

Targeted amendments for simplified, decision-useful sustainability reporting

Draft Delegated Act on revised ESRS

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Introduction

Having reviewed the Draft Delegated Act revising the ESRS, as published by the European Commission in early May 2026, we acknowledge the Commission's continued efforts to make the standards more practical and less burdensome. We particularly welcome the new clarifications on the concept of fair presentation, which confirm its role as an overarching principle prioritising relevance and proportionality and, importantly, reaffirm that compliance with ESRS results in achieving fair presentation. We also support the possibility to omit disclosures that would be seriously prejudicial to the undertaking's legitimate business interests.

At the same time, we regret that the Draft Delegated Act does not fully meet the Commission's stated goal of creating lean, simple and practical sustainability reporting standards. So far, the simplification introduced through Omnibus I has mainly resulted in reliefs for smaller undertakings that have been removed from the CSRD scope, while doing little to ease the reporting burden for larger companies that remain within it. In this context, the pursuit of IFRS adoption status provides a key opportunity to design simplifications that would benefit all undertakings with business activities outside the EU.

The goal of finalising the Delegated Act must be to achieve long-term stability of the standards. Therefore, all inconsistencies and issues must be addressed to prevent the need for further changes in the coming years. Also, in the age of artificial intelligence and large language models, Tagging no longer seems appropriate. It represents a process with very limited added value, the benefits of which for stakeholders, especially those in the capital markets, have not yet been reliably demonstrated.

Therefore, we urge the European Commission to consider a targeted set of simplification measures when revising the Delegated Act. Addressing a limited number of key issues will be essential to ensure that the ESRS framework truly delivers on its dual objective of simplification and meaningful, decision-useful sustainability reporting.

Deutsches Aktieninstitut suggests:

- **Ensure IFRS Adoption Status for the EU**

If the ESRS are accepted as sufficient for complying with IFRS requirements, the reporting burden for global companies would be greatly simplified and reduced. To facilitate the adoption status the following should be done: Firstly, there should be greater flexibility in the reporting structure, which can be achieved by removing strict structural

requirements. Secondly, the existing non-obscuring principle should be clarified to state that financially material information must not obscure information that is material from an impact perspective, and vice versa. We urge the European Commission and EFRAG, in close collaboration with the ISSB, to assure that the ESRS Delegated Act, enables the ISSB to officially recognise the ESRS as sufficient for compliance with IFRS requirements.

- **Delete the concept of “informed assessment” in ESRS 1 paragraph 23(b)**

As this newly introduced concept is not clearly defined and is used in the definition of information materiality, it risks hindering the entire concept of information materiality, which is a foundational pillar of the simplification project. Including it in the ESRS would expand it rather than simplify or clarify existing standards, notably by encouraging over-reporting. The **new AR 8 for paragraph 23(b)** does not include a clear definition of the concept of ‘informed assessments’, as it tries to explain one ambiguous concept with another one – i.e. ‘reasonable evaluations’ – which itself is not clearly defined.

- **Delete all data points in ESRS E 1-11 going beyond the scope of the IFRS S1 and S2**

ESRS E1-11 disclosure requirements go way beyond the disclosure requirements in IFRS S1 and S2 for climate-related anticipated financial effects and metrics, mandating data points that significantly increase reporting burden and seldomly are expected to convey decision-useful information for users of sustainability statements.

- **Clarify unclear legal terms**

Some of the definitions in the Draft Delegated Act lack consistency and clarity. To reduce reporting burden and complexity, avoiding discussions with auditors and assuring comparability with other companies, we ask the EU Commission to clarify the definitions and ensure consistency throughout the ESRS. For instance adequate wages do not align to ILO living wage principles outside the EU (S1-9). Also, the newly introduced wording of “substantiated” human rights incidents should be replaced by “severe” human rights incidents in all S-Standards.

- **Delete all newly introduced datapoints**

For instance: The new metrics in E5-4 par 13 (a) and (c) impose additional reporting burdens as resource inflows need to be reported on a more granular level (i.e. breakdowns).

