FESI Position Paper

On the Commission public consultation on the European Sustainability Reporting Standards (ESRS) revision

May 2026

SUMMARY

1. **Narrowing down the definition of ‘user’**
2. **Removing newly added and scope increased KPIs**
3. **Removing requirements for quantitative financial effects reporting/allocated financial resources**
4. **Introducing clearer safeguards for disaggregated information**
5. **Removing digital tagging requirements**

Introduction

FESI welcomes the Commission’s consultation on the revised ESRS text. We note that the revised draft largely follows the version published by EFRAG in December 2025, while presenting the changes in a clearer and more accessible format. This improved structure, especially the Annex, is helpful in identifying and assessing the proposed revisions.

At the same time, some disclosure points within the text remain burdensome, particularly those that lack a methodology to be defined. We therefore call on the Commission to consider the following changes:

1. Narrowing down the definition of ‘user’

The definition of “other users” under ESRS 1 AR para. 4(b) remains too broad and unclear, creating legal uncertainty and the risk of inconsistent interpretation across companies and auditors.

Solution: further narrowing down and clarifying the definition of “users” by aligning it more closely with the ISSB approach under IFRS S1, which refers to existing and potential investors, lenders and other creditors as primary users of sustainability-related financial disclosures.

2. Removing newly added and scope increased KPIs

The newly added or expanded KPIs create disproportionate implementation burdens without demonstrating clear added value for report users, notably the “Designed recyclability rate” KPI under ESRS E5-5 and the expanded scope of “Employee characteristics” disclosures under ESRS S1-5.

Solution: Removing the newly added KPI on designed recyclability and reverting the scope of employee characteristics disclosures to the previous threshold-based approach, requiring reporting only for countries with ≥50 employees and representing at least 10% of the total workforce.

3. Removing requirements for quantitative financial effects reporting/allocated financial resources

The requirements on quantitative financial effects reporting under ESRS 2 SBM-3 and ESRS E1-11 are premature given the lack of robust and harmonised methodologies, resulting in disclosures that risk being subjective, difficult to audit and not comparable across companies.

Similarly, provisions on allocated financial resources disclosures currently refer to “significant” amounts, creating ambiguity and challenges in comparability and auditing processes.

Solution: Removing the requirements on quantitative financial effects reporting and allocated financial resources until sufficiently mature, standardised and internationally aligned methodologies are available to ensure comparability, reliability and proportionality.

4. Introducing clearer safeguards for disaggregated information

The requirements on disaggregation under ESRS 1 Section 3.3.2 leave significant room for interpretation and may result in overly granular disclosures, extensive auditor discussions and disproportionate reporting burdens without clear benefits for users.

Solution: Introducing clearer safeguards and implementation guidance regarding the appropriate level of aggregation and disaggregation of information under ESRS 1, in order to ensure proportionality, consistency and legal certainty in application.

5. Removing digital tagging requirements

The ESEF-XBRL tagging requirements under ESRS 1 Section 8.1 para. 104(b) create significant additional implementation and audit costs, while the practical benefits and usefulness of machine-readable tagging remain unproven.

Solution: Deleting the ESEF-XBRL tagging requirements until a clear and demonstrated benefit can justify the additional costs and administrative burden for reporting companies.

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