# Materiality matters (!)

## Results of a fact-finding exercise on 2024 corporate reporting practices under ESRS Set 1

### Executive summary

As part of its objective to coordinate European supervision and enforcement activities related to corporate sustainability disclosures, ESMA has collected information from national enforcers with respect to the Financial Year 2024 sustainability statements published by European undertakings listed in regulated markets.

In 2025, a first group of large public-interest entities published a sustainability statement in accordance with the European Sustainability Reporting Standards (ESRS)[1]. For many of these entities, this reporting followed the national transposition of the amendments to the Accounting Directive[2] and the Transparency Directive[3], as introduced by the Corporate Sustainability Reporting Directive (CSRD)[4]. Others, while not subject to the obligation to use this framework, in general because they are located in Member States which have not transposed the CSRD yet, decided to voluntarily use the ESRS framework to comply with their reporting obligations[5].

Important changes to the future sustainability reporting framework were also initiated in February 2025, when the European Commission (EC) published an Omnibus legislative package[6] with a view to reducing the administrative burden for companies and increasing competitiveness, including with regards to sustainability reporting[7]. The proposal included a significant reduction of the scope of undertakings subject to sustainability reporting, a two-year postponement of the mandatory application of the sustainability reporting requirements for certain undertakings, as well as a commitment by the EC to adopt a delegated act to substantially simplify and streamline the first set of ESRS. The Omnibus proposal concerning the scope and content of the sustainability reporting obligations is currently being discussed

[1] European Sustainability Reporting Standards to be used by undertakings in the preparation of their sustainability statement in compliance with Articles 19a and 29a of the Accounting Directive. The first set of ESRS (Set 1) was adopted in 2023 by Commission Delegated Regulation (EU) 2023/2772.
[2] Directive 2013/34/EU.
[3] Directive 2004/109/EC.
[4] Directive (EU) 2022/2464.
[5] Since the ESRS are adopted by way of Regulations, they are directly applicable by undertakings subject to the Corporate Sustainability Reporting Directive. The ESRS can also be used voluntarily by companies from Member States which have not transposed the CSRD but are still applying the reporting obligations of the Non-Financial Reporting Directive (Directive 2014/95/EU).
[6] https://finance.ec.europa.eu/publications/commission-simplifies-rules-sustainability-and-eu-investments-delivering-over-eu6-billion_en
[7] Proposal for a Directive amending the Audit Directive, Accounting Directive, Corporate Sustainability Reporting Directive, and the Corporate Sustainability Due Diligence Directive – Omnibus I – COM (2025) 80.

by the co-legislators. In parallel, the European Commission has mandated EFRAG, its technical advisor on corporate reporting matters, to prepare a revised version of the ESRS.

Double materiality assessment and application of materiality considerations throughout the sustainability statement are key aspects of sustainability reporting. This fact-finding exercise seeks to evaluate the quality of the disclosures on materiality considerations which issuers published in accordance with the ESRS Set 1 requirements and its results have been considered in setting ESMA's 2025 Statement on European common enforcement priorities[8]. In the context of the Omnibus proposal, this fact-finding also seeks to identify opportunities to simplify the ESRS disclosure requirements, while ensuring that high-quality information is made available to the users of the sustainability statements. As such, the analysis underpinning this exercise and its results have informed ESMA's response to EFRAG's Public Consultation on its Exposure Draft on the revised ESRS[9] and will be taken into account when developing ESMA's future opinion on the draft revised ESRS to be delivered by EFRAG to the EC.

More specifically, ESMA sought to assess the different points on which it had drawn the attention of market participants in its 2024 ESRS Statement[10] and European common enforcement priorities[11] (Section 2.1, priority 1) regarding materiality considerations. The analysis was performed on a sample of 91 issuers from 23 Member States, approximately one third of which voluntarily applied the ESRS. All issuers of the sample were subject to limited assurance (or reasonable assurance in some cases) against ESRS.

With regards to the process followed for assessing the materiality of impacts, risks and opportunities (IROs), the exercise covered the reporting under Disclosure Requirement IRO-1 of ESRS 2, including the datapoints in topical standards, the description of whether and how affected stakeholders have been identified and involved and the relationship between the due diligence and materiality assessment processes. Regarding the results of the materiality assessment and their usability, the analysis focused on the description of the IROs, as required by SBM-3 of ESRS 2, and on the disclosure of the targets related to material sustainability matters. Some analysis was also conducted on how materiality was applied at information level. Moreover, in order to assess the usability of materiality-related disclosures, the analysis included the mapping tables in the sustainability statement which provide transparency on the disclosure requirements the issuer has complied with and the EU datapoints it has disclosed (IRO-2 of ESRS 2). The analysis also considered whether the auditor's or assurance provider's opinion referred to any materiality considerations.

[8] ESMA32-2064178921-9254 – Public Statement – European common enforcement priorities for 2025 corporate reporting
[9] ESMA32-846262651-5289 – ESMA response to EFRAG's consultation on its Exposure Draft on the revised European Sustainability Reporting Standards (ESRS)
[10] ESMA32-992851010-1597 – Public Statement - Off to a good start: first application of ESRS by large issuers
[11] ESMA32-1932237008-8369 – European common enforcement priorities for 2024 corporate reporting

