OPINION TO THE EUROPEAN COMMISSION ON EFRAG'S TECHNICAL ADVICE ON THE AMENDED EUROPEAN SUSTAINABILITY REPORTING STANDARDS

EIOPA-BoS-26/032
16 February 2026

European Insurance and Occupational Pensions Authority

OPINION TO THE EUROPEAN COMMISSION ON EFRAG'S TECHNICAL ADVICE ON THE AMENDED EUROPEAN SUSTAINABILITY REPORTING STANDARDS

1. LEGAL BASIS

1.1. On 16 December 2025, the European Insurance and Occupational Pensions Authority (EIOPA) received the request[1] from the European Commission (Commission) to provide an opinion on the technical advice on the revised draft European Sustainability Reporting Standards (ESRS) as prepared by the European Financial Reporting Advisory Group (EFRAG) submitted to the Commission on 2 December 2025[2], prior to their adoption as delegated acts, as required by Article 49 of Directive 2013/34/EU[3] (the Accounting Directive). According to Article 49(3b) of the Accounting Directive, as amended by Directive (EU) 2022/2464[4] (the Corporate Sustainability Reporting Directive or CSRD), the Commission shall request the opinion of EIOPA – as well as the opinions of the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) – on the technical advice from EFRAG on the ESRS, in particular with regard to its consistency with Regulation (EU) 2019/2088 (Sustainable Finance Disclosure Regulation or SFDR) and its delegated acts. EIOPA, ESMA and EBA shall provide their opinions within two months from the date of receiving the Commission's request.

1.2. EIOPA provides this Opinion to Commission on the basis of Article 16a of Regulation (EU) No 1094/2010[5] (EIOPA Regulation). This article mandates EIOPA to provide opinions to the European Parliament, the Council, and the Commission on all issues related to its area of competence.

---

[1] https://www.eiopa.europa.eu/publications/eu-commission-request-opinion-efrags-technical-advice-esrs_en

[2] https://www.efrag.org/sites/default/files/media/document/2025-12/EFRAG%27s%20Cover%20Letter%20to%20the%20Amended%20ESRS%20Final%203%20December%202025%20%283%29.pdf

[3] Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

[4] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15). References to Articles of the Accounting Directive in this Opinion are relevant to the Accounting Directive as amended by the CSRD.

[5] Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48).

1.3. According to Article 1(3) of the EIOPA Regulation, EIOPA pays particular attention to auditing and financial reporting, taking into account sustainable business models and the integration of environmental, social and governance related factors. To this end, in accordance with Article 29(1)(c) of the EIOPA Regulation, EIOPA contributes to developing high quality and uniform supervisory standards, including reporting standards, and international accounting standards. In addition, in accordance with Article 9(1)(d) of the EIOPA Regulation, EIOPA promotes transparency, simplicity and fairness in the market for consumer financial products or services across the internal market, including by contributing to the development of common disclosure rules.

1.4. The Board of Supervisors has adopted this Opinion in accordance with Article 2(7) of its Rules of Procedure.[6]

2. CONTEXT AND OBJECTIVE

2.1. As announced in the Omnibus proposals released on 26 February 2025, the Commission aims to adopt a revised delegated act to simplify and streamline the existing ESRS under the CRSD as soon as possible, and at the latest six months after the entry into force of the Omnibus proposals. For this purpose, the Commission has mandated EFRAG to simplify the ESRS as part of the Omnibus simplification plans.

2.2. The objective of the revised delegated act on ESRS is to 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. Furthermore, the ESRS simplification aims to improve consistency with other EU legislation, clarify provisions that were unclear, simplify the structure and presentation of the standards, and further enhance interoperability with global sustainability reporting standards.

2.3. EFRAG submitted its technical advice regarding the ESRS simplification to the Commission on 2 December 2025[7]. The revised ESRS consist of a simplified set of 12 standards, including cross-cutting standards (i.e., ESRS 1 and ESRS 2) and topical standards including environmental (ESRS E1 – E5), social (ESRS S1 – S4) and governance (G1) topics.

