

## Press Release

### ESMA issues its first opinion on the draft European Sustainability Reporting Standards

The European Securities and Markets Authority, the EU's financial markets regulator and supervisor, has issued an [opinion](#) on the first set of draft European Sustainability Reporting Standards (ESRS Set 1) developed by the European Financial Reporting Advisory Group (EFRAG). ESMA finds that ESRS Set 1 broadly meets the objective of being conducive to investor protection and of not undermining financial stability.

To bring Set 1 from *broadly* capable to *fully* capable of meeting that objective, ESMA advises the European Commission to address selected technical issues set out in the opinion. Most notably, these issues relate to possible improvements of the level of consistency vis-à-vis the requirements of the Corporate Sustainability Reporting Directive and other pieces of EU legislation, important clarifications of definitions and terminology and further guidance on the materiality assessment process. The European Commission will consider ESMA's technical input as it finalises ESRS Set 1 and adopts it into delegated acts.

Verena Ross, Chair, said:

*“The development by EFRAG of the first draft set of ESRS is a major achievement. These standards will increase the consistency and quality of information flowing through the sustainable investment value chain. They will also enable broader accountability of European businesses for their sustainability commitments and impacts vis-à-vis retail investors.”*

*“In line with the ESMA Strategy, we will continue to contribute actively to the sustainability reporting standard-setting process, with the aim of supporting the capital markets in financing the transition to a sustainable economy.”*

### Background

ESMA's opinion was drafted in response to a request from the Commission and in line with the mandate established by the Corporate Sustainability Reporting Directive. ESMA applied an assessment framework with four detailed criteria to prepare its opinion. These criteria relate to whether ESRS Set 1:

- promotes disclosure of material sustainability information of high quality;
- is conducive to consistent application in terms of both content and format;

- is consistent and interoperable with other relevant EU legislation within ESMA's remit; and
- promotes interoperability with global standard-setting initiatives for sustainability reporting to the greatest extent possible (and taking account of the EU's sustainability requirements and objectives).

The draft ESRS Set 1 was developed and submitted to the Commission by EFRAG in November 2022.

## Next steps

The Commission will now consider ESMA's opinion alongside opinions submitted by the [EBA](#), [EIOPA](#) and other public bodies and adopt ESRS Set 1 into delegated acts by 30 June 2023.

ESMA will continue to actively contribute to the development of the ESRS as an official observer in EFRAG's Sustainability Reporting Technical Experts Group and Board and plans to use its assessment framework also for its future opinions on the subsequent sets of ESRS.

## Notes for editors

1. [ESMA32-334-551 ESMA response to EFRAG's consultation on the first set of draft ESRS](#)
2. [ESMA32-334-549 ESMA cover letter on response to EFRAG's consultation on the first set of draft ESRS](#)
3. [ESMA22-439-1076 ESMA Strategy 2023-28](#)
4. ESMA is the European Union's EU's financial markets regulator and supervisor. Its mission is to enhance investor protection and promote stable and orderly financial markets.
5. It achieves this objective through three strategic priorities:
  - fostering effective markets and financial stability,
  - strengthening supervision of EU financial markets,
  - enhancing protection of retail investors,and two thematic drivers:
  - enabling sustainable finance; and
  - facilitating technological innovation and effective use of data.
6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

## Further information:



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