Key Findings

- **Double materiality assessment process:** Around 60% of the sample met the overall objective of the IRO-1 disclosure requirement, which is to provide transparency on how the double materiality assessment was conducted. Although encouraging in the first year of application, this result shows room for improvement.
  - A high proportion of issuers disclosed whether they have relied on their due diligence process (80%), some explanations on the thresholds they have set (80%) and the input parameters they used (70%), as well as sufficient information regarding stakeholders' consultation (70%).
  - While demonstrating that issuers have put in place formal steps to structure their materiality assessment, some disclosures were boilerplate and did not provide meaningful insight on the judgements made regarding the materiality of their Impacts, Risks and Opportunities (IROs), in particular for impacts.
  - The proportion of issuers disclosing sufficient information as required under the IRO-1 topical datapoints was lower, especially when the topic was eventually not found material (54%). In addition, less than 45% of the issuers disclosed these datapoints in the *General information* part of the sustainability statement.
  - For 72.5% of the issuers, it was clear that the materiality assessment process considered gross impacts. For the others, the situation was either unclear, or in some cases, materiality was assessed based on net impacts.
- **Description of IROs and entity-specific information:** Almost 90% of issuers provided a description of their IROs.
  - Many of the IROs disclosed by issuers could be mapped to the ESRS sustainability matters (as listed in Application Requirement AR16 of ESRS 1), providing clarity and comparability for the users when those were covered by standardised topical disclosures.
  - In some cases, however, it was unclear from the description whether the IRO was related to an AR16 sub-topic or sub-sub-topic or not.
  - Close to 70% of the issuers disclosed entity-specific information, either related to IROs not covered by ESRS sustainability matters or complementing the ESRS disclosure requirements. This could demonstrate a good understanding of the requirement to complement the ESRS disclosures with entity-specific disclosures when necessary, noting however that entity-specific disclosures are not to be used where ESRS disclosures would apply.
- **Reporting of lists:** Close to 90% of the sample provided a list of the disclosure requirements they had complied with. 85% reported a list of the datapoints derived from other EU legislation, with 70% reporting complete information, including whether these datapoints had been assessed to be material or not and where they could be found in the sustainability statement.
- **Assurance:** Two issuers within the sample received a qualified opinion. Some auditors or assurance services providers included emphases of matter in their reports, some of which relating to materiality considerations.

**Based on these findings, ESMA urges issuers to:**

- Avoid boilerplate disclosures in the description of their materiality assessment process and provide clarity on how they have exercised judgements.
- Whenever relevant, map their material IROs with the ESRS sustainability matters (ESRS 1 AR16) and use ESRS terminology to describe them. Identify the IROs for which entity-specific disclosures are provided in addition to ESRS disclosures.
- Disclose adopted Policies, Actions, Targets (or indicate their absence) and Metrics for each material sustainability matter, including the entity-specific matters (i.e. those that are not listed in AR16).
- More generally, ensure that the overall objective of the sustainability statement (i.e, disclose material IROs and describe how they are managed) is met and increase usability through facilitating connections between the disclosure of material IROs and the topical disclosures.

These recommendations are further detailed in ESMA's 2025 Statement on European common enforcement priorities.

**ESMA notes that some of our findings have already been reflected in EFRAG's Exposure Draft on proposed Amended ESRS. However, based on our fact-finding, we have also identified the following additional aspects which we recommend EFRAG to consider when finalising the Amended ESRS. These additional aspects have been included in ESMA's response to the EFRAG consultation on the Exposure Draft:**

- Ensure that the disclosure requirements related to the materiality assessment process promote disclosures that are specific to the issuers, i.e. that insight is provided on how issuers adapt the materiality concepts and steps defined in ESRS 1 to their specific facts and circumstances (e.g., regarding inputs, consideration of the responses to stakeholders' consultation, topic-specific factors…).
- Stress the need for consistency of the material IROs with the topical disclosures. While reducing the granularity of the ESRS sustainability matters to two levels (topics and sub-topics) would be helpful to facilitate the materiality assessment process (and related disclosures), this change could be accompanied by a requirement to map material IROs with the ESRS sustainability matters whenever relevant.
- This could take the form of a summary table presenting material IROs, related sustainability matters, and Policies, Actions and Targets (or their absence) which would improve usability while reducing some of the reporting burden.

## Methodological aspects

Throughout this report, the terms "sufficient" or "adequate" (respectively, "insufficient" or "partial") refer to the conclusions of the assessment from an enforcement perspective whereby the enforcer did not identify significant questions (respectively, had doubts) on the degree of compliance of the information provided vis-à-vis the applicable disclosure requirements. Therefore, even when a disclosure is marked as sufficient, room for improvement may yet exist in the level of detail and specificity of the information provided, especially in this first year of application. On the other hand, a disclosure marked as insufficient reveals doubts on the correct application of the disclosure requirements by the concerned issuer. Enforcers consider these doubts as part of their supervision procedures.

Following the desktop reviews conducted by the national enforcers to support this fact-finding exercise, further analysis may be undertaken on the areas of the reporting for which more clarity is necessary or for which material incorrect application has been identified. Additional steps may be taken by national enforcers accordingly, where necessary. In this regard, it is relevant to note that, in June 2025, ESMA published a statement[12] to acknowledge the uncertainty caused by the Omnibus proposal and the uneven transposition of the CSRD and to clarify national enforcers' approach to enforcement of sustainability reporting in this context.