2.4. EIOPA strongly supports the objectives of simplification and burden reduction, as also reflected in the public statement of April 2025 "Bolder, Simpler, Faster: EIOPA's views for better regulation and supervision". The key components of EIOPA's approach are to

[6] The Rules of Procedure of EIOPA's Board of Supervisors, available at: https://www.eiopa.europa.eu/system/files/2022-07/bos-rules_of_procedure.pdf.

[7] https://www.efrag.org/en/draft-simplified-esrs

prioritize a European perspective, undertake simplification in a holistic way to avoid fragmentation or a mere shift of regulatory burden and to take a long-term perspective to ensure that current simplifications do not compromise data quality and data availability or lead to increased regulatory demands in the future. Finally, simplification must not lead to a weakening of risk management processes aiming to identify, assess, mitigate and manage sustainability-related risks.

2.5. Taking into account the reduced scope of undertakings required to report on the ESRS, EIOPA considers that it will be important to ensure that (i) the reporting requirements under the ESRS are proportional to the size and nature of the companies in the scope of the ESRS, and (ii) to ensure proportionality and coherence of those requirements with the future voluntary standards for companies outside of the scope of the ESRS, including most insurance undertakings. Additionally, from a holistic perspective, EIOPA recommends ensuring that the impact of the new measures on the business ecosystem is proportional, whilst considering the costs borne by individual sectors and the respective reporting undertakings.

2.6. This Opinion focuses on amendments presented in EFRAG's technical advice that are most likely to have a significant impact on the (re)insurance and occupational pensions sectors, and the supervisory community. This Opinion aims to evaluate their potential effects.

2.7. Where relevant, the Opinion identifies potential areas for the Commission to consider in the adoption of the revised ESRS.

3. ASSESSMENT OF AND OPINION ON EFRAG'S TECHNICAL ADVICE TO THE COMMISSION ON THE ESRS

3.1. This Opinion focuses on assessing whether the revised ESRS:

a. ensure the availability of key corporate sustainability data to (re)insurance undertakings and occupational pension funds;
b. safeguard consistency with other EU legislation, in particular sustainability risk management requirements under Solvency II; and
c. ensure consistency with other standards including interoperability with international standards in particular International Financial Reporting Standards (IFRS).

Objective 1: Assessment of whether the draft revised ESRS ensure the availability of key corporate sustainability data to (re)insurance undertakings and occupational pension funds

General remarks

3.2. Based on the prioritisation of the Omnibus package objectives, the revised draft ESRS proposed by EFRAG represent a solid step toward simplifying the standards and reducing compliance costs of undertakings, particularly given the currently comparatively lower maturity of sustainability reporting relative to financial reporting. The principles-based approach adopted in the ESRS could allow for a progressive improvement of sustainability reporting, thereby enhancing data quality and comparability over time.

3.3. EIOPA welcomes the overall structure[8], content and concise improvements, as well as the reduction of mandatory datapoints and the removal of voluntary datapoints.

3.4. EIOPA particularly commends EFRAG for keeping in the ESRS the key areas of environmental, social and governance issues, which can pose significant risks to (re)insurance undertakings and occupational pension funds. The ESRS are essential for (re)insurance undertakings and occupational pension funds to identify, assess, and manage sustainability risks. By providing a standardized framework for reporting on sustainability matters, the ESRS will enhance transparency, accountability, and facilitate better risk management and investment practices in our sectors.

3.5. However, EIOPA has concerns that the proposed removal of "data hierarchy", meaning that direct data does not have to be prioritized over estimated data, may lead to a lower quality and hence comparability and reliability of the disclosures for insurance undertakings and pension funds as data users. This might also negatively affect the possibility of comparing financial product disclosures under SFDR and reliance on them by consumers, as the financial disclosures in the "financial product categories", – as proposed by the European Commission in the SFDR proposal of 19 November 2025 – would still rely on data provided from the sustainability statements of investee companies, in particular on Principal Adverse Impacts identified and addressed by financial market participants.

