



COMMITTEE OF  
EUROPEAN  
AUDITING  
OVERSIGHT  
BODIES

To the European Commission  
Director General  
Directorate-General for Financial Stability, Financial Services and Capital Markets Union  
FISMA C1

Submitted by email

13 February 2026

**CEAOB response to consultation on EFRAG's technical advice on revised European Sustainability Reporting Standards published on 3 December 2025**

Dear Mr Berrigan,

1. On 3 December 2025, EFRAG published its technical advice for a revised set of European Sustainability Reporting Standards (ESRS). This advice was prepared by EFRAG in the context of the Omnibus I simplification package proposed by the European Commission in February 2025.
2. In line with Article 49(3b) of the Accounting Directive, as amended by the Corporate Sustainability Reporting Directive (CSRD), the European Commission consulted with the Committee of European Audit Oversight Bodies (CEAOB) on the technical advice developed by EFRAG in the perspective of an adoption of revised ESRS.
3. This letter constitutes the CEOAB opinion in response to this consultation. This response builds on the comments expressed in the CEOAB response to EFRAG's consultation of the draft ESRS, issued on 29 September 2025.<sup>1</sup>
4. This response has been prepared by the CEOAB sustainability reporting support team and has been adopted by the CEOAB. It reflects matters agreed within the CEOAB. It is not intended, however, to include all comments that might be provided by the individual regulators that are members of the CEOAB and their respective jurisdictions.

Please feel free to contact me, should you need any further information about the content of this response.

Yours faithfully,

Panos Prodromides  
Chairman

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<sup>1</sup> See [https://finance.ec.europa.eu/250929-ceaob-letter-efrag-revised-esrs\\_en.pdf](https://finance.ec.europa.eu/250929-ceaob-letter-efrag-revised-esrs_en.pdf)



## CEAOB comments

### **Assurance related comments only**

5. The CEAOB, through the involvement of observers at the EFRAG Sustainability Reporting Board (SRB) and Technical Experts Group (TEG), followed EFRAG's work on the revision of the ESRS. This involvement is relevant for the CEAOB insofar as that the sustainability statements prepared according to these standards by entities in CSRD scope will be verified by auditors or assurance providers. Given its mandate in the field of audit oversight, the CEAOB focused its comments solely on the issues which may be related to the provision of external assurance on the sustainability statements. This included focusing on the clarity of the provisions of the ESRS, and whether those provisions create a sufficient basis for the verifiability and consistency of disclosures, meaning that different informed preparers, auditors/assurance providers and enforcers would come to the same conclusions and disclosures based on the ESRS.
6. The CEAOB thus did not perform any analysis of whether the ESRS take into account the elements listed in Article 29b(5) of the Accounting Directive, as amended by the CSRD and did not perform any review of the cost benefit analysis. Its review was targeted on the two cross cutting standards ESRS1 and ESRS2.
7. The CEAOB welcomes EFRAG's proposals for simplification of the ESRS which have the potential to streamline the future reporting. The CEAOB recognises the efforts made by EFRAG to revise the standards in a particularly short and thus challenging timeframe.
8. The CEAOB welcomes, amongst others, the inclusions regarding "fair presentation" in the revised draft ESRS1. Those provisions are relevant to avoid inconsistencies in interpretations amongst stakeholders. It will facilitate the connection with the provisions of the international assurance standards as it will avoid misunderstanding around the categorization of the sustainability reporting framework originated by the ESRS. It will facilitate further consistency in assurance engagements performance and in reports issued by assurance providers.
9. The CEAOB believes that several further enhancements are still to be recommended. Those enhancements could be achieved by amending the drafts or by providing more guidance to allow for a more consistent understanding by preparers, auditors/assurance providers and users of the information implementing the ESRS.
10. The CEAOB recommendations for enhancements are presented hereafter.

