



19 October 2026

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Acting Chair of the EFRAG Sustainability Reporting Board
EFRAG
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1000 Brussels

Response to EFRAG's public consultation on Exposure Draft ESRS-40a

Dear Kristian,

GRI – the independent organization that provides the GRI Standards, the global common language for sustainability reporting on impacts – welcomes the opportunity to comment on the ESRS-40a Exposure Draft. Our recommendations aim to help companies meet ESRS-40a requirements by building on their existing GRI reporting, thereby reducing reporting burden and supporting interoperability.

GRI greatly values our [Memorandum of Understanding with EFRAG](#) and the close collaboration we have built over the past five years¹. We remain strongly committed to working with EFRAG to guarantee the highest degree of interoperability between the simplified European Sustainability Reporting Standards (ESRS), ESRS-40a and the GRI Standards. We believe organizations in scope of the CSRD should be encouraged to leverage their longstanding GRI reporting practices to meet the legal requirements in the European Union.

The GRI Standards are the most widely used sustainability reporting standards globally, and companies reporting with GRI cover 62% of global market capitalization.² The Standards are also the only comprehensive global set of sustainability standards focused on reporting of impacts on the economy, environment and people – the focus of Article 40a. Our analysis shows that around 55% of the likely Article 40a in-scope companies already report their global impacts using the GRI Standards. In addition, the percentage of GRI reporting among likely in-scope companies is significantly higher in certain jurisdictions, notably China (84%), Japan (77%), Switzerland (77%) and South Korea (76%). In the US, which accounts for a

¹ See, e.g., EFRAG and GRI 2023 [joint statement](#) on the interoperability between ESRS and GRI, our comment letter to [EFRAG](#) (2025) and our response to the Commission consultation (2026) [revised ESRS](#).

² [GRI State of Sustainability Reporting](#): Global Trends in the GRI Standards (2026), [OECD \(2025\)](#), [KPMG](#) (2024).



significant share of in-scope companies, more than 40% of likely in-scope companies are GRI reporters.³

As you are aware, companies operating internationally face growing sustainability reporting expectations and requirements. Enabling companies in scope of Article 40a to leverage existing GRI reporting – reporting that is based on global perimeters supported by assurance, ready for digitalization⁴ and subject to other conditions outlined in ESRS 40-a – would provide a practical means of reducing duplication and additional reporting burden, while supporting global comparability and a level playing with EU companies.

Our continued collaboration has laid the groundwork for this:

Common definition of impact materiality: We welcome that the simplified ESRS and the Exposure Draft of ESRS-40a have adopted the same established impact materiality definition as the GRI Standards. Companies in scope of Article 40a that have applied the GRI Standards will have gone through an impact materiality assessment. This is a key differentiator from those that have only implemented sustainability-related financial risk and opportunity-focused materiality. This is why the Exposure Draft refers to “Impact materiality as the basis for sustainability reporting”⁵: the alignment between ESRS and GRI on impact materiality assessment will provide the adequate foundation for ESRS-40a reporting. Taking impact materiality as a starting point is particularly important because evidence from initial ESRS reports shows that many topics identified as material from an impact perspective are not considered material from a financial materiality perspective.⁶

Alignment of principles around fair presentation: In addition to the alignment on impact materiality, both ESRS and GRI are designed as fair presentation standards. Like the ESRS-40a, the GRI Standards only require relevant information about an organization’s material impacts. GRI supports faithful representation through the principles of completeness, balance and accuracy; and addresses comparability, verifiability and understandability, through the principles of comparability, verifiability and clarity. Where the GRI Standards do not provide sufficient information about an organization’s material impacts, organizations should report additional disclosures to ensure users can adequately understand those impacts.

