

Ms Ursula von der Leyen President of the European Commission

Mr Stéphane Séjourné Executive Vice-President for Prosperity and Industrial Strategy

Mr Valdis Dombrovskis Commissioner for Economy, Productivity and Implementation and Simplification

Ms Maria Luís Albuquerque Commissioner for Financial Services and the Savings and Investments Union

3 June 2026

Subject: Response to the Consultation on the draft revised European Sustainability Reporting Standards (ESRS) and a voluntary sustainability reporting standard for smaller companies

Dear President, Executive Vice-President and Commissioners,

The Global Reporting Initiative (GRI) welcomes the opportunity to contribute to the Consultation on the draft revised European Sustainability Reporting Standards (ESRS) and a voluntary sustainability reporting standard for smaller companies.

Throughout the Omnibus I process, GRI has worked with EFRAG in a collaborative process and we would like to extend our appreciation to EFRAG. As an official co-creator of the first version of the ESRS, we continued to bring our expertise in impact reporting and standard setting, helping to support simplification and increasing global alignment.

Our response welcomes the maintaining of impact and financial materiality on equal footing and notes the continued interoperability with GRI. In [our response](#) to the 2025 EFRAG's consultation on the revised ESRS, we highlighted several opportunities to further increase interoperability with the GRI Standards, supporting the objective of the simplification process to enhance alignment with global sustainability reporting standards. While some of these proposals would still be relevant for the Commission's draft, we are focusing our reply on a few critical points. In the spirit of improving the Commission's draft to increase global alignment and competitiveness of EU companies, we raise our concerns regarding the exemption concerning assets under management, the value chain cap, and the proposed Voluntary Standards, and stand ready to continue to collaborate with the Commission and EFRAG.



Maintaining impact and financial materiality on equal footing

We welcome that the Commission kept impact and financial materiality on equal footing and maintained double materiality, as anchored in the Corporate Sustainability Reporting Directive (CSRD). Double materiality, aligned with international standards, strengthens Europe's competitiveness by creating a seamless, interoperable reporting system that cost-effectively delivers globally comparable, decision-useful data for investors and other stakeholders. We commend the Commission for its continued global leadership in sustainability reporting that supports company competitiveness, financial resilience and the achievement of the EU's political objectives.

As [reaffirmed on 26 May](#), GRI and the IFRS Foundation are working together to enable a seamless, global and comprehensive sustainability reporting system. This system is based on impact and financial materiality reporting. And the collaboration enables efficient reporting for entities choosing or being mandated to report on their impacts, risks and opportunities to meet the information needs of investors and other stakeholders. Companies preparing and reporting under the EU's double materiality reporting will be well placed for the emerging global reporting system, in key economic jurisdictions such as China or India – with reporting systems built on impact and financial materiality. Globally, reporting based on impact and financial materiality now covers around 40% of global GDP.

Increasing interoperability and alignment with international standards

One of the Commission's objectives was to increase interoperability and – where possible – alignment with international sustainability reporting standards. As GRI continues to be the most widely used sustainability standard globally and companies reporting with GRI account for around 60% of market capitalization globally¹, alignment and interoperability with GRI standards remains an essential point for companies and investors alike. Many European companies that have been reporting under the GRI Standards for many years have invested resources and built substantial expertise in developing systems to understand, measure and disclose their impacts on people and the environment. Maintaining strong alignment and interoperability with the GRI Standards promotes global consistency and enhances EU competitiveness by reducing duplicative reporting burdens for companies that already have GRI-aligned reporting systems.

We welcome simplification and increasing clarity in the revised ESRS which can support preparers to focus on what matters most and leverage the benefits of sustainability reporting efficiently. As stated above, more could be done to increase alignment with GRI Standards. More fundamentally, in the context of the very large reduction of ESRS data points, GRI continues to offer companies a comprehensive set of disclosures to consider for deeper, globally standardized reporting. This could be of particular importance for companies that are asked by stakeholders to increase their reporting on nature where GRI and its biodiversity standard GRI 101 offer the most up-to-date standard for reporting on biodiversity impacts and one that is interoperable with the TNFD – a targeted reference to GRI 101 within E4 could support this.

