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Chairperson

John Berrigan
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Subject: EIOPA Opinion to the European Commission on EFRAG's Technical Advice on European Sustainability Reporting Standards

Dear Mr Berrigan,

In response to your request from 25 November 2022¹, I am pleased to submit to you EIOPA's Opinion on EFRAG's Technical Advice on European Sustainability Reporting Standards (ESRS).

The Opinion assesses whether the draft ESRS, as proposed by EFRAG in its technical advice, promote disclosure of material sustainability information of a high quality, are consistent and interoperable with other EU legislation and global standard-setting initiatives and are conducive to a consistent and proportionate application by undertakings.

Overall, EIOPA considers that the draft ESRS, as currently presented by EFRAG, are meeting these objectives even though some aspects can be enhanced upon.

EIOPA's Opinion stresses the importance of a consistent and proportionate approach of the EU sustainability reporting framework in the following areas:

- It is crucial that the ESRS reporting requirements enable financial market participants to fulfil their duty to disclose on principal adverse impacts under the Sustainable Finance Disclosure Regulation (SFDR). Hence, to ensure consistency across European sustainability reporting requirements, upcoming amendments to the SFDR Delegated Regulation need to be taken into account in adaptations to the ESRS, or an expedient review process for adapting the upcoming Delegated Regulation implementing the Corporate Sustainability Reporting Directive is put in place.
- To ensure a proportionate application of reporting requirements for insurers and pension funds across their value chain, guidance is needed to ensure reporting of

¹ [Letter from DG FISMA requesting EIOPA's Opinion on EFRAG's technical advice as regards the European Sustainability Reporting Standards \(ESRS\)](#)

relevant material sustainability impacts arising from their investee companies and policyholders.

- To avoid the international fragmentation of sustainability reporting requirements across jurisdictions, compatibility between ESRS standards and IFRS standards should be ensured so that European companies that report under ESRS are automatically considered as complying with the IFRS sustainability reporting framework.

The Opinion further suggests introducing the requirement for a summarized statement in undertakings' management reports of the SFDR-related data points until these data points are made available in the European Single Access Point (ESAP). The Opinion also states that low-risk profile insurance undertakings should be allowed to apply simplified sustainability reporting standards.

I take the opportunity at this occasion to reiterate EIOPA's strong support for the Commission's efforts in establishing a sound regulatory framework for sustainable economic and financial activities.

Yours sincerely,

[signed]