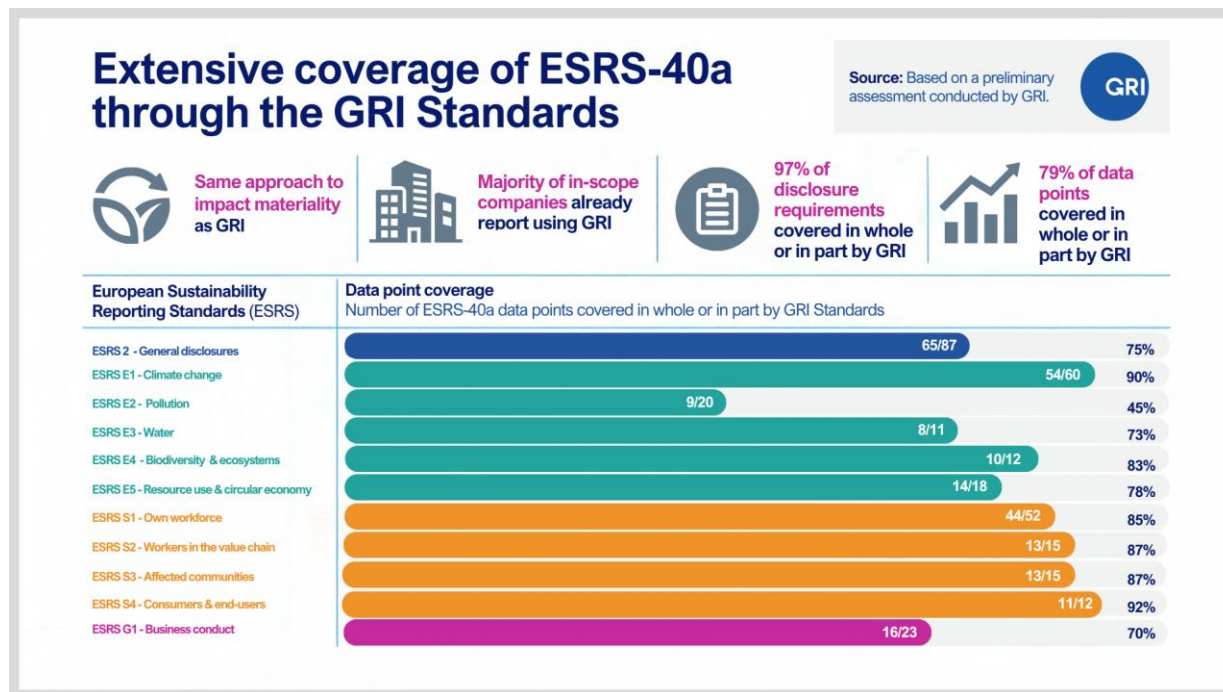
³ GRI calculation based on State of Sustainability Reporting 2025 data and publicly available company data.

⁴ GRI’s digital taxonomy is interoperable with the ESRS taxonomy. It “allows for the same technical digitalization requirements” – one of the conditions raised in the draft ESRS-40a.

⁵ See 3 Impact materiality as the basis for sustainability reporting, p.10.

⁶ See OECD, 2025, Global Corporate Sustainability Report, for a study on energy disclosures. See also various analyses of CSRD reports and in particular: Datamaran, ‘CSRD Reports Uncovered: Benchmarking the First Wave of 2025 Disclosures’, May 2025; N. Picard, C. Saint-Martin, K. O’Connell and L. Babder, ‘In Search of Sustainable Value, the CSRD journey begins’, PwC, 2025.

High degree of alignment of disclosure requirements: Thanks to the high degree of integration of GRI into ESRS – going beyond interoperability – the GRI Standards cover a majority of the required reporting. This already enables ESRS reporters to report with reference to the GRI Standards.⁷ With Article 40a focusing on impact disclosures only, it would now be possible to enable the reverse, namely, to use GRI disclosures for compliance with ESRS-40a, under the conditions set out in the Exposure Draft.



As can be seen above, the GRI Standards cover, in whole or in part, 97% of the ESRS-40a disclosure requirements and 79% of the data points. The GRI Standards also go beyond ESRS-40a by covering additional topics, such as economic impacts (including tax disclosures), and by providing more detailed disclosures on certain topics, such as biodiversity.⁸ This broader coverage is a reason why the Exposure Draft references the GRI Standards as a source of entity-specific disclosures.

In line with the above observations, we offer three recommendations that align with the CSRD's policy objectives and support a level playing field:

- 1. Recognize assured GRI reporting as a means to comply with ESRS-40a:** Adapt ESRS-40a to recognize that GRI reporting that fulfils the conditions set out in paragraph 121 can constitute a response to ESRS-40a due to the high alignment with

⁷ EFRAG and GRI 2023 [joint statement](#) on the interoperability between ESRS and GRI.

⁸ We expect that the future GRI Pollution Topic Standards will support further alignment with ESRS.

the standard. This could be done either by adding a respective provision or via adapting the incorporation-by-reference article.

2. **Set out interoperability of ESRS-40a comprehensively:** The Basis for Conclusions should set out interoperability with existing internationally recognized standards comprehensively. In particular, it should highlight interoperability with the widely used global standard for impact materiality, i.e. the GRI Standards.
3. **Build on a practice of global impact reporting to retain a level playing field:** A global reporting perimeter for impacts across all topics rather than a mixed approach enables companies to build on existing reporting practice. It also supports a level playing field with EU companies as well as with the thousands of global companies that already report their global impacts using the GRI Standards. Together with our recommendation to recognize GRI reporting as a means to comply with ESRS-40a outlined above, this can be done efficiently and effectively.