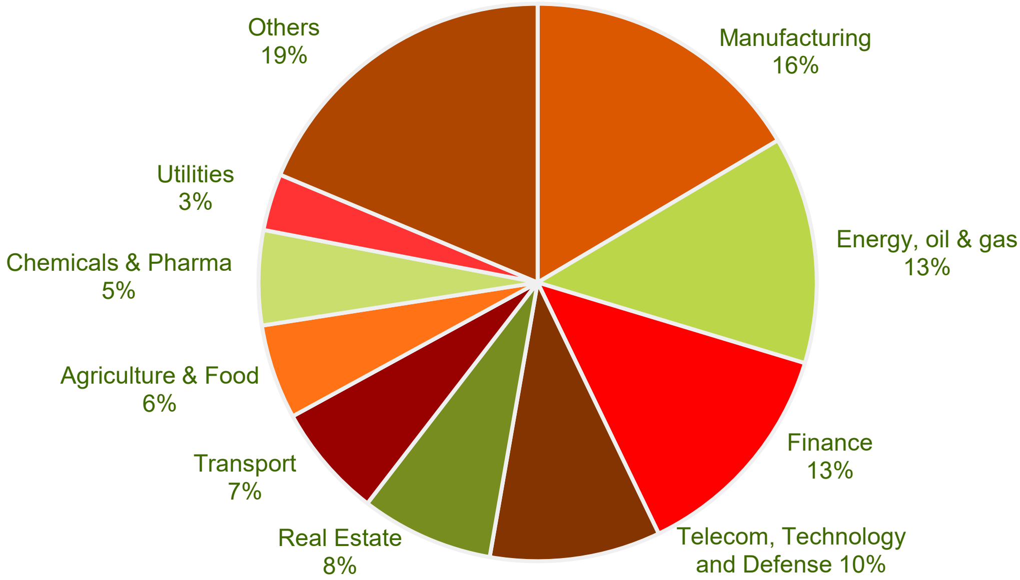
ESMA will include these findings and relevant updates arising from the follow-up activities in its next Corporate Reporting Enforcement and Regulatory Activities Report[13].

## Sample characteristics

ESMA considered a sample of 91 issuers from 23 EU Member States. The sample included 60 issuers (65.9%) who are under an obligation to report under the ESRS in compliance with the CSRD provisions, as well as 31 issuers (34.1%) who voluntarily decided to report under the ESRS. All issuers of the sample were subject to limited assurance (or reasonable assurance in some cases) based on compliance with the ESRS. Some areas of the analysis were conducted on a smaller sample of 81 issuers[14].

The issuers were selected by national enforcers for the purpose of performing this fact-finding exercise. In light of the current Omnibus proposals regarding the future scope of companies subjected to the reporting requirements, it can be noted that issuers with more than 1,000 employees represent 90% of the sample, while 78% have more than 3,000 employees. The median number of employees for the whole sample is close to 10,000 employees. The issuers of the sample are active in a broad variety of sectors.

[12] ESMA32-992851010-2254 – Navigating change together: ERS supervision in the Omnibus environment
[13] ESMA32-193237008-8791 Report on Corporate Reporting Enforcement and Regulatory Activities
[14] Due to limitations in the national enforcement powers for one NCA, the analysis could not be fully completed for 10 issuers. The areas of analysis where the smaller sample was used are identified in the note.




NB: The category "Others" brings together different sectors only represented by 1 or 2 issuers (Information and communication, entertainment, retail, accommodation…).

*Figure 1: Distribution of issuers by sector*

The results of this fact-finding exercise need to be considered in view of the limited size of the sample, the timing of the exercise (with issuers reporting early in the year being over-represented) and the fact that the selection did not seek representativeness among the overall population of European issuers reporting under ESRS in 2025 (2024 Financial Year).

## Detailed results

### 1 Materiality assessment process

The double materiality assessment plays a central role in reporting under the ESRS. The ESRS have introduced a 2-step approach for assessing materiality; first at sustainability matters level and second at information level, with the objective to guide preparers in the identification of their IROs and of the related topical disclosures to be provided. IRO-1 of ESRS 2 requires a detailed description of how the assessment process was performed.

Overall, national enforcers assessed that the **IRO-1 disclosures met the objective of the Disclosure Requirement for 61.7%** of the sample[15]. This result is relatively positive when considering the novelty of the exercise and the high level of detail of the current disclosure requirements. The fact-finding exercise has focused on some of the related datapoints so as to identify the strengths of the 2025 disclosures as well as aspects that could be improved to

[15] The analysis of overall compliance with IRO-1 was conducted on the smaller sample of 81 issuers

enhance the usefulness of the related information, while keeping in mind the ongoing ESRS revision process.

A majority of the issuers in the sample provided a separate description of the **processes for identifying, assessing, prioritising and monitoring impacts, and risks and opportunities**[16]. For 22% of the sample, however, it was not the case. While risks and opportunities derive from impacts in many cases, a description of the process for determining the materiality of the associated financial risks can provide useful insights to the user of the sustainability statement, for instance regarding how the approach that was followed relates to the overall corporate risk assessment process.

Regarding the **use of thresholds**[17] in the materiality assessment process, either in relation to impacts or risks and opportunities, or both, close to 80% of the sample provided some explanations on how they had set qualitative or quantitative thresholds for determining their material IROs. This result illustrates the effort made in structuring the materiality assessment process. Two issuers provided information only on impacts thresholds, and 17 (almost 20% of the sample) did not disclose any information about thresholds.

Good practices were especially noted regarding disclosure of thresholds for financial materiality, where some issuers provided detailed information on the nature of the threshold (e.g., based on revenue or EBITDA), with some also disclosing the quantitative threshold they have set.

Regarding **impact materiality thresholds**, national enforcers found that many of the issuers sought to follow EFRAG's Implementation Guidance on materiality assessment[18] through defining a scoring system relying on the criteria set out in ESRS 1 (severity - scale, scope, irremediability, and likelihood), so that the thresholds were defined as the score (e.g., 2 on a scale of 5) above which the topic was considered material.

