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Patrick de Cambourg
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European Financial Reporting Advisory Group
35 Square de Meeûs
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London, 29 September 2025

Subject: Key observations on the revised ESRS Exposure Drafts

Dear Patrick,

On behalf of CDP, I would like to commend EFRAG for its continued leadership in advancing sustainability reporting in Europe. CDP welcomes EFRAG's work in proposing a simplified version of the European Sustainability Reporting Standards (ESRS) that represents progress towards greater flexibility for preparers, and values its continued efforts to strengthen interoperability with global standards.

CDP recognizes the importance of reducing complexity in reporting to ease the burden on companies. The improvements to structure and readability are valuable steps forward, as is the progress in addressing differences in reporting boundary definitions between the ESRS and ISSB standards and in adopting more consistent language. At the same time, it is vital that ambition and interoperability are preserved in the simplified ESRS and not advanced in some areas while weakened in others. Simplification must therefore go hand in hand with these elements: the ESRS and ISSB standards should align where comparability is essential, while the ESRS should retain a level of ambition that reflects the leadership, experience and commitment of European companies.

As the world's only independent environmental disclosure system, CDP sees firsthand how maintaining this balance is critical. This year, more than 70,000 companies were requested to

disclose environmental information through our platform, showing that demand for investment-critical data remains strong. New CDP analysis also shows that acting on environmental risks makes good business sense – and disclosure remains a critical enabler helping businesses surface risks and chart credible action. For example, European companies investing in physical climate risk mitigation could gain a return of €10 for every €1 they invest in resilience.

These insights demonstrate both the value of decision-useful data and the business case for disclosure. In this context, as EFRAG reviews feedback on the proposed simplification of the ESRS, CDP wishes to highlight the following key observations on the draft amendments, focusing on the approach to the double materiality assessment, readability and connectivity, and interoperability:

1. Double Materiality: Safeguarding Comparability Through Clearer Guidance

CDP welcomes the simplification of the double materiality assessment (DMA) and acknowledges the trade-offs this brings to comparability. To safeguard comparability, we call on EFRAG to enhance guidance – additional examples and clear prescriptions will help build corporate capacity for a consistent approach to DMA and support sector-level comparability. On reporting, CDP supports gross assessment and disclosure of risks in line with the current ESRS requirements to uphold ambition. Residual reporting could be allowed for full transparency.

2. Better readability and better connectivity with corporate reporting

CDP also recognizes the value of the draft amendments that encourage connected information and improve structure and readability. These changes should help companies demonstrate integrated management of issues such as climate and nature. At the same time, we note that removing certain qualitative disclosures risks the loss of valuable context; retaining non-mandatory illustrative guidance could help preserve richness without adding unnecessary burden.

3. Interoperability to ensure Comparability, Ambition, and Accountability:

CDP believes that some of the reliefs proposed will weaken the capacity of the ESRS to contribute to the goals of the EU Green Deal and will undermine the comparability of data. Financial institutions representing more than a quarter of all institutional assets use CDP data to help inform investment and lending decisions, and data comparability is key for them. CDP believes that enabling

comparability of data in the ESRS is one of the key prerequisites for directing capital to sustainable activities and creating fair competition.

On anticipated financial effects, CDP supports maintaining quantitative disclosure as a baseline, with a requirement for best-efforts before any relief is applied. More than 4,000 companies already provide such disclosures through CDP, showing their feasibility and business value. Our data also reveals that mitigating environmental risks costs 13 times less than the financial impact of inaction. Such quantitative disclosures are not only about transparency but also about smart business practice, enabling better investor decisions and strengthening corporate resilience. The inclusion of quantitative disclosure in standards would level the playing field across the European economy, strengthening competitiveness and the achievement of sustainability goals.

We also urge caution regarding reliefs that extend beyond those in IFRS S2. Specifically, allowing companies to report on a partial scope indefinitely due to lack of data, as well as broader application of “undue cost or effort” principle, could undermine both ambition and accountability. While flexibility can address reporting burden in the short term, prolonged exemptions risk undermining comparability, data quality, and the broader goal of driving improved sustainability performance.

We therefore encourage EFRAG to ensure that changes in reporting requirements or reliefs that could undermine interoperability are carefully assessed for their impact on data comparability and on the reporting burden for companies subject to requirements under both the ESRS and ISSB standards.

CDP is grateful for EFRAG’s dedication and inclusive approach in the consultation process. We remain a committed partner and stand ready to support EFRAG in the work that lies ahead in advancing this vital agenda in Europe.



Sincerely,
Pietro Bertazzi
Chief of Policy and Projects Officer