1 Ensure IFRS Adoption Status for the EU

The EU’s “Omnibus I” simplification measures have so far offered global EU companies no relief. Global companies have to deal with competing regulatory frameworks under ESRS and IFRS in various jurisdictions worldwide, leading to significant additional compliance costs, including those stemming from regulatory divergence and fragmentation on issuers, preparers, and users. Real simplification for these companies lies in solutions which enable reporting only once, for use in multiple regulatory contexts. The reporting burden for global companies can be simplified and reduced if the ESRS are accepted as being sufficient for complying with IFRS requirements. We urge the European Commission, EFRAG, and the ISSB to find solutions together to achieve this objective while finalizing the ESRS Delegated Act.

From our point of view, a solution to cut red tape lies at hand, which would require only two targeted clarifications to the ESRS Delegated Act without changing the established European ruleset: (1) greater flexibility in the reporting structure by deleting strict structural requirements and (2) clarification of the existing non-obscuring principle by stating that financially material information must not obscure information that is material from an impact perspective and vice versa.

The clarifications must ensure that:

- the ESRS and the double materiality concept remain in place (already incorporating ISSB principles).
- no additional reporting or audit burden for entities reporting under ESRS is introduced. Concerns regarding how auditors would apply and interpret the clarification to the existing non-obscuring principle in practice must be properly addressed and effectively mitigated, as the introduction of such a principle beyond a mere clarification of existing concepts is not supported. The clarification must not result in new disclosure or assurance requirements. In particular, the clarification must not expand the scope, depth, or granularity of information to be reported or audited beyond what is already required under ESRS.
- The clarification to the existing non-obscuring principle must apply universally and symmetrically, addressing both financial and impact materiality to avoid any implicit hierarchy between the two.

Therefore, we suggest:

- To introduce the following amendment to ESRS 1 paragraph 105:

The undertaking ~~shall~~ may structure its sustainability statement in four parts in the following order: general information, environmental information, social information and governance information. It may use appendices or separate sub-parts in accordance with paragraph 112.

- To add a safety net for non-obscuring financially material information and information that is material from an impact perspective to the Qualitative characteristics of information in Appendix B of ESRS 1:
 - New QC 21. Sustainability information shall be presented in a way that does not obscure reported information from a financial materiality perspective. Reported information from a financial materiality perspective is obscured if it is communicated in a way that would have a similar effect for primary users to omitting or misstating that material information.
 - New QC 22. Sustainability information shall be presented in a way that does not obscure reported information from an impact perspective. Reported information from an impact perspective is obscured if it is communicated in a way that would have a similar effect for other users to omitting or misstating that material information.

2 Delete the concept of “informed assessment”

ESRS 1 paragraph 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. This concept, being unclearly defined and being used in the very definition of information materiality, risks hindering the whole information materiality concept, which is a foundational pillar of the simplification project. Its inclusion expands the ESRS rather than simplifying or clarifying existing standards, notably by encouraging over-reporting.

The **new AR 8 for paragraph 23(b)** does not include a clear definition of the concept of ‘informed assessments’, as it tries to explain one ambiguous concept with another one – i.e. ‘reasonable evaluations’ – which itself is not clearly defined. In particular, referring to ‘reasonable evaluations’ made by users may be interpreted as implicitly requiring undertakings to anticipate or reflect how such assessments are formed. This would go beyond the purpose of general purpose sustainability reporting under the CSRD, which is to provide decision useful information on an undertaking’s material impacts, risks and opportunities, rather than to capture or validate users’ interpretations. In practice, such an expectation would introduce a high degree of subjectivity, increase compliance burden and create legal uncertainty, as undertakings cannot reasonably foresee or standardize the range of possible user assessments.

Meaningful simplification can be achieved by focusing on decision-usefulness for primary users, ensuring reporting information is tailored to their needs.

3 Delete all data points in ESRS E 1-11 going beyond the scope of the IFRS S1 and S2

The concept of "anticipated financial effects" is not an established and standardized concept. The underlying data is often unclear, and the risks cannot be reliably isolated. Without any sensible guidance, such information is not comparable and does not provide useful insights for decision-making purposes. As the IFRS S1 and S2 also lack a clear concept and do not provide clarity, we suggest that EFRAG and ISSB jointly examine what a meaningful, uniform, and practical definition and methodology might look like. A strong preparer focus on the development of practical guidance is a must, to ensure feasibility, acceptance and usefulness of such disclosures going forward.