3.6. EIOPA also notes that the cumulative effect of the permanent reliefs proposed may dissuade companies from improving their current reporting practices over time. This is problematic because, from a supervisory standpoint, access to key sustainability data is essential for assessing the financial impact of sustainability risks and safeguarding financial stability.

[8] The ESRS are split in cross-cutting Standards 1 and 2, and topical Environmental (E1 to E5) , Social (S1 to S4) and Governance G1: ESRS simplification | EFRAG

Reliefs

3.7. Concerning Section 7.4 “Reasonable and supportable information that is available without undue costs or effort”, EIOPA notes that EFRAG has integrated the “undue cost or effort” relief that is known from IFRS Sustainability Disclosure Standards framework, but it has extended it to all material metrics, beyond the scope that this relief has under the IFRS Sustainability Disclosure Standards framework which relates only to identification of Impacts, Risks and Opportunities and to Anticipated Financial Effects. EIOPA is of the view that the assumption by EFRAG that “availability of information is expected to improve over time” (Para 96. ESRS 1) will likely not materialise without the right market conditions as well as incentives, including market discipline as well as incentives from the regulatory framework for undertakings to improve the reporting and make reasonable efforts to provide information. As a result, EIOPA is of the view that the ESRS should explicitly note that the application of the “undue cost or effort” relief for own operations should be limited to 3 years. A permanent relief of the ‘undue cost or effort’ relief for own operations would disincentivise undertakings from enhancing their data coverage and quality over time and expected market discipline could not materialise.

3.8. On Section SBM-3 “Interaction of material impacts risks and opportunities with strategy and business model, and financial effects”, EIOPA is concerned that the proposed reliefs on Anticipated Financial Effects could lead to a lack of reporting of quantitative data on current or anticipated financial effects and promote qualitative information only. In particular, the proposed paragraph 29 to ESRS 2 provides a relief for undertakings from providing quantitative data when the undertaking does not have the skills, capabilities or resources to provide that quantitative information. EIOPA notes that quantitative data on anticipated financial effects on the financial position, financial performance, and cash flows is essential to monitor the financial impact of material sustainability risks on the undertaking’s solvency and liquidity positions. This includes estimating the financial impact, to the best of the undertakings’ abilities, at the short-, medium- and long-term in order to manage adequately the liquidity needs, prevent significant liquidity and solvency shocks and fulfil the liability obligations. EIOPA is concerned that the proposed reliefs may undermine the advancements made in terms of projecting the financial impact of climate change on the economy, decrease comparability and undermine the objective of the European Commission to prioritise quantitative datapoints over narrative text. In addition, from a financial supervisory perspective, EIOPA notes that for climate change projections, (re)insurance undertakings have already sufficient experience with the use of scenarios and other projections to ensure that quantitative AFE can be provided.

EIOPA OPINION

It is important to ensure key quantitative sustainability data is made available by undertakings to users, including pension funds and insurance undertakings. Such key information enables institutional investors to play a positive role in sustainable finance, including on climate mitigation and adaptation by investing and underwriting activities, as well as to ensure financial stability by appropriately identifying, assessing and managing sustainability risks.

EIOPA welcomes the improvements in terms of readability for preparers as well as users. For example, the proposed option to include an executive summary at the beginning of the sustainability statement will improve the readability of sustainability statements and the removal of duplications across the standards.

EIOPA welcomes that the draft revised ESRS reinforce the role of materiality of information as an overarching principle and that undertakings are not required to disclose information that is not material. In the future, the ESRS should be revised to take into account improvements in data availability and data quality, where necessary, to ensure comparability of the reported data and lead to improvements in sustainability reporting.

However, EIOPA is concerned that the cumulative effect of the proposed reliefs, if not used appropriately by undertakings as intended by EFRAG, might impair sustainability reporting improvements.

