growing alignment of the ESRS with international frameworks, particularly with IFRS S1 and IFRS S2 as established by the ISSB, but note that significant divergences still remain. Some disclosure requirements and reliefs/proportionality mechanisms have only been partially incorporated, often without the necessary accompanying application guidance.

   In addition, the allowance for the inclusion of non-material information (ESRS 1 para. 108), if confirmed, would undermine the core principle of materiality – the cornerstone of ESRS – and could weaken interoperability with the ISSB standards.

Failure to achieve the greatest possible alignment between ESRS and ISSB standards would be contradictory with the objective of reducing the reporting burden. This issue is particularly critical for undertakings that must report under both frameworks, as well as for subsidiaries located in jurisdictions where ISSB application is mandatory and exemptions may be difficult to obtain.
Given that some misalignments will inevitably persist, we believe it is essential to update the interoperability guidance to provide concrete support for preparers applying both ESRS and ISSB standards. We therefore encourage EFRAG to continue working closely with the ISSB to achieve the highest possible degree of convergence. For further details on this subject, see our response to Question 21 of the survey.

5) **Anticipated financial effects** – With regard to information on anticipated financial effects, we support the inclusion of reliefs to ensure proportionate application, consistent with the provisions of the ISSB standards.
At this stage, we support Option 2 and an extension of the transitional provision in ESRS, given the limited usefulness of quantitative data and the sensitivity of certain disclosures. Indeed, calculating and disclosing quantitative information for anticipated financial effects could provide little information value to investors, due to the lack of mature methodologies and the inability for many undertakings to measure them. Within the extent of Option 2, we suggest including specific requirements (for qualitative information) such as identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that risk or opportunity.
At the end of the transitional provision, as practice matures, we support moving to Option 1 to achieve full alignment with the global baseline, subject to the development of guidance on appropriate methodologies on the presentation of anticipated financial effects. For further details on this subject, see our response to Question 19 of the survey.

6) **Non-Mandatory Illustrative Guidance (NMIG)** – Finally, we support including only mandatory ("shall") ARs in the main body of the standards. However, we note that the NMIG currently contains important application guidance linked to these mandatory requirements. Past experience shows that separating such content into a distinct document has created confusion and hampered simplification. We therefore recommend reviewing the NMIG to move essential guidance back into the standards and deleting the Guidance itself. For further details on this subject, see our response to Question 16 of the survey.

We hope that you will find our observations to be helpful for the purpose of finalising the Exposure Draft and supporting the objectives of simplification and clarity pursued by EFRAG.

Should you wish to discuss our comments please do not hesitate to contact us.

Yours faithfully,

Gianmario Crescentino
Chairman