ASEPUC
Asociación Española de Profesores Universitarios de Contabilidad

EFRAG
35 Square de Meeüs
Brussels B-1000
Belgium

ASEPUC-Comment letter on the EFRAG public consultation on the simplification of ESRS (Set 1)

Before presenting our comments, ASEPUC (the Spanish Association of University Professors of Accounting) would like to highlight the outstanding work undertaken by EFRAG's staff in the ESRS simplification process within a very limited timeframe and in a highly complex environment.

These comments aim to provide a response to this process. First of all, our response is grounded in the principles promoted in the Copenhagen Declaration:

1. Simplify with Evidence

The current omnibus proposal lacks a strong evidence base. We call for a more thorough integration of scientific research on sustainability accounting and reporting into the remaining stages of the legislative process— particularly the final negotiations in the European Parliament and the subsequent trilogue.

2. Align with Climate Science

Key provisions of the current proposal overlook established climate science. Especially the proposed weakening or elimination of climate transition plans undermines their role as critical tools to align business models with scientific climate targets. These plans are essential roadmaps for a sustainable transformation.

3. Ensure Regulatory Consistency

To maintain coherence with the Non-Financial Reporting Directive (NFRD), companies with more than 500 employees should remain within the reporting scope of the CSRD. This inclusion is necessary to create a consistent and meaningful pool of reporting entities across the EU.

4. Balance Costs and Benefits

We encourage negotiators to consider compliance costs alongside the substantial strategic advantages of robust sustainability accounting and reporting. The current proposal focuses almost exclusively on reducing burdens, neglecting the wealth of research demonstrating the long-term business value of sustainability reporting practices.

5. Safeguard Risk-Based Due Diligence

The CSDDD must retain a requirement for risk-based due diligence that aligns with international standards, particularly the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. This alignment ensures legal clarity and ethical consistency across borders. Sustainability is not a regulatory burden but a strategic advantage that enhances Europe's competitiveness, resilience, and capacity for innovation.

In addition to these principles, we consider that any regulatory process related to corporate information requires the adoption of a **stakeholder approach**.

Based on these principles and following a review of the process, we consider:

- Double options should be avoided, as the flexibility proposed in certain aspects (DMA Top-Down; Bottom-up) may undermine regulatory consistency and the comparability necessary for stakeholders. In other cases, it may compromise interoperability (Anticipated Financial Effects).
- Although substantial progress has been made, the use of verifiable quantitative metrics is preferable, provided they are rigorous. However, narrative information is not necessarily negative since it adds the context to better understanding the quantitative metrics.
- In our opinion, we consider that the DMA process is better approached from a bottom-up perspective in which the determination of IROs is the basis of the process.
- The current Gross vs Net approach is highly confusing, especially Appendix C, and we generally consider that the Gross approach should prevail. Only in the case of forward-looking reporting, Net approach may be relevant.
- Regarding Fair presentation vs compliance approach, we consider that currently there is not the adequate assurance framework, and fair presentation could only be guaranteed through reasonable assurance. This approach is incorporated in the Accounting Directive 2013/34/EU, the NFRD (2014/95/EU), and the CSRD (2022/2464). In this regard, we believe that progress should be made so that sustainability information reaches a level similar to financial information.
- Material information omissions should be justified in all cases for increasing transparency and accountability.
- The current incorporation by reference clause is not applicable, as it must in any case be subject to assurance by the expert.

- Including relevant date from companies of the value chain is a key point for achieving relevant sustainability information. We consider that value chain information, at least up to TIER 1, is necessary, especially in the realm of Social ESRS.
- In order to facilitate global comparison the application of standards, we consider it highly relevant to advance interoperability with other frameworks (ISSB, GRI,...). This is especially relevant in the sectoral sphere where the SASB framework has made great advances. Value chain extensions should be applied to business models that rely heavily on multi-tiered supply chains.
- Along the same lines, we consider that for the application of anticipated financial effects there should be only one option, the current option 1 is preferred since it facilitates the interconnection with IFRS S1.

The Spanish Association of University Accounting Professors (ASEPUC) is a non-profit organization, which brings together accounting professors at Spanish universities. The Association aims to be a meeting point for all accounting professors, facilitating the exchange of knowledge, experiences, and work materials, while also broadly disseminating its achievements to the public.