

Warsaw, 22 September 2025

Mr Patrick de Cambourg, Chair, Sustainability Reporting Board

Ms Chiara del Prete, Chair, Sustainability Reporting TEG

EFRAG

Comments on draft revised ESRS

Dear Chairs,

We welcome the efforts of EFRAG SRB, SR TEG and Secretariat in delivering a substantial simplification of draft European Sustainability Reporting Standards, considerably exceeding the expectations expressed in the Commission's mandate. Revised ESRS will provide for a noticeable reduction of reporting burden for companies. Moreover, we are convinced that they are suitable for all large undertakings to report, including those that are likely fall out of the scope of the CSRD.

We would like nevertheless to point your attention to several factors that still need to be adjusted before the draft standards are handed over to the Commission. Apart from filling in the public consultation questionnaire, we list the most crucial points below. These comments are based on extensive expertise of MATERIALITY's consultants that have delivered over 30 ESRS-compliant reports for our clients over the last two years, including the first ESRS-aligned report ever published (TYLKO S.A., August 2023) and reports that have been awarded as the best ones in Poland (LUG S.A. and CCC S.A., 2024).

The following elements of draft revised ESRS constitute risks to development of a robust sustainability reporting system in the EU, and therefore, cause threats to competitive position of European companies:

1. The "undue cost or effort" principle should not be applied to disclosure of metrics related to own operations, as it would allow some companies to hide non-convenient information. That in turn would be detrimental to the competitive position of the majority of companies acting responsibly.
2. All reliefs in the standards should be temporary only (for a 1-, 2-, or 3-year period). If a particular provision is too difficult for companies for an indefinite period of time, it should be removed from the standards. Allowing permanent reliefs will create an uneven playing field and will be detrimental to comparability of data, hampering all companies' access to sustainable finance.
3. Disclosure of quantified anticipated financial effects should be mandatory for all companies. Difficulties in quantification of these effects should be addressed by providing a 3-year transition period and development by EFRAG of a methodology and tools assisting companies in this task. Lack of monetized information on anticipated financial effects would make ESRS seriously misaligned with IFRS and is against EBA guidance, again hampering European companies' access to financing.

4. ESRS should not allow to include any non-material information in reports. Opening a door for inclusion of non-material information even for a substantiated reason will result in gradual degradation of sustainability reports to the level of marketing or advertisements materials, full of green- and social-washing.
5. After over two years of implementation of ESRS it is clear that sector guidance is needed. Since it is highly likely that Omnibus legislative process will result in deletion of sector standards, EFRAG should develop detailed sector guidance. It will be the most substantial help for companies, reducing costs related to preparation of reports.

We would also kindly ask you to inform the Commission that development of a uniform European sustainability reporting limited assurance standard is urgently needed by all companies. This standard would result in a significant reduction in assurance costs. Currently it is often that case that assurance costs are higher than costs of report preparation and many companies suffer from auditing practices that are much closer to reasonable than limited assurance. A standard issued by the Commission is the only way to solve this situation.

As a summary, we would like again to congratulate you on delivery of the draft revised ESRS and assure you that we support EFRAG in all efforts to develop a robust system of sustainability reporting, which is one of key factors contributing to competitive advantage of European companies.

Yours sincerely,

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