### **Reliefs, conditions and explanations**

11. The CEAOB recognises that the introduction of reliefs addresses some of the concerns raised by preparers after the first year of reporting and facilitates the simplification process, with the expectations that undertakings will improve overtime their disclosures on the difficult areas of sustainability reporting. Reliefs, indeed, allow undertakings not to disclose information, despite the identification of material information through the double materiality assessment process, provided that certain conditions of relief – set by the law or by the standards - are met.
12. The CEAOB is, however, concerned with the challenges that could be faced (by assurance providers) in performing assurance engagements on the sustainability reporting in relation to the implementation of the new reliefs included in draft revised ESRS. Assurance providers will be required, under CSRD, to express an assurance opinion on the preparation, including presentation, of sustainability statements in accordance with ESRS, and the assurance work will thus cover, to an extent that varies depending on the circumstances, the conditions under which preparers applied the reliefs.

13. Those conditions proposed by EFRAG may imply a high degree of judgement by the preparers, in the absence of sufficient clarity or details, making it very difficult for assurance providers to assess the decisions the undertakings to use them. (The details on those provisions for relief are described in Appendix 1, stressing those areas where more guidance developed by EFRAG would be helpful.)
14. Furthermore, the CEAOB notes a conceptual challenge with ESRS 1 AR 6<sup>2</sup> which requires undertakings to provide explanations together with the use of reliefs, with the objective to address the fair presentation principle. The CEAOB is of the view that this provision should further clarify the expectations for explanations required to enable users to understand the consequences of the reliefs on the reported information and the resulting limitations. In the absence of such clarification, assurance providers may indeed face challenges to assess the appropriateness of the explanations provided by the undertaking in the sustainability statement to justify the absence of disclosure of the information.
15. The CEAOB welcomes, in this regard, the inclusion of the provision that underlines that the application of the revised ESRS is presumed to result in a sustainability statement that achieves fair presentation.<sup>3</sup> The CEAOB stresses, in this regard, that the reliefs authorised by the ESRS constitute also a part of the ESRS which is to be fairly applied, meaning that the conditions shall be met by the undertaking, to allow for their implementation.

#### **Time limit to reliefs**

16. The CEAOB nevertheless is of the view that the use of reliefs, even when allowed for by law or by the standards, impairs comparability between sustainability statements provided by undertakings which use them and sustainability statements of those that do not use them. The association of the concept of “reliefs” with the principle of fair presentation may create misperception amongst stakeholders, and doubts about whether using “fairly” the reliefs allows to present a fair information, in accordance with the standards.
17. A permanent and large use of the reliefs by the preparers may also widen the users’ “expectation gap” regarding the extent of the assurance conclusion. Users would not easily understand that the conclusion by assurance providers is fully taking into consideration the fair application of allowance for reliefs provided for in the ESRS, while not affecting the fair presentation principle, with the risk to undermine their trust in assurance conclusions about the completeness of the statements.
18. Thus, the CEAOB suggests to include a defined period to limit in time for the use of reliefs, to facilitate, after a few years, more consistent and comparable sustainability statements, and to promote disclosure of material sustainability information, limiting incidentally expectation gaps over the assurance conclusions. A clear time limit would be a trigger for progress in reporting, with the potential for preparers to set up the necessary means to collect the material information; and the perspective of less assurance work over the conditions.
19. The limitation in time that could be introduced in the ESRS should take into consideration and remain consistent with the final text of the Omnibus Directive (see Appendix 1 for specificity on the reliefs).

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<sup>2</sup> ESRS 1 AR6 “Making use of one or more of the provisions in Chapter 5.4, 7.3, 7.4, or 7.7 is not detrimental to fair presentation provided that the undertaking provides explanations that enable users to understand the consequences on the reported information and the resulting limitations.”

<sup>3</sup> ESRS 1 par. 21. “(new) Applying ESRS, including the materiality filter as set out in paragraph 24, and with entity-specific disclosures, when necessary (see paragraph 11), is presumed to result in a sustainability statement that achieves fair presentation.”

20. The European Commission should also commit, for the same reasons of to a periodic reassessment of the allowance for reliefs, provided for in the EU Accounting Directive modified by the Omnibus, encouraging the gain in maturity in reporting.

### **Incorporation by reference**

21. The CEAOB stresses, as in its previous comment letters, that the full set of disclosures reported according to the ESRS (located inside the dedicated section of the management report or outside through “incorporation by reference”) form, altogether, the information provided to comply with CSRD and ESRS provisions (the so-called “sustainability statements”) on which the limited assurance opinion is required per the Accounting Directive modified by the CSRD.