As a result, with regard to cross-cutting standards under ESRS 1, EIOPA is of the view that the proposed application of the “undue costs or efforts” on data related to own operations should be temporary. A permanent relief would not satisfy investors needs and ability to seek improvements, as such a solution lacks incentives for undertakings to collect sustainability data related to their own operations. As a result, EIOPA recommends that the application of reliefs on “Undue costs or efforts” for the preparation of metrics laid down in para 94.d of section 7.4 of ESRS 1, should be proportional to the undertaking’s business characteristics, and limited for own operations, by introducing a reasonable time limitation of the relief to three years after the entry into force of the Delegated Act on revises ESRS and therefore apply until the end of 2029 reporting year. This time limit would also ensure interoperability with IFRS Sustainability Disclosure Standards in the medium and longer term and to achieve the core CSRD objective of enabling the development of a harmonised and reliable sustainability data ecosystem.

Concerning the rules on Anticipated Financial Effects (AFE) (ESRS 2), EIOPA is of the view that ESRS should clearly identify that the reliefs for AFE is applicable when such a decision is substantiated, and an Application Requirement (AR) should explain that the reliefs should not be used in areas where quantitative metrics – be it by company data or estimates - in the EU are already commonly available, as it is the case for most climate-related data.

Objective 2: Assessment of whether the draft revised ESRS safeguard consistency with other EU legislation, in particular sustainability risk management requirements under Solvency II

Consistency with Solvency II

3.9. Regarding consistency with Solvency II, EIOPA welcomes that Chapter 3.2.2. of ESRS 1 on Financial materiality assessment takes into consideration the prudential regulatory framework for (re)insurance undertakings. In particular, AR 27 for para. 49 in ESRS 1 – Financial Materiality Assessment specifies that "for credit institutions and insurance undertakings, consistency is expected with the applicable prudential regulatory frameworks". However, EIOPA considers that AR 27 for para. 49 in ESRS 1 – Financial Materiality Assessment should further clarify that the financial materiality assessment of (re)insurance undertakings under ESRS should leverage from the outcome of the Solvency II risk assessment process. Solvency II is a sector-specific prudential framework tailored to the particular risk profile, business models and long-term liabilities of (re) insurance undertakings, with the primary objective of safeguarding financial stability and policyholder protection. By contrast, ESRS are sector-agnostic reporting standards with a general purpose. Clarifying this hierarchy would enhance legal certainty and avoid discrepancies with the prudential risk management requirements. In addition, EIOPA is of the view that more clarity on the reporting of "gross and net" in this context is necessary. Therefore, an explicit reference to Solvency II requirements would be beneficial for preparers.

3.10 EIOPA interprets that the draft revised ESRS clarifies that insurance undertakings can comply with the ESRS requirements on frequency of materiality assessment, resilience analysis, and time horizons of projections required by the ESRS by applying the Solvency II requirements. More precisely:

3.10.1 The requirements on frequency/periodicity of the Double Materiality Assessment under ESRS 1 are compatible with the requirements on Solvency II financial materiality assessment.

3.10.2 Regarding disclosure requirement E1-3 – Resilience in relation to climate change, AR 9 for para. 18a specifies that financial institutions may leverage on the applicable prudential framework if it includes references to resilience analysis or to related concepts such as the usage of scenarios in the context of sustainability risk plans.

3.10.3 With regard to time horizons in the financial risk assessment EIOPA notes that the definitions of short (1 year), medium (up to 5 years) and long term (more than 5 years) for reporting purposes under paragraph 80 of ESRS 1 are not fully in line with the time horizons from the Solvency II prudential framework. Overall, despite some differences in national practices, it is expected that the Own Risk and Solvency Assessment (ORSA) business planning time horizons should cover the short (typically 1-5 years and 5 for most undertakings), medium (typically 5-10/15 years), and long-term minimum 15 years or more. However, EIOPA notes that the differences of standard ESRS and ORSA time horizons would be mostly minimized by the application of paragraph 82 of ESRS 1 which notes that "the undertaking may adopt a different definition for medium- or long-term time horizons". EIOPA considers that this would allow for improving the consistency of medium and long-term horizons with Solvency II requirements and therefore using longer time horizons than those laid down in paragraph 80 of ESRS 1.

