GDV German Insurance Association

SUSTAINABILITY REPORTING | AMENDED ESRS

Comment on EFRAG's technical advice on the ESRS simplification mandate

The German insurance industry welcomes the revision of the European Sustainability Reporting Standards (ESRS). We acknowledge EFRAG's efforts to streamline the framework following the first experiences with CSRD reporting and the consultation earlier this summer. We support the objective to improve decision usefulness, reduce complexity, and make the standards more workable for undertakings of all sizes and sectors.

Nevertheless, the expectations placed on the revised ESRS have not been fully met. Although a significant number of datapoints have been removed or made conditional, the overall reporting burden for companies remains largely unchanged. In practice, many reductions are offset by the introduction of new concepts, refined terminology, and expanded methodological guidance. Further targeted adjustments are therefore necessary to ensure that the ESRS achieve their intended simplification while preserving their ambition and sector-agnostic applicability.

The issues listed below refer to points identified since the publication of EFRAG's Technical Advice on 3 December. Further technical issues may be added at a later stage, as time constraints have prevented a full assessment.

Remaining areas to be addressed

While we welcome the progress made, several provisions still require attention to fully achieve the simplification objective set out by the Commission:

Leased Assets	
Reference	ESRS 1 paragraph 62 ESRS 1 paragraph 72
Background	The simplification in ESRS 1 (paragraphs 62 and 72) clearly distinguishes between responsibilities for the user (lessee) and for the owner (lessor), depending on whether impacts arise from the use or ownership of the asset. Paragraph 62 includes *"such as"* to indicate that leasing is not the only exception to the principle that financial control equals own operations. Section 5.3 currently addresses only leasing and long-term employee benefit schemes, which could be misinterpreted as the

	only exceptions.
Proposed Amendment	Add a clarification in the recitals to confirm that section 5.3 is not an exhaustive list of exceptions. There are other such exceptions besides leased assets, such as any other real assets only held for investment purposes.

Materiality of Information	
Reference	ESRS 1 paragraph 23
Background	ESRS 1 23 (b) introduces the term *“informed assessments”*, which was not part of the ESRS Set 1, nor the consultation draft and therefore did not undergo public feedback. Its inclusion broadens ESRS Set 1 by introducing a new concept rather than simplifying or clarifying the existing requirements. Meaningful simplification can be achieved by allowing a focus on decision-usefulness for users, mainly primary users for which reporting information should be tailored in the first place, while at the same time not neglecting other users’ decision needs, in line with Level 1 CSRD requirements. Additionally, this would also improve alignment with ISSB IFRS S1 and IFRS S2, consistent with the Omnibus objective of greater convergence.
Proposed Amendment	Modify paragraph 23 including paragraph 23(a) as follows: *“23. Information is material when omitting, misstating or obscuring that information could reasonably be expected to influence decisions that users, mainly primary users of general-purpose financial reports, make based on those reports, including financial statements and the sustainability statement.”* Paragraph 23(b) should be removed entirely.

Geographical Dimension	
Reference	ESRS1 paragraph 33 and AR 15 for paragraph 33
Background	Overall, the new provision in paragraph 33 and related AR 15 place a disproportionate emphasis on the geographic dimension of impacts and the *“specific context of the geography”* in double materiality assessments, going beyond ESRS Set 1. Even without an explicit requirement, these provisions could implicitly enforce the LEAP approach in every preparer’s double materiality assessment. In the worst case, this could require first-wave companies to rebuild their double materiality assessments and significantly increase future effort.
Proposed Amendment	ESRS 1 paragraph 33 and AR 15 for paragraph 33 should be removed entirely.

Disaggregation Requirements	
Reference	ESRS 1 paragraph 53 and AR 31 for paragraph 53
Background	Under the new provision in ESRS 1 paragraph 53 and AR 31 for paragraph 53, information must be disaggregated when there are *“significant variations”* in material impacts, risks, or opportunities at the sector, subsidiary, location, or asset level. For global undertakings, such variation is inevitable at the most granular levels: No single asset or location will have the same impacts, risks, and opportunities as another. Consequently, the provision could effectively require disaggregation for nearly all assets and locations, substantially increasing reporting burden and report length, and producing reports considerably longer than those under ESRS Set 1.
Proposed Amendment	ESRS 1 paragraph 53 and AR 31 for paragraph 53 should be removed in their entirety.