22. Consequently, in all the cases where sustainability statements are prepared to meet the CSRD requirements, the information incorporated by reference is subject, together with all other information provided in the sustainability statement, to the same single (limited) assurance opinion. The assurance providers who will issue a limited assurance opinion on the sustainability statements, may, when facing information incorporated by reference, decide to use and rely on the work of other assurance providers or auditors already performed on information disclosed in other documents to which reference is made, to avoid duplication of any assurance work.

23. The CEAOB believes that the wording of ESRS 1 par 119<sup>4</sup> could be improved to avoid confusion and clarify that in the CSRD context condition (d) should be always fulfilled. The information incorporated by reference should indeed *always* be subject to at least the same level of assurance as the rest of the sustainability statement, since it is included in the scope of the limited assurance engagement, as provided for by CSRD/law.

24. The CEAOB thus reiterates its recommendation to further clarify, in the ESRS, that information incorporated by reference is in the scope of and subject to the CSRD assurance opinion on the implementation of ESRS.

### **Materiality assessment**

25. The CEAOB welcomes the efforts made in the draft revised ESRS 1 to clarify the concept of double materiality and to simplify the process to determine the information to be reported, namely foreseeing the use of a ‘top-down’ or a ‘bottom-up’ approach (or a combined use of them) to perform the materiality assessment.

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<sup>4</sup> Ref ESRS 1 par 119. (120 amended) “The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 118, provided that the information incorporated by reference: (a) constitutes a separate element of information clearly identified in the source document as addressing the relevant ESRS DR or datapoint; (b) is published before or at the same time as the management report; (c) is in the same language as the sustainability statement; (d) is subject to at least the same level of assurance as the rest of the sustainability statement. In this case it is not required that the entire document containing the information is subject to assurance; and (...)”

26. Draft revised ESRS<sup>5</sup> state that when a 'top-down' approach is adopted by the undertaking (i.e. deriving the materiality conclusion on the basis of an analysis of its strategy and business model, and the features of its upstream and downstream value chain), no further assessment is needed. However, if the materiality conclusion is 'not evident' from the 'top-down' analysis, a more detailed assessment of the impacts, risks or opportunities is necessary.
27. To facilitate a consistent understanding by assurance providers and preparers, the CEAOB suggests that further definition or guidance could be developed to clarify when the materiality (or non-materiality) is "evident", meaning when the 'top-down' approach is sufficient or when a more granular approach would be necessary.

### **Supplementary information**

28. The CEAOB identifies a conceptual challenge with the introduction of ESRS 1 par 109,<sup>6</sup> allowing for the provision of information that would not fall under materiality conditions in the absence of any (other) reporting framework requirement.
29. Assurance providers will have no reference in the ESRS framework to assess whether the information meets the ESRS prescriptions, in the absence of any criteria to be followed for this disclosures, except for faithful representation. It will be furthermore difficult to determine in which conditions non-material information will not "obscure" other (i.e. material) information.
30. Misunderstanding may increase about whether the supplementary (non-material) information will fall into the scope of the assurance engagement, the status and assurance over the information.
31. The CEAOB welcomes the fact that EFRAG has introduced the condition that such information shall be clearly identified as not resulting from the materiality assessment.
32. However, the benefits of locating this supplementary information in the sustainability statements rather than in other documents targeted to a specific user to meet their data demands (or in other sections of the management report) are, to the CEAOB, outweighed by the drawbacks of increasing the length of the sustainability statements, with the risk of diverting attention from other material information and of raising unforeseen expectations regarding assurance there-on.

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<sup>5</sup> Ref ESRS 1 par 27. "Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may derive a conclusion, without further assessment, on the materiality or non-materiality of its impacts, risks or opportunities for a topic or sub-topic, on the basis of an analysis of its strategy and business model including its sector(s) of operations, its geographies, and the features of its upstream and downstream value chain ('top-down' approach to materiality assessment). In this approach, if the materiality or non-materiality of one or more impacts, risks or opportunities is not evident on the basis of the above analysis, the undertaking shall perform a specific assessment of them."