This shows the attention issuers have paid to formalising the materiality assessment process. However, some of them merely replicated in their disclosures the scoring steps suggested in the Implementation Guidance. This led to boilerplate disclosures in some cases (especially for impact materiality), when the issuers did not explain which considerations specific to their entity have been factored into the assessment.

Such information would have shed light on the results, for instance, through providing explanations on how topic-specific criteria or inputs informed the setting of macro level thresholds, where particularly relevant for the user. As an example of good practice when relying on a 5-level scale as mentioned above (e.g., no impact, low, medium, high, very high),

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[16] ESRS2 IRO-1 par 53(b) and (c)
[17] ESRS2 IRO-1 par 53(b) iv and (c) ii
[18] EFRAG IG1 Materiality Assessment

explanations have been provided that, for the scope component of severity for an environmental impact, "low" corresponds to an issue observed in one location only and "medium" in a few locations, while "high" is widespread and "very high" observed in all locations.

Some information on **input parameters**[19] to the materiality assessment process was reported by a large majority of issuers (70.4% of the sample[20]). Good practices include the mention of specific tools or methodologies (e.g., LEAP approach for environmental matters, tools for the identification of areas at high water stress) or information sources (e.g., sector benchmarks, human rights country databases). The other issuers did not disclose sufficient information on at least one of the three broad areas provided as examples in the standard (data sources, scope or assumptions). When the disclosures were found insufficient by the national enforcers, the area least reported was the one related to assumptions, which is consistent with the finding above as threshold setting, or scoring, are the areas where assumptions are most frequently made. Data sources or scope were also not reported in several cases.

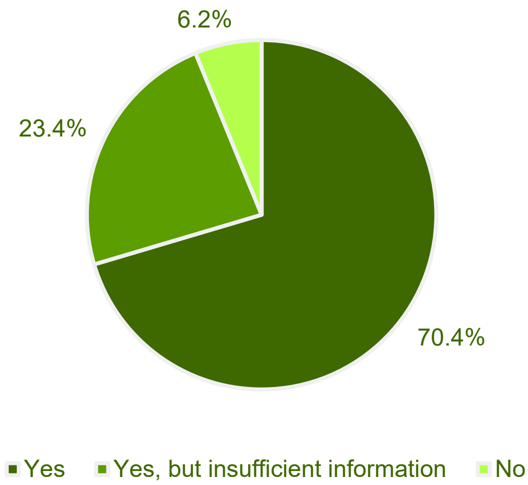


*Figure 2: Disclosure of the use of input parameters (data sources, scope, assumptions) in the materiality assessment process (IRO-1)*

Although an integral part of IRO-1, some **datapoints** related to the materiality assessment process are **included in some of the topical** (environmental and governance) **standards** as they are meant to provide more insight on how the assessment was conducted for each of the ESRS topics.

More than half (59.3%) of the sample provided information which national enforcers considered sufficient on the **IRO-1 topical disclosure requirements for the topics eventually found material**. Some of the related information was provided in most of the other cases, but it was

[19] ESRS2 IRO-1 par 53(g)
[20] The analysis of the disclosures of input parameters was conducted on the smaller sample of 81 issuers

either assessed as too generic or as not covering all related datapoints. Across the issuers of the sample, this situation was encountered for all environmental and governance topics, although the *Climate change* (E1) IRO-1 datapoints were in many cases considered as sufficiently addressed, reflecting issuers' larger experience with this topic.

A slight majority of issuers in the sample (54.3%) provided sufficient information on the **IRO-1 datapoints of the topics eventually found non-material** and more than 27% of the issuers did not provide any information. For the remaining 18.5%, examples of partial disclosure were linked to limitations of scope (when there was no disclosure related to value chain impact assessment, for instance), partial coverage (either addressing impacts or risks and opportunities) or lack of disclosures regarding methodology (e.g., tools, screening of activities and assets). In some cases, disclosures related to entire non-material topics were omitted (such as for *Biodiversity and Ecosystems* - E4), while they were provided for other non-material topics.

Less than 45% of the sample **positioned the topical IRO-1 disclosures** in the *General information* section, next to the other IRO-1 datapoints. For 26% of the issuers, none of these disclosures were positioned there and for the remaining ones, the location depended on the topics. While the location of the related disclosures was highly variable depending on the issuers, more extensive disclosures tended to be located in the topical section, especially when some element of it was also relevant for other topical disclosures (e.g., climate scenarios for E1). In a limited number of cases, while the disclosures were positioned in the topical standards, a reference was included in the *General information* section.

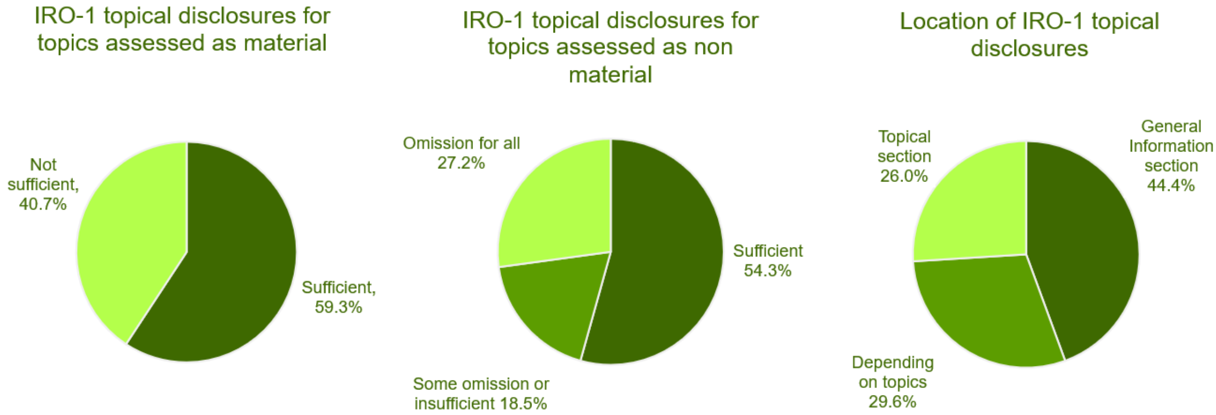


*Figure 3: Disclosure of information under the IRO-1 topical datapoints*

The comparatively lower proportion of issuers having reported in line with the standard on these specific datapoints highlights that both the level of detail and positioning of the information have created implementation issues, which provides evidence for these datapoints to be considered for simplification in the context of the ESRS revision process.