Consistency with SFDR

3.11 EIOPA notes that the proposal of 19 November 2025 of the Commission to review the SFDR has removed the entity-level disclosures on the Principal Adverse Impact of investment decisions on sustainability factors, with the aim to remove any duplication between the SFDR and CSRD. EIOPA welcomes the proposed removal of the disclosures from SFDR to group all entity disclosures under CSRD. However, the reduced scope of undertakings required to conduct mandatory reporting under CSRD leads to exempting most financial undertakings from mandatory reporting under both frameworks. This gap would shift the reporting burden from corporates to users, as these datapoints will have to be collected by asset managers, pension funds and (re)insurance undertakings to assess the Principal Adverse Impacts of their investment decisions and disclose on them in financial product disclosures under SFDR.

3.12 In addition, EIOPA notes that financial product disclosures under the proposal for a revision of the SFDR will be anchored on undertakings disclosures on the Principal Adverse Impacts identified as datapoints under the CSRD. EIOPA welcomes that most of the datapoints that were part of the Principal Adverse Impact of the SFDR Delegated Regulation have been kept by EFRAG in the revised draft ESRS.

3.13 EIOPA therefore recommends to the Commission to consider the importance of keeping in the voluntary standard the disclosures on "Principal Adverse Impacts" that are now no longer mandatory for most financial market participants, as the "Due diligence statement on financial market participants' investment decisions" has been removed from SFDR proposal, and most financial market participants will not be obliged to comply with the ESRS. These data were reported by the industry with limited costs, as the industry had developed templates for the cross-sectoral reporting. It is therefore essential that the Commission ensures the continued availability of these data points within the voluntary reporting standard for companies falling outside the mandatory ESRS scope.

EIOPA OPINION

Solvency II

EIOPA is of the opinion that to reduce costs and streamline risk management processes, consistency between the prudential framework under the Solvency II and sustainability reporting is essential. EIOPA welcomes that consistency is ensured with regard to the frequency of the DMA, gross and net approach to financial materiality assessment, and time horizons.

However, in order to reduce the reporting burden for insurance undertakings, new legislation should avoid introducing discrepancies with existing pieces of legislation on the management of sustainability risks, in particular sectoral prudential requirements. For this reason, EIOPA recommends further clarifications in AR 27 for para. 49 in ESRS 1 – Financial Materiality Assessment to clarify that the financial materiality assessment of (re)insurance undertakings under ESRS shall be aligned with and consistent with Solvency II, not vice versa. In this context, EIOPA proposes the inclusion of a cross-reference to Solvency II regulatory framework, in AR 27 for para. 49 in ESRS 1 – Financial Materiality Assessment clarifying that “(re)insurance undertakings should leverage from their internal risk management procedures that are in line with Solvency II requirements, when preparing the financial materiality assessment”. This proposal would enhance legal certainty and ensure consistency between sustainability reporting and prudential requirements for the (re)insurance sector.

SFDR

EIOPA recommends the Commission to consider the importance of keeping in the voluntary standard the disclosures on “Principal Adverse Impacts” that are now no longer mandatory for most financial market participants, as most of them will fall out of scope of ESRS, and the due diligence statement has been removed from SFDR.

Objective 3: Assessment of whether the draft revised ESRS ensure consistency with other standards including interoperability with international standards in particular IFRS

Interoperability - ESRS 1-Chapters 5 and 7

3.14 EIOPA welcomes the overall high interoperability between the ESRS and the IFRS Sustainability Disclosure Standards, which is reflected in a large number of architectural choices, including the application of materiality, management judgement and reliefs to reporting. Interoperability with these standards should be achieved as "minimum common denominator", to ensure consistency and lower administrative burden for undertakings. EIOPA also notes a high degree of interoperability with the Global Reporting Initiative standards, in particular by the inclusion of impact materiality in the ESRS.

3.15 However, EIOPA has a specific concern regarding the interoperability of these standards with IFRS standards, which is that the areas of application of reliefs of the ESRS are not aligned with IFRS standards. Specifically, EIOPA notes that certain exemptions and reliefs, such as undue cost or effort applied to the preparation of information on metrics in section ESRS 1, or reporting direct or estimated data without undue cost or effort only for a part of the undertaking's own operations or its value chain in ESRS 1 – Section 7.3 (para.92), exceed the reliefs provided under IFRS.