In this regard, we also welcome the reference to GRI's Topic and Sector Standards for entity-specific disclosures. With this, the revised ESRS offer the option for companies

¹ OECD, 2025.

to use globally comparable disclosures and further guidance. Our Sector Standards provide significant guidance to companies to identify material topics and disclosures to report on and ensure a level playing field within industries. We know from our work with companies that this guidance is particularly appreciated and we are planning further work in this area to support preparers in the EU and globally in their materiality analysis.

Exemption of assets under management: Misalignment with global guidance and transition objectives

We are concerned about the exclusion for asset managers which the Commission introduced, and which was not included in EFRAG's technical advice. The proposed exclusion would result in a significant misalignment with GRI's upcoming Sector Standard for Capital Markets, which applies to asset managers and asset owners, and requires them to report on material topics and related impacts along their value chain, including those associated with their investments. These Sector Standards have been developed in collaboration with leading investors groups such as PRI and UNEP-FI and respond to the need for greater transparency in the sector given increasing system and entity-level risks. The proposed exemption departs from authoritative instruments for the sector, including the OECD Due Diligence Guidance for Institutional Investors (2017), which supports institutional investors (including asset managers) to prevent and address adverse impacts related to human rights and the environment in their investment portfolios, in line with the UN Guiding Principles for Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In addition, we believe that the exemption undermines the systematic changes required for the green transition and the channeling of finance into sustainable activities. GRI recommends removing the proposed exemption for "assets under management".

Value Chain Cap limiting the functioning of the information ecosystem for companies

The draft revised ESRS introduce a major reduction in value chain reporting by excluding a large number of social and environmental data points via the value chain cap. While we understand the objective to support scaling up the value chain capacity to improve data delivery, we believe this sends the wrong signal to value chain entities, making it harder for companies to report and manage value chain risks. To improve the quality of value chain reporting, data points in the Voluntary Standard marked as "necessary if applicable" or which are voluntary should not be excluded from the value chain, and the Voluntary Standard should be revised to include more datapoints from the ESRS.

Proposed Voluntary Standard would have limited value for business, investors and other stakeholders

As highlighted by the Commission already in 2019, sustainability reporting has several benefits². For example, "by increasing awareness and understanding of climate-related risks and opportunities within the company, diversifying the investor base, creating a lower cost of capital and improving constructive dialogue with all stakeholders.

² Commission Communication of 17 June 2019 entitled 'Guidelines on non-financial reporting: Supplement on reporting climate-related information' ('Guidelines on reporting climate-related information').



Furthermore, diversity on company boards might have an influence on decision-making, corporate governance and resilience³. Our own 2025 meta-study⁴ found that organizations reporting sustainability impacts are better prepared to address environmental and policy challenges, and sustainability reporting can help organizations identify and mitigate risks to their business.

Achieving these benefits rely on calibrating the framework and standards adequately. We understand the Commission's quest for simplification by proposing this new draft. Having worked with companies and organizations for nearly 30 years, we are concerned that with the proposed Voluntary Standard the Commission would not achieve its aim to make companies more resilient, competitive and support the achievement of its sustainability objectives. The Voluntary Standard leaves out one of the key strategic processes of sustainability management and reporting: assessing the most significant impacts, risks and opportunities ("Double Materiality Assessment").

In our experience, the double materiality assessment is valuable for companies, helping them target the most critical sustainability issues for both management and reporting. We also consider that the proposed disclosures are extremely limited in scope, notably even lower than originally proposed for non-listed SMEs – and unlikely to fulfill supply chain, investor or other stakeholders' information needs. In our view, companies with more than 500 employees should be recommended to perform a double materiality assessment and report disclosures that are closer to the ESRS (i.e., taking more of ESRS disclosure points). We would recommend reconsidering this standard architecture and the content of the proposed voluntary standards.

We stand ready to collaborate with EFRAG and the Commission, to support a globally competitive and comparable disclosure framework in the EU, including its new voluntary standard proposal.

Please feel free to reach out if we can provide any further information.

Best regards,



Robin Hodess
Chief Executive Officer
Global Reporting Initiative (GRI)



Susanne Stormer
Chair of the Global
Sustainability Standards Board
(GSSB)

³ Recital (3), Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting.

⁴ GRI (2025) From impact to income: How sustainability reporting affects the bottom line.