A very large majority[21] of issuers (93.8%) reported that they had **consulted stakeholders** in their materiality assessment process while 5% reported that they had not conducted a consultation, and the remaining issuer did not provide any information. When a stakeholders' consultation was performed, the related information was in some cases found partial by the national enforcer (only covering some categories of stakeholders or some topics).

Regarding how the stakeholders were consulted, the national enforcers' assessment focused on the disclosures enabling an understanding of who the affected stakeholders were, how they have been identified and prioritised in the context of the materiality assessment process and how they have been engaged[22].

While 71.6% of the issuers provided sufficient information, the disclosures were missing or were assessed as partial for the others. When categories of stakeholders were provided, they did not always allow the user to understand which categories were considered as affected stakeholders, although, in some instances, the terminology used (e.g., *local communities*) implied it was the case. For these issuers, limited information was also often provided on how an engagement specific to the materiality assessment exercise had been conducted. In other cases, the general information related to stakeholders' engagement (as required in SBM-2) was duplicated under IRO-1. This may also flag opportunities for streamlining the ESRS in the revision process, with the objective for the stakeholders' related disclosures under IRO-1 to be complementary to the ones in SBM-2.

80.2% of the issuers reported that they used their **sustainability due diligence** to inform the materiality assessment process[23]. Only 3.3% (3 issuers) of the sample disclosed that they had no due diligence process while 7.7% others did not report whether they had relied on their due diligence process although they conducted one.

Finally, for 72.5% of the issuers, national enforcers assessed that the **gross impacts** had been considered for the materiality assessment, in compliance with ESRS 1[24], either because this had been specifically stated by the issuer, or because it could be derived from the disclosures. For the remaining group of issuers, national enforcers generally found it difficult to ascertain whether gross or net impacts had been considered although, in a limited number of cases, the issuer specifically disclosed that it had integrated mitigation or prevention measures and controls to adjust the final score of impacts and/or risks. This unclarity or divergence in practice may hinder comparability of the materiality assessment results, for instance when considering two issuers from the same sector.

[21] The analysis of the disclosures on involvement of stakeholders was conducted on the smaller sample of 81 issuers
[22] ESRS 2 SBM-2 par.45(a), ESRS 2 IRO-1 par.53(b)(iii), EFRAG IG1 Materiality Assessment, FAQ16
[23] ESRS 2 GOV-4 par. 32, ESRS 2 IRO-1 par. 53(b)
[24] EFRAG IG1 FAQ23

## 2 Disclosure of material Impacts, Risks and Opportunities

Most issuers in the sample (close to 90%) provided a brief **description of their material IROs**[25]. For the remaining 10 issuers, the disclosures were found to be incomplete, either because the description was missing for one or more material IROs or because it was unclear. In particular, the description of where, in the issuer's business model, own operations or value chain, the IRO was concentrated was missing in a limited number of cases or considered insufficient.

As part of their analysis, the national enforcers considered the **ESRS sustainability matters** to which the IROs disclosed under SBM-3 of ESRS 2 were related. Consistent with other studies recently conducted on a broader population of issuers[26], the sustainability matters relating to *Climate change* (E1), Own workforce (S1) and *Business conduct* (G1) were the most represented. All issuers of the sample disclosed at least one IRO related to the *Climate change* topic or one of its three related sub-topics.

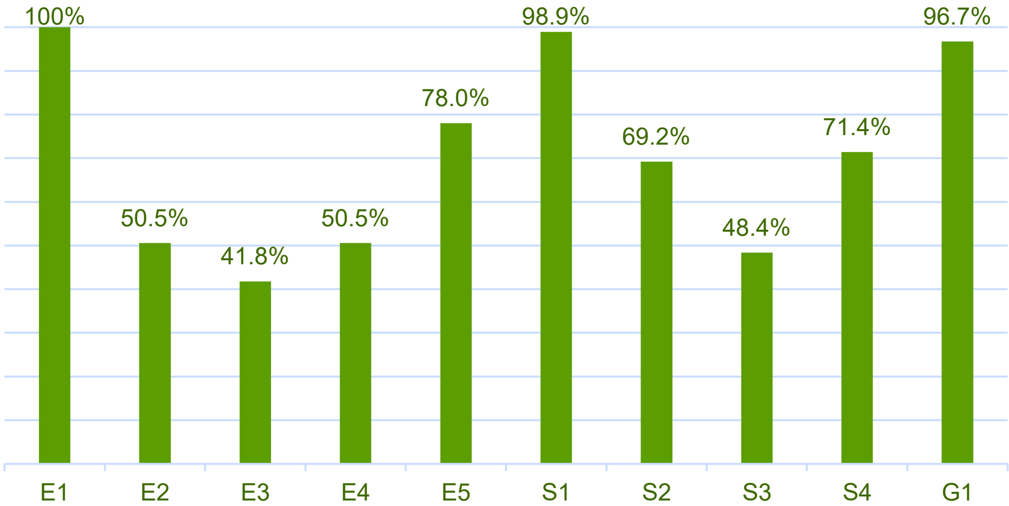


*Figure 4: Topics for which at least one IRO related to the topic, or any of its sub-topics or sub-sub-topics was disclosed*