ESRS E1-11 disclosure requirements go way beyond the disclosure requirements in IFRS S1 and S2 for climate-related anticipated financial effects and metrics, mandating data points that significantly increase reporting burden, and seldomly are expected to convey decision-useful information for users of sustainability statements. All data points in E1-11 that are inconsistent with IFRS S1 and S2 should be deleted (e.g. E1-11 paragraphs 40 and 41).

4 Clarify unclear legal terms

Some of the definitions in the Draft Delegated Act lack consistency and clarity. To reduce reporting burden and complexity, avoiding discussions with auditors and assuring comparability with other companies, clarify the definitions and ensure consistency throughout the ESRS.

4.1 Adequate wages - No mandatory alignment to ILO living wage principles outside the EU

The revised **S1-9** requires undertakings to confirm adequate wages against country specific benchmarks and, outside the EU, links adequacy to a “decent standard of living” and ILO living wage estimation principles, or to living wage estimates produced by public authority mandated institutions (AR 20 for paragraph 29). In practice, this can force multinationals to verify hundreds of non-EU wage benchmarks against an ILO framework and to research/validate mandated estimates where no statutory or collectively agreed minimum exists, creating substantial ongoing effort without improving comparability or assurance. The phrase “confirmed by a calculation” also introduces assurance ambiguity, as it can be read to require company performed or commissioned living wage calculations in each non-EU country.

4.2 Replace the word “substantiated” with “severe” human rights incidents in all S-Standards

EFRAGs recommendations enhanced the reporting beyond the concept of **severe** human rights incidents as set out in the UN Guiding Principle as well as in the requirement of the first set of ESRS. Clearly, the EU Commission intended to correct that by referring to “substantiated” human right incidents. However, unlike “severe human right incidents”, which are internationally defined, it remains unclear what “substantiated” human rights incidents are. **(S1-16, S2-3, S3-3, S4-3)**

In addition, we call for the disclosure requirements relating to 'judicial and non-judicial proceedings' to be limited to proven incidents, i.e. incidents that have resulted in a final court decision. Otherwise, the disclosure of incidents of discrimination and other human rights violations would be too broad.

5 Delete all newly introduced data points

In her letter tasking EFRAG with simplifying and streamlining ESRS Set 1, EU Commissioner Albuquerque explicitly stated that no new data points should be included in the revised ESRS. However, exceptions could be made if EFRAG could demonstrate that the newly introduced data points would serve the purpose of simplification. As EFRAG and the Commission have not demonstrated that the newly introduced data points serve this purpose, we propose that they be removed.

Additional datapoints and disclosure requirements increase the burden for preparers instead of simplifying the ESRS requirements. In addition to the new data points introduced by EFRAG officially, there are other new data points. We urge the Commission to delete all newly introduced data points and reverse changes from “may” data points to “shall” data points. In particular:

- **Reporting on CO2 emissions (ESRS E1.AR25):**
Disaggregation by country, operating segment, economic activity, subsidiary will increase reporting burden & implementation costs massively
- **Emissions of pollutants – managerial assessment (ESRS E2.AR2):**
Introduction of new “managerial assessment” requirements is unclear in scope and methodology, reducing comparability across companies. It creates additional assessment effort and complexity without clear guidance or evident added value for users.
- **Biodiversity metrics (ESRS E4.20):**
New requirement to report metrics related to the undertaking’s material impacts on biodiversity and ecosystems, which also includes value chain impacts. Disclosing metrics based on immature methodologies and missing data does not provide reliable and decision-useful information to stakeholders.
- **Resource Inflows (ESRS E5.4-13a):**
New critical (sensitive) information required which leads to even more complexity and required effort. Disclosing sensitive information should be avoided for competitive reasons and geopolitical supply issues.
- **Resource Inflows (ESRS E5.4-13c):**
Breakdown of key materials leads to more additional effort. Additional sub KPIs need to be reported.