<sup>6</sup> Ref ESRS 1 par 109.(new) "If needed to meet the data demands of a specific user, the undertaking may include in its sustainability statement supplementary disclosures that are not material. Such information shall be clearly identified as not resulting from the materiality assessment." par 110.(new) "Disclosures made in accordance with paragraphs 108 and 109 shall provide a faithful representation of the aspects they intend to represent and shall be presented in a way that does not obscure material information."

## Expectations of “key messages” in executive summary

33. The CEAOB underlines that the introduced executive summary<sup>7</sup> will be a challenging part for the assurance engagement, in the absence of indications of what should be considered as “key messages” apart from “material information” about “material IROs”. The notion of “key messages” creates another layer of complexity and judgement. Discussions are likely to occur regarding which messages are “key”, as this judgement will depend on the users of the information. More indications are needed in the ESRS, or in additional guidance to allow for a proper understanding of this notion of summary of “key messages”, so as to allow an assurance provider to form an opinion on whether this summary complies with the ESRS requirements.

## Editorial inconsistency in wording

34. The CEAOB furthermore spotted an inconsistency in wording used, which seems to be an involuntary editorial mistake. “evidence” should be replaced by “information” in ESRS 1 par. 32<sup>8</sup> to be aligned with chapter 7.4 which referred to with reasonable and supportable information that is available without undue cost or effort.

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## ***Appendix 1 – conditions for reliefs creating challenges for a consistent implementation / assurance opinion***

35. The CEAOB notes that draft Amended ESRS introduce several reliefs to alleviate the burden on undertakings. Several of these reliefs introduce conditions which will prove difficult to assess, in the absence of specification of the expectations.

This comment relates to the following reliefs:

a) (ESRS 1 par 94-95 – and AR43) The limitation of the requirements to “reasonable and supportable information that is available without undue cost or effort”

b) (ESRS 1 par 92) Relief for metrics due to lack of data, allowing to report a partial scope in calculating metrics in the value chain and own operations, when the necessary reliable information is lacking based on an “undue cost or effort” approach

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<sup>7</sup> Ref ESRS 1 par 111. (new) “The undertaking may provide an executive summary in the sustainability statement which includes the key messages about its material environmental, social and governance impacts, risks or opportunities and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information and is an integral part of the sustainability statement prepared in accordance with the provisions of ESRS. Alternatively, the undertaking may incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference (see Sub-Chapter 9.3).”

<sup>8</sup> ESRS 1 par 32. (AR 17 amended) “In its double materiality assessment, the undertaking: (a) shall use reasonable and supportable evidence available to the undertaking at the reporting date without undue cost or effort (see Chapter 7.4);”

c) (ESRS1 par 91) Relief allowing to exclude activities from metric calculations if they are not a “*significant driver*” of the IROs that the metric intends to portray, and if their exclusion is not expected to impair the relevance and faithful representation ”

d) (ESRS 1 par 101-102) To address concerns about **confidentiality and commercially sensitive nature** of the information, the draft Amended ESRS introduce a generic relief that allows omitting information if the Law of the Union prohibits or allows not to disclose a certain piece of information. Even if the provisions and reliefs stem from the EU Accounting Directive as modified by the Omnibus or other law, and not from the ESRS, further guidance to facilitate consistent implementation would be helpful

e) (ESRS 2 par 28-29) Reliefs on anticipated financial effects that specify when the quantification can be omitted, centralised in ESRS 2 SBM-3, including cases when the undertaking “*does not have the skills, capabilities or resources to provide that quantitative information*”. It will be challenging for the assurance providers to form an external informed opinion on those conditions for departure from disclosure requirements.

e) (ESRS 1 par 75-76) If the undertaking acquires a subsidiary or a business in the reporting period, it may defer the inclusion of the data in the materiality assessment and in the sustainability statement to the subsequent reporting period. If the undertaking uses this relief, it shall use “available” information to disclose “significant events” that affected the subsidiary or business if this has an effect on the group’s exposure to material IROs.