When the issuer relied on a bottom-up approach to assess its IROs, national enforcers found that it was not always easy to determine whether the material IRO related to one of the ESRS sustainability matters as listed in AR16 of ESRS 1, especially for sub-topics or sub-sub-topics. While some issuers opted to present their material IROs with a mapping of the AR16 sustainability matters they were related to, this is not an explicit requirement of the ESRS and the use of different terminology made the reconciliation difficult for some issuers, especially

[25] ESRS2 SBM-3 par 48 (a)
[26] EFRAG, July 2025, State of Play 2025

when the requirement to identify IROs covered by entity-specific disclosures[27] was not complied with.

This in turn made it difficult in some cases to ascertain that the embedded logic of the ESRS had been followed. This logic calls for identification of the IRO and disclosure of Policies, Actions, Targets and Metrics for the related sustainability matter (or their absence) either through disclosing under the ESRS disclosure requirements or through providing entity-specific disclosures. On this point, explicit signposting of the IROs covered by entity-specific disclosures as part of the SBM-3 disclosures, and of the entity-specific disclosures themselves, was noted as a good practice by national enforcers.

Notwithstanding the limitations noted above, the national enforcers sought to **reconcile the IROs with the AR16 sustainability matters** at topic, sub-topic and sub-sub-topic level to evaluate the granularity of the materiality assessment.

For *Climate change* (E1) sustainability matters, which 100% of the sample considered material, 94.5% of the issuers had at least one IRO referring to one of the sub-topics. For *Resource use and circular economy* (E5), which 78% of the issuers found material, 70% identified at least one IRO at sub-topic level.

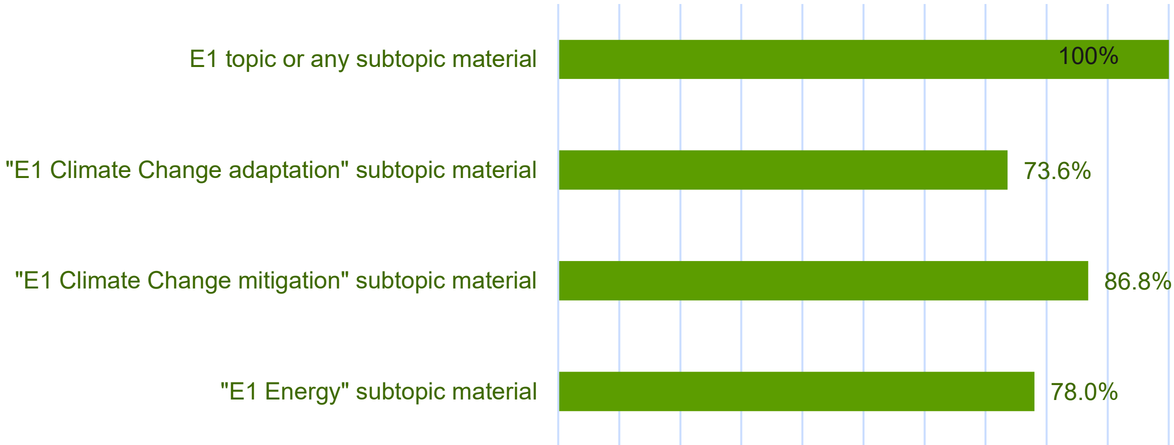


*Figure 5: Granularity of the materiality assessment for Climate change (E1)*

[27] ESRS 2 SBM-3 par. 48 (h)

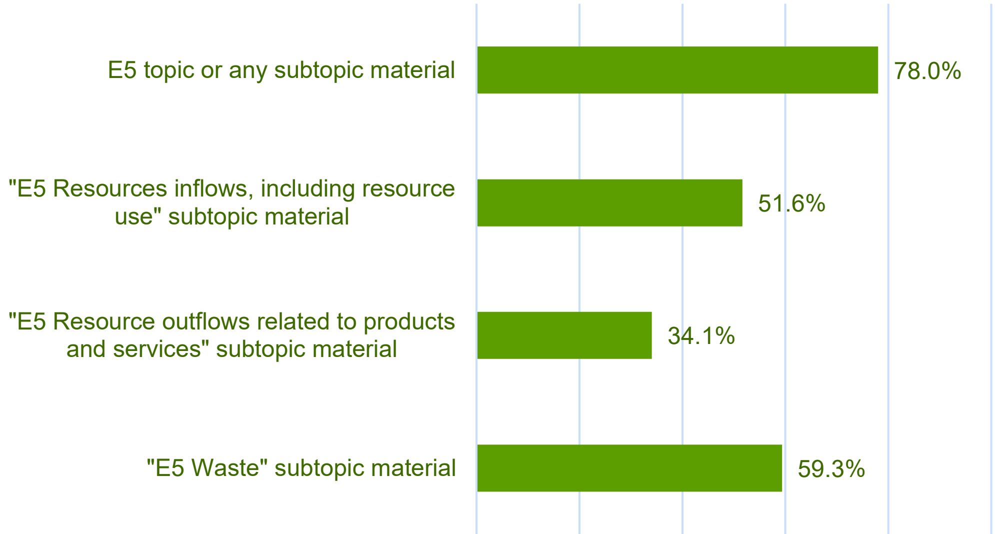


*Figure 6: Granularity of the materiality assessment for Resource use and circular economy (E5)*

For *Own workforce* (S1), national enforcers found that close to 80% of the issuers had at least one IRO which could be traced back to an AR16 sub-sub-topic. This reflects the higher granularity of the S1 sustainability matters in AR16 but also shows how, where they were provided with a more granular framework, issuers used it for conducting their materiality assessment and disclosing the results.

