

Dear Mr. Jaspar, Dear Mr. de Cambourg,

Thank you for your letter of 12 February regarding the simplification of European sustainability reporting obligations and for sharing with us the memorandum you prepared summarising the views of the members of EFRAG's Sustainability Reporting Board (SRB) on this issue.

The European Commission is always grateful for suggestions as regards its work, in particular concerning the practical implementation and application of EU legislation. We aim to alleviate unnecessary administrative burdens while still meeting the core policy objectives of the European Green Deal. Simplification and burden reduction will be at the centre of the work of the Commission in this mandate.

As you will be aware, on 26 February the Commission adopted a first 'omnibus' package of proposals to simplify EU rules, boost competitiveness, and unlock additional investment capacity. You will also have seen that, as part of this initiative, we propose to adopt a delegated act to revise and simplify the existing European Sustainability Reporting Standards (ESRS). I greatly appreciate the public statement from the SRB expressing unanimous willingness to participate in the proposed simplification of ESRS.

In accordance with the provisions of the Accounting Directive, as amended by the Corporate Sustainability Reporting Directive, the Commission will take into consideration EFRAG's technical advice when adopting the proposed delegated act modifying ESRS. I would be grateful if you could initiate the process to develop such technical advice as soon as possible. EFRAG's technical advice should be guided by the relevant content of the explanatory memorandum accompanying the omnibus proposals and specifically by the following orientations:

“The revision of the delegated act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation. It will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance

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service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process. It will simplify the structure and presentation of the standards. It will further enhance the already very high degree of interoperability with global sustainability reporting standards. It will also make any other modifications that may be considered necessary considering the experience of the first application of ESRS.”

I would be grateful to receive your technical advice by 31 October 2025. In the explanatory memorandum the Commission makes a commitment to adopt the revised delegated act “as soon as possible, and at the latest six months after the entry into force” of the proposed “content” directive that would amend various elements of the sustainability reporting regime.

At this stage we cannot know exactly when that directive will enter into force, since it is dependent on the pace and conclusion of negotiations between the co-legislators. We therefore cannot exclude that the target date for the submission of EFRAG’s technical advice may change. However, for the time being we believe that the target date of 31 October 2025 is reasonable and that it would allow the Commission to adopt the corresponding delegated act in time for companies to apply the revised standards for reporting covering financial year 2027, potentially with an option to apply the revised standards for reporting covering financial year 2026 if companies wish so.

In the current exceptional circumstances, it is critically important that we can deliver fast on our commitments to simplify the reporting rules for companies. It will also be critically important to engage with companies that now have direct experience of implementing ESRS and with the users of sustainability statements to better understand which datapoints they consider most critical. We are fully conscious of EFRAG’s due process framework for the development of technical advice. However, in the current exceptional circumstances we ask you to think innovatively and to design specific steps for the development of this advice that take account of the above timeline while ensuring the expected level of evidence-based quality. We thus ask EFRAG to inform the Commission by 15 April about its internal timeline and work plan to deliver its advice. We also request EFRAG to remain in very close contact with the Commission at technical level and to keep me and my cabinet informed via regular meetings throughout the process.

My services are available to engage with you urgently on all aspects of this request, including on expectations regarding the cost-benefit analysis that should accompany your technical advice.

I remain grateful for your personal commitment, and the commitment of all the people in the EFRAG community, for the work that you are doing to ensure that European corporate reporting rules effectively contribute to the public good.

Your sincerely,

Maria Luís Albuquerque