Consideration of mitigation policies and actions	
Reference	ESRS1 paragraph 44(a) and AR 24 for paragraph 44(a) ESRS1 paragraph 44(b) and AR 25 for paragraph 44(b) ESRS1 paragraph 44(c) and AR 26 for paragraph 44(c)
Background	We welcome the strengthening of the management approach for the identification of reporting relevant impacts. In order to comprehensively and adequately reflect the multi-stakeholder perspective, we propose an extension to the financial perspective and a corresponding generalization of the provision. This would enable that companies can reasonably apply professional judgement without undue cost of justification. Rephrasing paragraph 44 as proposed below would maintain proportionality and facilitate closer alignment with IFRS S1. To address impact materiality and financial materiality a positioning in the overarching section of ESRS 1 “3.2 Double materiality assessment: Impact materiality and financial materiality” is suggested.
Proposed Amendment	Paragraph 44(c), AR 24 for paragraph 44(a), AR 25 for paragraph 44(b), and AR 26 for paragraph 44(c) should be deleted in their entirety. ESRS 1 paragraph 44(a) and 44(b) should be rephrased as per the wording below: ESRS 1 paragraph 44 *“The following applies in determining how to consider policies and actions in the materiality assessment:”*

	44(a) *"When assessing the materiality of impacts, risks, and opportunities, the undertaking shall exercise judgement on whether to consider the effect of existing policies and actions. Policies and actions that have not yet been implemented shall not be considered in the materiality assessment."* 44(b) *"Irrespective of 44(a), in considering whether to disclose information about impacts, risks, and opportunities and corresponding policies or actions, the undertaking is required to consider whether omitting, misstating or obscuring information about the impacts, risks, and opportunities and its policies or actions could reasonably be expected to influence the decision of users, mainly primary users of general-purpose financial reports, to understand the undertaking's impacts, risks, and opportunities."*

Anticipated Financial Effects	
Reference	ESRS 2 SBM-3
Background	ESRS 2 SBM-3 requires disclosure of anticipated financial effects. Where robust methodologies are not yet available, quantitative figures are often unreliable and do not support decision-making; clear qualitative explanations are therefore more appropriate. The July 2025 exposure drafts allowed indefinite qualitative reporting of anticipated effects (Option 2) on financial position, financial performance, and cash flows, including the expected time horizons, while quantitative figures remained optional. EFRAG's technical advice has reintroduced a time limit on qualitative-only reporting. Qualitative reporting should instead remain permitted on an indefinite basis.
Proposed Amendment	Reinstate the Option 2 wording from the Amended ESRS 2 Exposure Draft (July 2025) and therefore require only quantitative disclosure on anticipated financial effects.

Relief for metrics	
Reference	ESRS 2 paragraph 92
Background	ESRS 2 paragraph 92 introduces a general relief for metrics but explicitly excludes GHG emissions. This is problematic, as GHG accounting—especially Scope 3—is the area most affected by high measurement uncertainty, limited or unreliable data, and significant cost and effort. As drafted, the paragraph would effectively require full coverage for GHG emissions regardless of cost or data quality, making the relief unavailable where it is most needed. Regulation should prioritize accuracy

	and reliability. Estimates should be used only when they genuinely improve understanding of the undertaking's activities, not to chase 100% coverage with low-quality figures. The current framing risks encouraging extensive use of sector averages or coarse estimates, which obscures meaningful differences across companies and undermines investor decision-making. The relief concept in paragraph 92 is sound and should apply to GHG emissions as well.
Proposed Amendment	The phrase *"Except when reporting ESRS E1-8 metrics"* should be removed from ESRS 2 paragraph 92 so that the relief also applies to GHG emissions.

Non-Mandatory Illustrative Guidance (NMIG)	
Reference	Non-mandatory Illustrative Guidance (July 2025)
Background	Within the ESRS revision, a restructuring of the standards has taken place, separating mandatory and voluntary reporting. Voluntary datapoints are now included in EFRAG's Non-Mandatory Illustrative Guidance (NMIG). We welcome this clearer structure but emphasize that the NMIG should be understood as entirely voluntary and not binding for stakeholders. A clear emphasis on the voluntary nature of the NMIG would be very helpful.
Proposed Amendment	To further clarify the voluntary and non-binding nature of the NMIG, it is proposed to add a clarification on page 3 of the NMIG. Proposed wording: *"The content of this document is provided on a purely non-binding and non-authoritative basis. They are intended to support understanding and implementation and should not be construed as establishing additional requirements or binding interpretations of the Amended ESRS."*

Berlin, 6 January 2026