Our detailed recommendations are set out in the Annex. GRI supports strong interoperability and alignment that can yield practical, decision-useful and globally comparable information, to drive better outcomes for people and the planet. We would be pleased to discuss our recommendations with EFRAG's Sustainability Reporting Board, Technical Expert Group and Secretariat, and we stand ready to continue our successful collaboration to deliver on the CSRD objectives.

Yours sincerely,



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Chief Executive Officer,
Global Reporting Initiative (GRI)



Susanne Stormer

Chair,
Global Sustainability Standards Board (GSSB)

Three proposals to reduce reporting burden, ensure a level playing field and support interoperability in the ESRS-40a Exposure Draft

1. Recognize assured GRI reporting as a means to comply with ESRS-40a

Proposal: The draft should be adapted to allow in-scope groups to incorporate GRI-based disclosures by reference, whether those disclosures are contained in a mandatory report or prepared on a voluntary basis, and under the conditions that are set out in paragraph 121. A large share of the likely in-scope population already reports its global impacts using the GRI Standards.⁹ Allowing these groups to incorporate GRI-based disclosures by reference alongside information reported under applicable jurisdictional requirements would make compliance easier, avoid duplicative reporting, and support a level playing field.

Analysis: Incorporation by reference is the mechanism in ESRS-40a that most directly lowers the cost of compliance. Paragraph 120 permits information “reported pursuant to a requirement in applicable laws or regulations” to be incorporated by reference where it meets the conditions in paragraph 121: it must be separately identified, prepared for the same period, prepared in or translated into an official language of the European Union, subject to the same level of assurance, and meet eventual technical digitalization requirements. Paragraphs 124-125 then address the case where a group prepares a sustainability statement “based on sustainability reporting standards enacted in the third-country jurisdiction where it operates”.

Because of the focus on standards “enacted by a third-country jurisdiction”, not all existing reporting could be used. A group holding a mandated ISSB-based report could be able to discharge part of its ESRS-40a obligation by cross-reference – according to the EFRAG Secretariat’s estimate, up to half of the climate disclosures (BC79) – while a group holding an assured, timely, GRI-based report in an EU language and supported by the GRI Digital Taxonomy could not. The GRI Standards address a far greater number of ESRS-40a requirements, covering, in whole or in part, 97% of disclosure requirements and 79% of data points.

The conditions in paragraph 121 can be met by GRI-based disclosures, and none depends on whether reporting is mandated. The assurance requirement in particular already provides the level of reliability that mandatory reporting is presumed to ensure. Extending flexibility to

⁹ Estimation based on GRI research and publicly available company data.

assured, conditions-compliant voluntary reporting would therefore be consistent with EFRAG's reasoning, rather than create an exception. In addition, a "table of contents pointing to the location of the information incorporated by reference (i.e. page number and/or paragraph number)" as currently proposed for when a significant amount of information is incorporated (see paragraph 125) could be mandated to ensure additional transparency.

We propose the following changes:

	GRI's proposal	Effect
1	Either 1) include a separate provision that explains that Article 40a can be met via reporting in accordance with GRI Standards, for assured (limited assurance) in an EU language, or 2) extend incorporation by reference to sustainability reporting prepared voluntarily based on internationally recognized standards , where it meets each of the conditions in paragraph 121 in full. Clarify that the wording of paragraph 120, "reported pursuant to a requirement in applicable laws or regulations", does not apply in such cases.	Extends the possibility to incorporate by reference to the substantial share of the in-scope population with no mandatory reporting regime, subject to conditions that ensure equivalent reliability.
2	In any case, the draft text should be changed to accommodate reporting based on voluntary standards that are included in a mandated report: Delete "enacted in the third-country jurisdiction" from paragraphs 124-125, so that the test rests on the report and the conditions in paragraph 121 rather than on the legal status of the standard.	Resolves the ambiguity between a mandated report and a mandated standard. GRI-based disclosures included within a mandatory report would become incorporable.