- **Resource Outflows (ESRS E5.5-15c):**
New KPI “designed rate of recyclability” leads to additional coordination & implementation efforts.
 - **Designed recyclability rate (ESRS E5-5 and AR 3 for paragraph 15c)**
was added;
 - **Employee characteristics (ESRS S1-5 20b):**
has an increased scope now creating disproportionate burden. From previously reporting for countries with ≥50 employees AND representing ≥10% of total workforce of the undertaking it was changed to “disclosure for the top 10 countries by employee headcount (≥50 employees). (this means e.g. for adidas to report on seven more countries)
 - **ESRS S2-S4:**
Disclosing approach taken in situations where tensions arise between key actions to prevent, mitigate and remediate material negative impacts and other business pressures now mandatory.
 - **G1-2 paragraph 9a ii and iii:**
There are new requirements for G1-2 related to trainings provided to the procurement team and engagement with suppliers for their sustainability performance.
- G1-4 paragraph 12:**
The addition of “and sanctions” to the paragraph adds a new requirement to the disclosure that was not initially part of the ESRS. Introducing additional requirements conflicts with the revision’s goal of simplification. Furthermore, the approach to accounting for sanctions remains unclear, and the added value of this inclusion is questionable.
- **Definition of ‘sites’ (Glossary of terms defined in ESRS):**
The definition of sites has expanded significantly compared to set 1 ESRS, going beyond physical installations to also cover offices and service centers, and even subsurface infrastructures under the land or seabed surface. Given that many disclosure requirements pertain to sites, this scope expansion clearly increases implementation and reporting efforts.

Additionally, three data points have been made mandatory that were previously voluntary (i.e., ESRS E3 Paragraph 16c (Disclosure of total water withdrawal), ESRS E3 Paragraph 16d (Disclosure of total water discharge), and ESRS E4 Paragraph 11 (Disclosure of the biodiversity and ecosystems transition plan, if the issuer has made it public via another publication). Please return to voluntary disclosures.

Adjusted or rephrased datapoints should be softened, for example by replacing formulations such as “if applicable” with more flexible wording such as “may,” in order to avoid creating implicit new requirements (and moving them to the Non Mandatory Implementation Guidance).

6 Annex

6.1 ESRS 1

6.1.1 Adapt ESRS 1 para. 3 and 4 as follows

The objective of the sustainability statement, taken as whole, is to present fairly (see Chapter 2) all the undertaking's sustainability-related material impacts, risks and opportunities and how the undertaking manages them. The reported information should be **determined with appropriate consideration of its decision-usefulness for users**.

Users of general-purpose sustainability statements are those who provide a contribution to or are impacted by the undertaking:

- (a) primary users of general-purpose financial reports, such as **shareholders**, existing and potential investors, lenders and other creditors, including asset managers, credit institutions and insurance undertakings; and
- (b) other users of general-purpose sustainability statements, such as the undertaking's business partners, trade unions and **social partners**, civil society and non-governmental organisations.

6.1.2 Provide a clear and consistent definition and hierarchy of topics vs. sub-topics across the standard

The structure and distinction between "topics" and "sub-topics" (**ESRS 1**) remain unclear. The glossary appears to define only "topics", while disclosure requirements refer explicitly to sub-topics. The lack of conceptual clarity creates ambiguity in scoping disclosures and structuring reporting. It might lead to massive overreporting if the auditors require the preparers to disclose on each Sub-Sub-Topic in parentheses (even if only one Sub-Sub-Topic is material based on the Double Materiality Assessment).

Therefore, provide a clear and consistent definition and hierarchy of topics vs. sub-topics across the standard, including alignment with glossary definitions. Do not combine sub-topics in brackets. The Commission should clarify that preparers do not need to provide disclosures on other Sub-Sub-Topic when only one single Sub-Sub-Topic in parentheses is material (Appendix A).

