

Brussels, 27 February 2026

European Commission  
Rue de la Loi 200  
1049 Brussels, Belgium

Dear Ms. Cristina Dias, Ms. Elena Arveras, Mr. Sven Gentner,

**Re: ECG Input on Draft Simplified ESRS**

The European Contact Group (ECG), which brings together the six largest professional services networks in Europe (BDO, Deloitte, EY, Grant Thornton, KPMG and PwC), welcomes the opportunity to provide high level input to the European Commission (EC) on the draft simplified ESRS submitted by EFRAG on 3 December 2025. [This letter outlines our initial reflections and recommendations ahead of the call for feedback expected later this year, for which the ECG intends to provide a more detailed response].

We support the overall direction of the draft simplified ESRS. These draft revised ESRS include significant changes in both content and structure compared to the current ESRS. Below we have set out several important considerations to be taken into account when finalising the standards – all made with regard to the interests of users such as investors and the companies they own. Our key remarks are summarised below.

**Keep standards stable to provide clarity to the market:** We recognise that the early revision of ESRS was necessary to reduce complexity and decrease the reporting burden for preparers. However, the process has also introduced significant uncertainty for preparers, investors and other key stakeholders. There is a strong need for stability in the EU sustainability reporting landscape, both in terms of scope of the CSRD and the underlying reporting standards. We encourage the EC to take this into account when reviewing the draft simplified ESRS.

**Interoperability with ISSB standards:** We recognise that the draft simplified ESRS reflect significant compromises, including a substantial reduction in data points. However, achieving further interoperability and maintaining a high degree of alignment between the ESRS and the ISSB Standards is critical. The reduction of disclosure requirements should not result in the ESRS further falling below the ISSB global baseline as this would increase fragmentation in the sustainability reporting landscape and duplication of reporting efforts for companies leading to the opposite of burden reduction.

In particular, we believe that retaining the requirements to disclose both qualitative and quantitative current and anticipated financial effects is necessary to avoid cutting below that baseline. We believe that the requirement for an entity to provide quantitative disclosures about anticipated financial effects is critically important to:

- Provide decision-useful information to investors (one of the key pieces of information they are asking for in the context of sustainability reporting).
- Enhance connectivity with the related financial statements, i.e. the link between sustainability disclosures and the financial statements, giving a holistic view of a company's sustainable value creation and ensuring users can understand how impacts, risks, and opportunities might translate into

financial effects.

- Ensure alignment with the ISSB standards (as ISSB standards are requiring quantitative anticipated financial effects without phased-in provisions).

We encourage the EC to continue striving for a higher degree of interoperability with ISSB standards wherever full alignment cannot be achieved. We also encourage the EC to mandate EFRAG to work closely with the ISSB, draw on their experience, and develop guidance where needed.

We also acknowledge that an equivalence regime based on reciprocity would be in the interest of most stakeholders instead of having to aim for dual compliance of similar (but not identical) frameworks (see next section).

**Consideration of equivalence in the longer term:** While sustainability rules are fragmented, businesses are international. Achieving a high degree of alignment between ESRS and ISSB standards is one important step, but seeking for equivalence between these should be the longer-term goal. Equivalence—where a territory would recognise an ESRS report as equivalent to an ISSB report and the EU recognise the other territory’s sustainability reporting framework (e.g. ISSB) with additional top ups as needed – would reduce cost for multinational entities, eliminate dual reporting and simplify market access. While we understand that equivalence may not be the EC’s immediate priority, we strongly recommend recognising it as a key future milestone and ideally set out a pathway towards equivalence.

**Some areas are still subject to interpretation and still evolving:** We understand that EFRAG and the EC aim to issue high-quality, practical standards, including efforts to clarify complex areas. However, sustainability reporting is still an emerging discipline and will take a number of years to become more mature. Some topics are still evolving and subject to interpretation, and not everything can (or should) be resolved immediately (for example, the gross vs net issue in ESRS 1, i.e. how a company assesses mitigation, remediation, and prevention actions when assessing the materiality of actual and potential negative impacts. We should allow market practice to develop over time rather than attempt to resolve issues (for which some have persisted for years) in just a few months.

**Clarification on fair presentation:** We welcome the clarification on the proposed changes in the draft ESRS that ESRS is a fair presentation framework. This means that in addition to complying fully with ESRS, a preparer will have to take a step back to consider whether as a whole the sustainability information is fairly stated and if it is not, to add entity specific information to help users of the sustainability information to understand what is at stake for the preparer. We welcome further clarification, including more guidance on identifying affected stakeholders under an impact materiality regime, and alignment with ISSB on the fair presentation topic as this would also facilitate the assurance process, ideally applying EU sustainability assurance standards based on ISSA 5000. In this regard we note that the CSRD does not explicitly address that the reporting framework is a fair presentation one and any future changes to the CSRD could provide clarity to all stakeholders in the corporate reporting system.

Yours sincerely,



Isabelle Tracq-Sengeissen  
ECG Chair