

## ACCOUNTANCY EUROPE'S CONTRIBUTION TO EC'S DRAFT DA WITH THE REVISED ESRS

Accountancy Europe welcomes the European Commission's (EC) draft delegated act with the revised European Sustainability Reporting Standards (ESRS). We appreciate that the EC made limited changes to EFRAG's technical advice as this is in line with the principles of the Better Regulation (see our February 2026 statement: <https://shorturl.at/YX0PU>). It strikes a good balance between simplification and supporting the Green Deal's policy objectives, as well as promotes stability in the European Union's (EU) sustainability reporting ecosystem.

We appreciate the EC's achievements in simplifying the ESRS in such a short timeframe and acknowledge that the revised ESRS are clearer and less granular. However, recognising that the time constraints limited a comprehensive due process, including the ability to field-test the revisions with stakeholders, we reiterate that only practice will confirm whether this exercise will result in burden reduction.

The revised ESRS should enter into force as soon as possible to allow preparers the chance of early application as provided in the revised CSRD. Therefore, we call for the finalisation of the delegated act with only the edits which are absolutely necessary. A period of calm and stability is now needed to allow for practices to develop, which would ultimately improve the quality of reporting.

There remain challenging issues with the standards, such as double materiality assessments, the perimeter of reporting, anticipated financial effects, application of reliefs, etc. which can be addressed in the future, including when developing guidance (see Annex 1).

Accountancy Europe appreciates that the additional asset management activities provision aims to provide necessary guidance to this specific sector. However, technical additions or edits in the standards at this stage in standard setting raise numerous questions, particularly as they did not undergo previous public consultation. We call on the EC to address and clarify the following matters as part of this delegated act to ensure consistency:

- the definition of "fiduciary duty"
- the specific activities, products or contracts the exception applies to
- the treatment of on-balance and off-balance sheet positions (e.g., assets under management are typically off-balance sheet, whereas certain unit-linked insurance products where the policyholder makes the investment decisions are recognised)
- who the exemption applies to (only asset managers or also potentially banks and insurers?)
- whether this exemption extends to scenarios where an asset manager is contractually required to co-invest alongside its client
- considerations of risks and rewards of ownership, particularly on the "impact" aspect of double materiality as the undertaking has no influence on the investment decisions of the client
- the link with the accounting treatment of such investments, including the interactions with IFRS 9 and IFRS 10

In addition, it is also important to consider this provision's links to fair presentation and the consequences on interoperability (ISSB includes financed emissions from assets under management in Scope 3).

## **NEXT PRIORITY: EQUIVALENCE OF REPORTING**

Accountancy Europe has always supported the alignment between ESRS and the International Sustainability Standards Board (ISSB) standards. We recognise that the current joint EFRAG-ISSB interoperability table will be outdated after the ESRS revision, and whilst it may be updated, we note that interoperability tables do not eliminate double reporting. Indeed, in the current global sustainability reporting state of play, an increasing number of jurisdictions is adopting ISSB standards.

Therefore, we strongly suggest the EC invests efforts towards equivalence as this would significantly reduce burden for EU companies and ensure they remain competitive in the global markets.

## ANNEX: COMMENTS FOR FUTURE CONSIDERATION

### RELIEFS

Accountancy Europe appreciates the reliefs in the ESRS as an effort to reduce burden and promote useful reporting with reliable data. However, there is a need for clarification, particularly considering the permanent nature of some reliefs, as also raised by the European Supervisory Agencies. The undetermined temporality has also given rise to differences with the ISSB.

Therefore, we reiterate our earlier comments on this topic and propose future clarifications:

- how the reliefs are related to each other and work together (e.g. undue cost or effort vs practicability, GHG emissions reliefs vs all metrics)
- how to exercise judgement on the "undue cost or effort" relief, particularly for impact to avoid misunderstanding and misusing this relief, and
- how to address joint operations generally before incorporating reliefs.

We strongly suggest collaborating with the ISSB on clarifying concepts that are intended to be the same, and continuing the good practice of joint publications. It is important to have alignment of both standards and guidance to ensure there are no differences in the application of the standards in practice.

### GHG BOUNDARIES

We appreciate that the EC's edit on the GHG boundaries aims to improve interoperability with international standards as they currently stand. However, we note that the GHG Protocol Corporate Standard is under revision and that its finalisation may necessitate respective adaptations in the ESRS in the future.

We recognise that this remains a challenging matter for which practice needs to develop in time to clarify and ease application.

After the period of calm and considering the GHG Protocol developments, it could be useful to clarify:

- the relationship between the GHG boundaries, the reliefs and the GHG Protocol, and
- how various elements on this topic work together: the financial perimeter provisions in ESRS 1 vs the options in ESRS E1, incorporating the lease or joint operations provisions in determining the boundaries, etc.

### SECTOR-SPECIFIC PROVISIONS

Accountancy Europe notes that there have been some sector-specific provisions added in the current ESRSs. However, we note that the 12 ESRSs are sector-agnostic and should strive to comply with this architecture as much as possible.

The EC has left open the possibility of producing sector-specific guidance after the decision to not develop ESRS sector-specific standards following the Omnibus I Directive. Therefore, other sector-specific matters, such as guidance for financial institutions, could best fit in these potential upcoming sector-specific guidance.

This would provide clarity on the architecture of the standards and ensure consistent reliefs for the sector as a whole.

### **FUTURE ESRS GUIDANCE**

Accountancy Europe appreciates that after a period of calm, there may be a need to provide guidance on many matters. When that time comes, we call for an appropriate due process, including full transparency and adequate consultation timelines, in developing any non-mandatory guidance on the application of the revised ESRS.

In addition, any guidance should aim for the greatest possible alignment with ISSB standards, to support equivalence. Ideally, EFRAG and the ISSB should issue joint guidance on shared concepts. Such an approach would be key to ensuring the quality, consistency and broad acceptance of both the standards and the accompanying guidance.