6.1.3 Positive Impacts should also be based on positive contributions of the company

The positive impacts in **ESRS 1 chapter 3.2.1. paragraph 44** cannot be based solely on the remediation of negative impacts of others but should also be based on inherent positive contributions of a company like into climate-friendly infrastructure, decarbonization projects, energy efficiency and energy security.

6.1.4 Allow undertakings to report at the level at which the key IROs occur e.g. topic, sector, subsidiary, geography, or asset

Even if material IROs specifically relate to individual assets, sites or areas, reporting at the site level is not appropriate, as policies, actions and targets are developed and managed on a group-wide basis, and reporting focused on individual sites offers little value to users of sustainability statements (**ESRS 1 Chapter 3.3.2**) Align sustainability and financial reporting and delete contradicting requirements undermining the value of the Double Materiality Assessment

The net approach for IRO evaluation is complicated and not practical. For (actual and potential) impacts (ESRS 1 Paragraph 43a): Mitigation measures, if significant actions are necessary to contain the impact of the current year cannot be considered for evaluation. This is not consistent with the financial reporting (e.g. provision measurements at year end closing). Delete the last sentence of **ESRS 1 Paragraph 43 (a)**.

Impacts that are highly decision-useful for users require an additional evaluation under Double Materiality Assessment even if they are not material (**ESRS 1 Paragraph 43c**). Delete the additional evaluation of impacts that are highly decision-useful for users.

6.1.5 Clear definitions and guidelines for the precise classification of actors in the value chain are needed

The application of the value chain cap for sustainability information (**ESRS 1 5.2-66**) presents companies with complex supply chains, challenges in data collection and the precise categorization of actors in the upstream and downstream value chain. In particular, the distinction between the disclosures defined as "necessary" for companies of different sizes according to the voluntary standard is complex. A central problem arises when suppliers, especially small and medium-sized enterprises (SMEs), do not utilize the voluntarily offered standards. This significantly complicates the collection of information required under the cap and potentially undermines the effectiveness of the regulation, which reduces the obligation to share data to a strictly defined, size-dependent minimum. Therefore, concretizations and application guidelines are needed urgently to ensure the practical applicability of these provisions and to create legal certainty for all stakeholders. Avoid ambiguity in defining reporting boundaries.

6.1.6 No override of the GHG protocol

Paragraphs 72 and 73 of ESRS 1 5.3 (in combination with the AR under E1-8) are unclear and risk to be subject to interpretation and discussions with auditors. It is unclear how the identification of IROs arising from assets that are held by the undertaking's long-term employee benefit schemes relate to the definition of the reporting boundary for GHG emission reporting (i.e. Scope 3 emissions).

The paragraphs suggest that a company always needs to account for benefit schemes such as pension funds as Scope 3 emissions - no matter whether they are significant or not. However, the GHG Protocol does not specifically require accounting for emissions from e.g. pension funds (depending on materiality). For GHG emission reporting, pension fund assets can also be already covered in Scope 1 and 2 e.g. when the assets are leased buildings. Including them in Scope 3 reporting based on the requirement in 73 and E1-8 could lead to double reporting. Additionally, it is not further defined what is included in "benefit schemes".

With the new paragraphs (also in ESRS E1 8), the ESRS effectively overrides the GHG Protocol's established accounting approach. Since most companies base their GHG inventories on the GHG Protocol, they will now need to review—and potentially adjust—their reporting practices. Rather than simplifying requirements, the new paragraphs introduce additional complexity and increase the effort involved.

We therefore suggest to remove paragraphs 72 and 73 and the last sentence in **letter (a) of AR 20 for paragraphs 29 and 30 in ESRS E1** (Emissions reporting).

6.1.7 Allow the relief of ESRS 1 chapter 7.3 paragraph 91 also to apply to GHG emissions

ESRS 1 paragraph 91 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. We do not see any reason why the ESRS should introduce such a prescriptive exception to the relief; this seems to suggest a different status of GHG data compared to other information, which contradicts the materiality principle.

As drafted, the paragraph would effectively require full coverage for GHG emissions regardless of cost or data quality. 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.