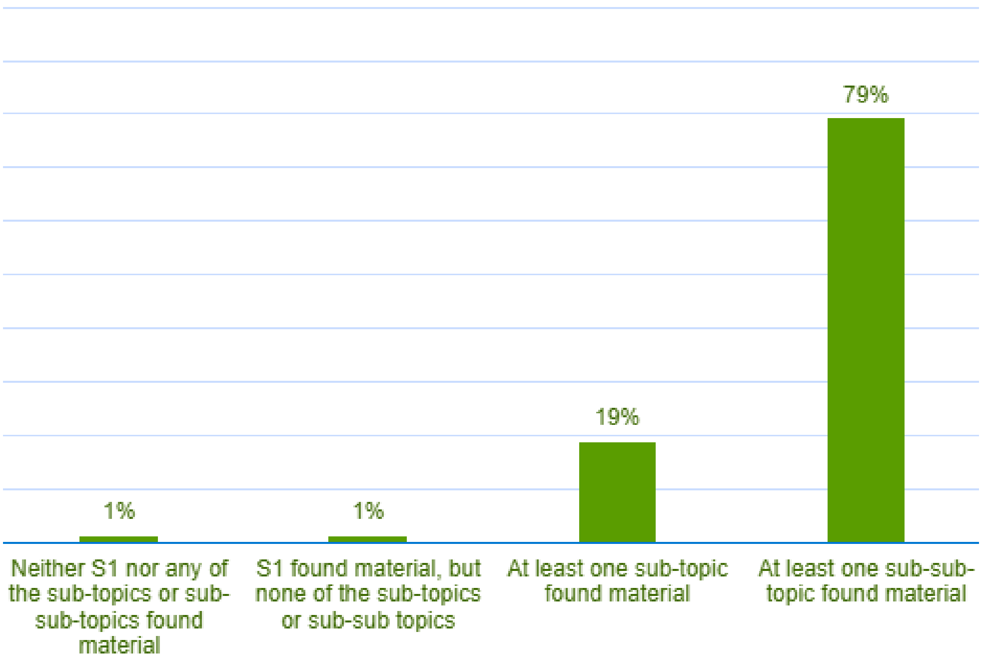


*Figure 7: Granularity of the materiality assessment for Own workforce (S1)*

A reduction in the granularity of the disclosure requirements regarding the materiality assessment has been called for by many stakeholders in the context of the ESRS revision, with AR16 being identified as a potential area for simplification. Depending on the topics, however, sufficient granularity (which could also be provided in the form of guidance) may be helpful for both preparers and users to more specifically identify the issue at stake and ensure relevant topical disclosures, either standardised or entity-specific where needed.

Regarding **IROs covered by entity-specific disclosures**[28], the largest group identified at topic level broadly relates to data, cybersecurity and use of AI. 26.4% of the sample disclosed an IRO related to these issues. Some divergence in practices was noted by national enforcers as in some cases IROs which seemed similar were presented as a separate entity-specific matter, while in others they were associated with the *Consumers and end users* (S4) or *Business conduct* (G1) topics. Guidance could be developed to help determine how these IROs can be connected with the ESRS framework and foster convergence in practice. Other but less frequent entity-specific sustainability matters related to innovation and research, and tax.

For some of the IROs reported as material, it is questionable whether they refer to issues within scope of the sustainability statement (e.g., *customers' satisfaction, corporate citizenship*). In other cases, the limited description made it difficult to understand the related IRO (e.g., *product portfolio, investment projects).* Finally, some IROs were cross cutting over environmental topics (e.g., *environmental impact of products, supplier environmental assessment*), social topics (e.g., *safety, health and well-being in society*) or all topics (e.g., *compliance with regulations*).

As part of the analysis, a check was conducted on **whether targets had been disclosed** for the sustainability matters found material, or in their absence, whether the issuer had provided a negative statement[29]. National enforcers found that more than 71% of the population disclosed either the targets or a negative statement. For the remainder, however, at least one target was missing with no negative statement. This situation was more likely to be encountered in relation to social topics (especially *Consumers and end users* - S4) and *Governance* (G1) but was also noted for environmental topics for some of the issuers. This overall seemingly positive result needs to be nuanced as, while a detailed analysis of the compliance with MDR-T of ESRS 2 (which lists the disclosures to be provided for targets) was not included in the fact-finding exercise, national enforcers noted that a number of targets were of a generic nature or expressed as high-level commitments.

Clear identification of the targets (as well as of policies and actions), or of their absence, in a summary table presenting them with the related material IROs and sustainability matters was noted as good practice, enabling easy reference for the user of the sustainability statement.