EIOPA OPINION

Interoperability with international standards should be improved

EIOPA is concerned that allowance for reliefs beyond what is possible under IFRS may jeopardise interoperability between ESRS and IFRS standards, in particular, as noted in page 7, with regard to the wider scope of application of undue cost or effort relief under ESRS compared to IFRS ISSB. As mentioned in page 7, EIOPA recommends putting a time limit of three years to the application of this relief to the preparation of metrics in ESRS 1 – Section 7.3 (new para. 92) as this exceeds the reliefs provided under IFRS, and should be revised. Not doing so could lead to reduced data comparability across markets, which could in turn undermine investment and risk management activities.

Other comments

3.16 On ESRS 2 – GOV-4 – Risk management and internal controls over sustainability reporting, para. 18 requires undertakings to disclose the main features and components of their risk management and internal control processes and systems in relation to sustainability reporting. EIOPA is concerned that para. 18 does not provide sufficient details regarding key elements of risk management and internal controls, such as the main risks identified, their mitigation strategies and how these findings are integrated into internal functions and processes. The lack of detailed disclosure may hinder the ability of (re)insurance undertakings and pension funds to assess whether the undertaking is taking adequate measures to identify, monitor and manage material sustainability risks and integrate them into its internal control and risk management systems.

3.17 Section 5.4 of ESRS 1 provides a relief for acquisitions and disposals, which allows to defer the inclusion of the subsidiary or business in the materiality assessment and in the sustainability statement to the subsequent reporting period if the undertaking acquires a subsidiary or a business in the reporting period. While EIOPA is supportive of the text proposed in para. 75, the additions made in para. 76 poses a risk of manipulation that can lead to uncredible disclosures. To address this, para 76 should be modified by adding “the undertaking” and not just refer to “the group”.

3.18 EIOPA acknowledges that the development of robust and widely accepted methodologies for calculating sustainability-related datapoints is an ongoing challenge. The ESRS should ensure proportionality of costs and efforts of reporting over time. As a result, EIOPA believes that these concerns are crucial to the effectiveness of the ESRS and should be reassessed in the future, after some reporting periods have passed and sustainability-related methodologies are developed. In particular, EIOPA notes that the lack of consideration of insurance-associated emissions and methodologies for the calculation of such emissions will in practice make it difficult for (re)insurance undertakings to appropriately cover their underwriting as part of the value chain.

EIOPA OPINION

Concerning ESRS 2 – GOV-4–Risk management and internal controls over sustainability reporting, EIOPA is of the view that this section should provide sufficient details regarding key elements of risk management and internal controls. Former requirement included sufficient disclosure requirements, enabling a clear understanding of the main features of risk management and internal controls over sustainability, which are important to retain.

(Re)insurance undertakings and occupational pension funds require adequate disclosures of risk management and internal control elements to assess whether investee companies are taking sufficient measures to identify, monitor and manage material sustainability risk and integrate them into their internal control and risk management systems.

Against this background, EIOPA recommends reconsidering the amendments made in section GOV-4. The former information required by this section is likely to be readily available and should not pose a significant burden. Reinstating these changes would ensure that (re)insurance undertakings and occupational pension funds have access to essential information to make informed underwriting and investment decisions and assess the investee companies' governance and risk management practices effectively.

With regard to acquisitions and disposals, EIOPA proposes to add "undertaking" to the para. 76 of ESRS 1, as highlighted in the following text: *76. (new) If the undertaking uses the relief provided under paragraph 75, it shall use available information to disclose significant events that affected during the reporting period the subsidiary or business acquired or sold since acquisition or until disposal, if this has an effect* ***on the undertaking*** *or the group's exposure to material impacts, risks and opportunities*

EIOPA highlights the importance of reporting on the value chain for investment and underwriting by insurance undertakings. In the future, it will be important to foster methodologies to calculate insurance-associated emissions to ensure comparability and accuracy of disclosures on insurance undertakings' underwriting as part of the value chain.