6.1.8 In the management report's sustainability statement no repetition of the referenced part is necessary

ESRS 1 chapter 8.1. paragraph 103 states that the undertaking shall present all the disclosures required by ESRS within a dedicated section of the management report identified as the undertaking's sustainability statement which also includes those disclosures incorporated by reference in accordance with Chapter 9.3. It should be made clear that a repetition of the referenced part in the sustainability statement is not necessary.

6.1.9 Make the Anticipated Financial Effects phase-ins applicable for all of E1-11

The Anticipated Financial Effects phase-ins should be applicable for all of E1-11, i.e. include ESRS E1-11 para. 39a/b and 40a/b in general phase-ins for Anticipated Financial Effects by deleting "*with the exception of ESRS E1-11 paragraph 39(a)(b) and 40 (a)(b)*" in both **ESRS 1 chapter 10.3 paragraph 125 (b) and (c)**.

6.2 ESRS 2

6.2.1 Clarify that restatements according to ESRS 2 AR 17 are not required for anticipated financial effects

The new requirement to revise estimates (**ESRS 2 AR 17 for paragraph 27**) raises concerns. While we welcome the notion that anticipated financial effects rely on estimates and therefore do not constitute errors, the new requirement could be misunderstood to require restatements of anticipated financial effects disclosed in previous reporting periods. This is due to parallels in the wording used in ESRS 2 AR 17 with ESRS 1.84 – which requires a revision of comparative figures if new information is identified in relation to estimates figures. To avoid such unintended consequences, we suggest adding a clarification to ESRS 2 AR 17 that ensures that restatements are not required for anticipated financial effects. This would also ensure alignment with IFRS, as IFRS S1.B51 specifically excludes forward-looking metrics from restatement requirement.

6.2.2 Delete the reporting on internal group activities

Internal group activities should not be included in the report, as this contradicts basic accounting principles. For the preparation of the consolidated financial statements, internal relationships must be eliminated so that the group is presented externally as a single company. The same should apply to sustainability reporting. (**ESRS 2 SBM-1 20 c**)

6.2.3 Delete ESRS 2 GDR-M AR 44 for paragraph 49 c

This seems a very detailed and granular requirement as it requires for environmental metrics, the specific environmental conditions and characteristics of the area where the impact is occurring that are necessary to understand the metric in question.

6.3 ESRS E1 – E5

6.3.1 Remove all sector-specific information from the standards

- E2-5 SOCs/SVHC: E2 now requires disclosure of the REACH-inventory including name of the substances in the management report. The reporting will be expanded, rather than simplified. AR 5 introduces sector-specific requirements in the ESRS (chemical sector). However, this shall not be subject to the delegated act on ESRS Set 1 as per the EC's mandate. It also pre-empts the Double Materiality Assessment.
- ESRS 2.20c significant sectors: ESRS 2 still requires mandatory disclosure on the significant sectors, including activities that are internal to the group if those activities are significant or are connected or may be connected to material impacts, risks and opportunities. As the revised CSRD does not contain mandatory sector-specific disclosures anymore, the paragraph should be deleted or turned into a voluntary datapoint.

6.3.2 No absolute targets for CO2 emissions to minimize negative effects on competitiveness of EU preparers

Absolute targets for CO2 emissions (**ESRS E1 Paragraph 24a and ESRS E1 AR 13**) can mislead as they limit economic growth or reward market failure (de-industrialization). If one company loses market share, others may be unable to absorb demand due to rigid CO₂ caps. This leads to artificial stagnation, despite unchanged emissions at market level. Requiring absolute values alongside intensity targets forces companies to disclose internal volume plans (e.g. production growth or reduction). This amounts to indirect disclosure of sensitive business strategy, undermining competitive confidentiality and market fairness

Change from absolute targets only to option for companies to disclose absolute targets or intensity/relative targets. For the option "relative/intensity targets", no absolute values must be required. This would safeguard competitiveness and enable economic growth.

6.3.3 No references to specific versions of the GHG protocol

The current draft of ESRS E1 includes explicit references to specific versions of the GHG Protocol (e.g. **E1 AR19 for paragraph 30**). However, the GHG Protocol is currently under revision, with updated standards expected in the near term. As a result, these version-specific references risk becoming outdated shortly after the adoption of ESRS 2.0. This creates unnecessary rigidity and may lead to misalignment between ESRS requirements and the most up-to-date methodologies.