[28] ESRS 2 SBM-3 par. 48 (h)
[29] ESRS 2 MDR-T par 72

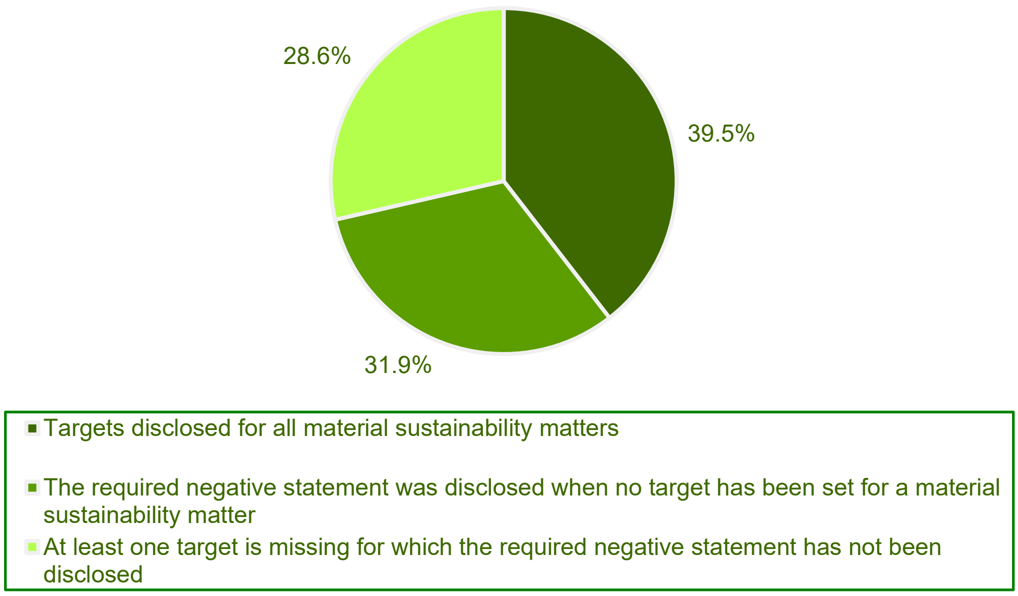


*Figure 8: Disclosure of targets for the sustainability matters assessed as material*

## 3 Material entity-specific information and non-material information

National enforcers found that close to 70% of the issuers disclosed **entity-specific information**[30], noting that in some cases, the identified entity-specific disclosures were not labelled as such in the sustainability statements[31]. This result could testify to a good understanding of the need to complement the ESRS standardised disclosures with additional material information where needed but must also be considered in the light of the analysis conducted above regarding potential overlapping between AR16 and entity-specific sustainability matters, as entity-specific disclosures should not be used in the place of standardised disclosures. National enforcers identified a few examples of entity-specific metrics referencing sectoral initiatives.

When national enforcers identified **non-material disclosures**, these were either related to ESRS disclosures on topics assessed as non-material or to local regulations or voluntary standards (such as GRI), as allowed under the ESRS for the latter[32]. These disclosures were in general accompanied by the adequate reference, where needed, and clearly identified by the issuer as *non-material* or *other* information. Some issuers signposted them as *voluntary*

[30] ESRS 1 par. 11, par. 30 b)
[31] The analysis published by EFRAG found that ~30% of a 50 companies sample explicitly labelled their entity-specific disclosures as such (EFRAG, July 2025, State of Play 2025).
[32] ESRS 1 par. 114, ESRS 2 BP-2 par. 15

disclosures. Unless clearly defined, this could create confusion with the *May* datapoints of the ESRS Set 1, which should only be disclosed if material.

In a few cases, a clear indication of the non-materiality of the disclosure was missing, for instance when the issuer disclosed information on a sustainability matter which had not been considered material in the results of the materiality assessment. Enforcers did not identify any case in which the disclosure of non-material information was considered as obscuring material information.

## 4 List of material disclosures and of datapoints from other EU legislation

The vast majority of the issuers in the sample (89%) reported a **table listing the disclosure requirements** that they complied with, together with the location in the sustainability statement where each disclosure could be found[33]. While only 3 issuers did not include such a table, some of the others either did not report the page numbers where each disclosure could be found or reported the same large page interval for several disclosure requirements, making it more complex to retrieve the desired piece of information.

More than 85% of the issuers also included a table disclosing the **datapoints derived from other EU legislation**[34]. Most of the issuers (70.3%) also reported whether the specific datapoints were considered material or not, and their location in the sustainability statement. The information was only partial in the remaining cases (e.g., missing datapoints from the ESRS 2 Appendix B list, missing page numbers, missing mention of whether the datapoint is material or not). In some cases, issuers indicated that a particular datapoint was *not applicable* rather than *not material* (e.g., involvement in the tobacco sector). National enforcers noted that having a standalone table for EU datapoints (rather than merging it with the table of all disclosure requirements) increases clarity and enables easier reference for the users.

## 5 Materiality considerations in the auditor's or assurance services provider's opinion

For almost all issuers selected for the purpose of this fact-finding study, the auditor or independent assurance services provider delivered unqualified limited assurance conclusions regarding the sustainability reports prepared in accordance with ESRS. A **qualified opinion** was delivered for two issuers of the sample reporting under CSRD and ESRS. The opinions pointed at significant omissions in the sustainability statement, including in relation to the materiality assessment for one of the issuers.

For four other issuers, the auditor or independent assurance services provider did not qualify its opinion but stressed materiality considerations as **emphasis of matter** in its opinion. When

[33] ESRS 2 IRO-2 par. 56 and AR 19
[34] ESRS 2, IRO-2, par. 56 and Appendix B

related to the materiality assessment process, these were either of a general nature or more specific (highlighting for instance a disclosure mentioning the limitation of the materiality assessment in the supply chain to tier 1 for a specific sustainability matter). In other cases, the emphasis of matter related to the application of the materiality regime prescribed by the ESRS (e.g., omission of material disclosures).

Emphasis of matters were also mentioned in relation to non-materiality-related reporting areas. They pointed at, for instance, the scope limitations reported in the basis for preparation of the disclosures, the use of estimates or uncertainties associated with the quantitative metrics.