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European Commission

Directorate-General for Financial Stability, Financial Services and Capital Markets Union (FISMA)

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Via email:

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## **WFE Response to the European Commission Consultation on the Revised ESRS**

Dear Mr Dodd and Ms Bottazzi

The World Federation of Exchanges (WFE) welcomes the European Commission's ongoing work to simplify and streamline the European Sustainability Reporting Standards (ESRS) and appreciates the opportunity to provide feedback on the draft revised ESRS Delegated Act.

Building on the principles set out in the [WFE's Open Letter on Addressing International Fragmentation](#) in Sustainability Regulation, we believe the current consultation presents an important opportunity to reduce unnecessary duplication for companies that are required to report under multiple sustainability reporting regimes, while preserving decision-useful sustainability-related information for investors and other stakeholders.

As operators of globally interconnected markets, WFE members have a strong interest in ensuring that sustainability reporting requirements remain proportionate, operationally implementable and supportive of efficient cross-border capital formation.

### **1. Simplification through practical acceptance**

The WFE welcomes the efforts undertaken by the European Commission, EFRAG, the ISSB and other stakeholders to reduce unnecessary differences between sustainability reporting requirements and improve the efficiency of sustainability reporting across jurisdictions.

The proposed revisions to ESRS provide an important opportunity to preserve those elements that enable internationally active companies to use sustainability reporting outputs efficiently across multiple reporting contexts. In particular, we welcome revisions that appear capable of supporting continued consistency in areas such as anticipated financial effects disclosures, transition plan disclosures and the use of industry-based guidance. Maintaining these features may help reduce reporting burden for companies operating across multiple jurisdictions while preserving the usefulness of sustainability-related information.

At the same time, careful consideration should be given to proposed amendments that may introduce additional divergence where such divergence could increase reporting complexity or reduce the ability of companies to use sustainability reporting outputs efficiently across different reporting regimes.

The WFE would also support targeted measures that facilitate efficient reporting under both ESRS and ISSB Standards. This may include providing greater flexibility regarding presentation formats and helping ensure

that information intended to meet investors' information needs can be clearly identified within sustainability reporting. Such measures may help reduce implementation costs and minimise the need for companies to navigate differences between reporting requirements.

## **2. Supporting practical acceptance and reducing duplication**

For globally active companies, meaningful simplification is achieved when a single sustainability report can be used efficiently across multiple regulatory contexts. The burden of complying with multiple reporting requirements is significantly reduced where businesses are able to leverage the same data, systems, controls and reporting processes across jurisdictions.

The WFE believes that the next phase of international convergence should move beyond alignment and towards practical acceptance. In the context of ESRS and ISSB Standards, this may include exploring mechanisms that enable companies to use the same reporting outputs efficiently across both frameworks, thereby reducing the need for duplicative reporting and parallel reporting processes. More broadly, consideration should be given to deference, recognition and passporting mechanisms that allow companies to demonstrate compliance across multiple reporting contexts using the same sustainability reporting outputs. As sustainability reporting standards continue to evolve, effective passporting mechanisms should be supported by a commitment by jurisdictions to create a regulatory environment that promotes clarity, consistency and predictability. Such mechanisms may be appropriate where disclosure objectives are substantially aligned. Similarly, subsidiary exemption mechanisms should be explored to reduce duplicative reporting obligations for multinational corporate groups operating across multiple jurisdictions. Such measures have the potential to deliver significantly greater simplification benefits than alignment efforts alone and could materially reduce reporting burden for globally active companies.

## **3. Preserving proportionality and usability**

The WFE supports efforts to ensure that sustainability reporting requirements remain proportionate, decision-useful and operationally implementable across different issuer types and reporting capacities.

We welcome the Commission's focus on simplification and usability and encourage continued attention to ensuring that reporting requirements remain focused on information that is most relevant to users of sustainability-related disclosures. This is particularly important where highly detailed requirements may increase reporting burden without necessarily improving the usefulness of disclosures.

## **Conclusion**

The WFE recognises the European Union's leadership role in advancing sustainable finance and appreciates the Commission's efforts to improve the usability and effectiveness of the ESRS framework.

Consistent with the principles set out in the [WFE Open Letter](#), we believe the greatest long-term simplification benefits will come not only from reducing individual reporting requirements, but from enabling companies to use the same reporting outputs efficiently across multiple jurisdictions and reporting regimes. The current consultation provides an important opportunity to advance this objective.

We would welcome continued engagement with the European Commission, EFRAG, the ISSB and other relevant stakeholders as this work progresses.

Yours sincerely,

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