6.3.4 Provide a more precise and standardized definition of “total water recycled and reused”

The current definition of “total water recycled and reused” (**ESRS E3-4 Paragraph 16 e**) leaves significant room for interpretation, resulting in inconsistent application across companies and industries. In practice, this leads to materially different calculations, for example some Original Equipment Manufacturers will include car wash bays while others might not.

Without a clearer and more standardized definition, the resulting disclosures are not comparable and therefore of limited value to users of sustainability information.

6.3.5 Preserve European resilience by removing the requirement to publicly identify critical and strategic raw materials

The requirement under revised **ESRS E5 paragraph 13(a) and AR 2** to publicly identify critical and strategic raw materials (as defined under the Critical Raw Materials Act (CRM), Regulation EU 2024/1252) in company sustainability reports is inconsistent with the strategic logic of the CRM Act and disproportionate to the circular economy objectives of ESRS E5. The mandatory public disclosure of CRM and SRM (strategic raw materials) dependencies — without materiality threshold, proportionality filter, or confidentiality mechanism — creates a standardized, aggregated dataset of European strategic supply vulnerabilities. That neither incentivizes substitution nor advances circularity but does create strategic risk incompatible with the EU's broader strategic autonomy agenda. This provision should be removed from ESRS E5 and replaced, where CRM reporting is deemed necessary, by a confidential reporting mechanism to competent national authorities.”

6.3.6 Allow focusing on key products across the E5 standards

In **E5-5** (Resource Outflows), reporting is partly limited to “key products”. The option to focus on key products should be consistently allowed across the entire E5 standard and ideally extended as an explicit option across all ESRS to ensure flexibility and proportionality in reporting.

6.4 ESRS S1 – S4

6.4.1 Focus only on actions

In **ESRS S1 3** (Actions and resources) the term “resources” has been introduced in the disclosure requirement but not reflected in the broader reporting logic. It is only once mentioned in the title but not referenced in the SDRs. Unclear scope and expectation regarding “resources” (e.g. financial, human, organizational) lead to inconsistent interpretation. Reconsider inclusion of “resources” and only focus on “actions” if not operationalized consistently.

6.4.2 Only report information for countries with more than 50 employees representing at least 10 % of employment

There is a mismatch between **S1-5. 20b** and **AR 9 table 2**. While table 2 does not include a requirement to disclose information on the 10 largest countries this is required in S1-5.20b. We advocate only to report information for countries with more than 50 employees representing at least 10 % of employment and not to require information on the 10 largest countries.

The approach “50 employees representing at least 10 % of employment” should also be reintroduced in all relevant S1- S4 paragraphs and ARs.

6.4.3 Ensure consistent terminology “Not reported” vs. “Not disclosed”

In **ESRS S1 5** the Terminology has shifted from “not disclosed” to “not reported”. This change has significant unintended consequences for existing reporting systems. Ensure consistent terminology across ESRS and assess implementation impact before introducing changes to established wording.

6.4.4 Delete the disclosure requirement on persons with disabilities

The collection of such data (**ESRS S1-11**) is only possible on a voluntary basis. Employees are not obliged to disclose this information. Even in countries like Germany, where companies face penalties for not meeting disability quotas, data cannot be obtained without voluntary disclosure. The approach proposed in AR23 using “may” is impractical, as it further distorts the indicator and reduces its already limited informative value.

Given these challenges, the question arises: what value does this indicator offer to users of sustainability statements? Especially for multinational companies, only part of the workforce may be in countries where such data can theoretically be collected. Companies often lack knowledge of the actual figures, making extrapolation to the entire group meaningless.

As with the unadjusted gender pay gap, a KPI has been created that requires a huge amount of effort on the part of companies to collect data (with legal risks) and which ultimately has no informative value and therefore no added value.

