

Press release

AFME Welcomes Efforts to Simplify European Sustainability Reporting Standards but Calls for Further Refinements

29 September 2025

The Association for Financial Markets in Europe (AFME) has today published its feedback on the European Financial Reporting Advisory Group's (EFRAG) Exposure Drafts revising the European Sustainability Reporting Standards (ESRS) under the Corporate Sustainability Reporting Directive (CSRD).

The review of the ESRS is a central part of the EU's Sustainability Omnibus initiative and a critical endeavour to reduce reporting burdens for companies while ensuring that investors and banks continue to receive meaningful sustainability information.

AFME strongly supports the European Commission's simplification objectives for the ESRS. Simplification is essential to reduce burdens on preparers of sustainability reports, while maintaining high-quality, decision-useful information for investors and banks. It also provides an opportunity to incorporate lessons learned from the first CSRD reporting cycle, improve coherence across the EU's regulatory framework, and enhance alignment with global sustainability reporting standards.

While AFME welcomes progress in these areas, it is important to clarify and build upon these proposed changes to deliver on the simplification objectives.

Oliver Moullin, Managing Director of Sustainable Finance at AFME, said: *"The draft revised ESRS mark significant progress towards simplifying sustainability reporting. However, further refinements are needed to ensure that reporting remains meaningful for financial institutions, consistent with the broader EU regulatory framework, and aligned with international standards. Without this, there is a risk of duplicative requirements and reporting that is less useful for both preparers and investors."*

AFME welcomes EFRAG's work to simplify the ESRS and commends the improvements introduced through the "six levers of simplification" which provide much-needed flexibility and clarity for preparers. In particular, a more flexible Double Materiality Assessment, greater freedom in organising sustainability statements, streamlined standards to reduce overlap, clearer distinction between mandatory and voluntary requirements, "undue cost or effort" relief, and a significant reduction in datapoints – will help companies provide information that is most relevant to their business models.

AFME's response sets out key recommendations designed to ensure the revised ESRS achieve the Commission's objectives and deliver practical, material reporting outcomes.

In particular:

- **Enabling meaningful reporting for financial institutions** – Greater interoperability with ISSB standards, clearer definitions, and more flexibility in areas such as GHG emissions reporting, transition planning, and anticipated financial effects.
- **Ensuring coherence with EU financial sector legislation** – Removing duplicative requirements, streamlining datapoints across frameworks such as SFDR and Pillar 3, and improving cross-referencing provisions.

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- **Addressing outstanding issues in Level 1 negotiations** – Ensuring clear rules on financial institutions' value chains, protections for confidential and commercially sensitive information, and more practical approaches to transition plan disclosures.

AFME remains committed to engaging with EFRAG and the European Commission to ensure the revised ESRS deliver both simplification for companies and decision-useful information for investors – supporting the flow of capital towards Europe's sustainable transition.

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Notes:

The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

For more information, please visit the AFME website: www.afme.eu

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