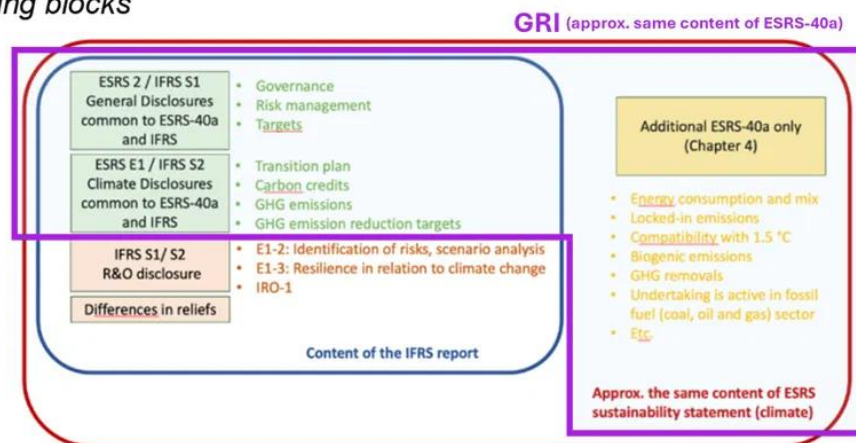
2. Set out interoperability of ESRS-40a comprehensively

The interoperability considerations in the Basis for Conclusions should provide a more comprehensive picture of the reporting standards that can help meet ESRS-40a disclosure requirements. As the Basis for Conclusions itself notes, "except for few cases, currently mandatory reporting using jurisdictional requirements based on IFRS S1 and IFRS S2 is typically limited to climate change", and for topics other than climate "producing a detailed list of common disclosures is not feasible". Disclosures focused on financial materiality are not precluded, but because ESRS-40a is constructed as an impact standard, a substantial share of its disclosures will not be met through reporting requirements focused on financial materiality. By contrast, given the high level of interoperability and alignment between the ESRS and the GRI Standards across the full range of ESRS topics, preparers could leverage their GRI reporting to meet a substantial share of the ESRS-40a disclosures.

A number of third countries are currently designing their reporting regimes. Comprehensive information on how their companies can build and use GRI Standards to fulfil EU requirements can support their considerations and guide companies on designing reporting strategies.

We propose adding GRI interoperability into Graphic 3 “building blocks” so it shows the overlaps with the GRI Standards in addition to the “content of the IFRS report”. As an example would this could look like we added the GRI perimeter in purple. We also recommend to highlight in the title of Graphic 3 that it only relates to climate (and not the remaining topics).

Graphic 3: Building blocks



As Graphic 3 concerns Climate only, we recommend that the Basis for Conclusions should highlight the interoperability beyond climate reporting. As you are aware, the GRI Standards cover all nine other topics, for which there are currently no equivalent ISSB Standards.

3. Build on the practice of global impact reporting to retain a level playing field

GRI believes it is critical to establish a level playing field between EU companies and their international peers as well as among international companies that report globally on their impacts. We therefore support retaining the global approach in ESRS-40a and recommend removing the optional ‘mixed’ approach, which would allow some disclosures to be limited to impacts connected with the sale of products and services in the EU. While we recognize the intention to limit the burden on non-EU groups, retaining the global approach would let those already reporting their global impacts under the GRI Standards reuse what they already produce effectively and not have to compete with other companies who are allowed to report only part of the information.

The mixed approach could also create unnecessary complexity for non-EU companies operating across multiple markets and reporting on their global impact. These companies would need to distinguish impacts, such as pollution or human rights abuses, linked to their EU sales from those elsewhere even when they share facilities, workforces and suppliers. This mixed approach could complicate assurance, undermine comparability with companies reporting globally and create an uneven playing field.

Considerations should also be made for the alignment with the CSDDD. It is unclear whether this mixed approach would be compatible with the CSDDD. CSRD reporting is intended to support due diligence reporting obligations. If the mixed approach is retained, and in response to the consultation question, we consider that impacts on human rights should in any case be reported on a global basis.

Four features to be retained in the ESRS-40a Exposure Draft

We highlight four features and encourage EFRAG to retain them in the technical advice to the Commission:

- **The focus on impact materiality.** Under ESRS-40a, the materiality of an impact on people and the environment is determined by its severity and likelihood. This is fully aligned with the GRI Standards and ensures the impact-only construction fulfils the CSRD.
- **Alignment and interoperability with the GRI Standards.** The retained disclosures follow the simplified ESRS. Accordingly, the existing interoperability between the GRI Standards and the simplified ESRS carries over into ESRS-40a.
- **Investors are among the group of users.** This supports the view that impact materiality information is relevant for investors in its own right. As set out in the Basis for Conclusions (BC73), impact information is relevant to investors: “to understand an entity’s sustainability-related risks and opportunities, information about impacts may be material for primary users.”
- **The GRI Standards as a source for entity-specific disclosures.** The Exposure Draft continues to refer to GRI Topic and Sector Standards as a source for entity-specific disclosures (AR 5), and to GRI as a standard-setting body whose generally accepted standards may be used for additional information (paragraph 110). We welcome this continuity with the ESRS.