6.4.5 Update definitions of recordable work-related accidents and ill-health to avoid ambiguity

The definitions of recordable work-related accidents and recordable work-related ill-health (**S1-13**) within the ANNEX II– Acronyms and Glossary of Terms still introduce certain ambiguity, especially regarding the recordability threshold based on days lost. Limiting recordable injuries to cases with three or more lost workdays introduces non-standard criteria that conflict with international norms, creating inconsistencies and potential underreporting. In contrast, work-related ill-health cases are considered recordable based on absence from work without the application of a minimum duration threshold. This asymmetry with ill-health cases and exclusion of short-duration absences distorts safety data, undermining accuracy, comparability, and credibility.

“More than three days of absence” and addition of “absence from”, in the definition of work-related accident should therefore be deleted to ensure harmonization on the data collection with the scope of S1-13, 37 (e).

Additionally, the current S1-13 para. 37 (e) uses the term "recordable work-related accident" encompassing fatalities. However, the calculation of "days away from work" must be understood to apply solely to non-fatal incidents – as set out in previous documentation by EFRAG. Hence, delete the reference to “recordable” to ensure proper scope. The wording should refer to the number of days away from work attributable to non-fatal, work-related injuries or work-related ill-health with short-term latency, occurring during the employment relationship and resulting in immediate absence from work.

Regarding work-related ill-health: Reinstall former AR 92 to enhance clarity and better classification for Musculoskeletal Disorders (MSDs).

6.4.6 Employ standardized remuneration terminology and ensure consistency ensured

In **S1-15** are primarily two concepts that bear a strong resemblance to one another, yet for which no precise definitions exist (“ordinary basic salary” vs. “basis salary”). Consequently, this means that the S1–15 key figures cannot be reliably calculated on a consistent basis.

6.4.7 Align remuneration definitions across all related disclosures

Definitions of remuneration components in **ESRS S1-16** (e.g. “ordinary basic salary”, “base salary”, “other remuneration”) are not consistently differentiated and

foremost should not be. Lack of clarity leads to inconsistent calculation bases, especially between gender pay gap and total remuneration ratio. Align remuneration definitions across all related disclosures and ensure a consistent calculation base for comparability. Make sure to align with the EU Pay Transparency Act to avoid systematic over-reporting.

6.5 ESRS G1

6.5.1 Remove disclosures on (indirect) political contributions and the main lobbying topics

ESRS G1-5 paragraph 14 and 15: Two main issues remain: the disclosure of indirect and direct, financial and in-kind “political contributions” (paragraph 14) as well as of the global main topics in lobbying (paragraph 15). The collection of information on indirect contributions requires a lot of effort and raises legal concerns especially related to in-direct financial contributions outside of the EU. We therefore suggest limiting the scope from “global” to EU Member States or to remove the requirement.

As the disclosure of lobbying topics is already part of the EU Transparency Register as well as in national Transparency Registers (e.g. Germany, USA), we consider it on the one hand redundant. On the other hand, a prioritization of “main topics in lobbying activities” could imply that political activities in one country could be more important or “material” than in another potentially leading to misunderstandings and reputational risks.

6.5.2 Delete the concept of standard payment terms

The concept of “standard payment terms” (**G1-6 paragraphs 17 and 18**) lacks clarity, particularly in international contexts where no consistent legal or market definition of payment terms exists. As a result, both the description of such terms and the related percentage of payments aligned with them are difficult to interpret and do not allow meaningful conclusions regarding supplier relationships or impacts on suppliers.

The requirement to disclose the number of legal proceedings due to late payments is also not decision-useful in isolation. Without appropriate qualitative context, such as materiality thresholds or underlying causes, this information lacks relevance. Furthermore, we consider a material use case for this datapoint to be unlikely.

In addition, the categorisation of suppliers (e.g. SMEs) is operationally challenging. Supplier size is typically not systematically tracked in financial systems, and implementing such classification would require disproportionate effort relative to the limited benefit of the resulting disclosures.

Finally, there is a risk of duplication or even inconsistency with existing financial reporting requirements (e.g. IAS 7 disclosures). Governance-related financial information should be clearly aligned with the IFRS framework. Introducing similar or overlapping requirements within ESRS may lead to inconsistencies and unnecessary reporting burden.

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