



To: Patrick de Cambourg (EFRAG Sustainability Board Chair)
European Financial Reporting Advisory Group (EFRAG)
sent via email

Subject: **EFRAG public consultation on Draft ESRS Set 1 XBRL Taxonomy**

Brussels, 17-04-2024

Dear Patrick,

Insurance Europe commends the European Financial Reporting Advisory Group (EFRAG) for the work it accomplished in such a short time, and for the opportunity to comment on the Draft ESRS Set 1 XBRL Taxonomy (draft XBRL taxonomy). Insurance Europe acknowledges the technical quality of EFRAG's proposals on the draft XBRL taxonomy. However, a number of improvements are needed to adequately provide users with the correct or most appropriate transposition of the first set of ESRS into a digital XBRL format, therefore fully responding to the mandate received by the European Commission. Given the newness of both ESRS reporting and general limited experience in creating and using XBRL tagging, Insurance Europe would also suggest/advice a phased approach, implementing parts of the tagging framework in steps.

It is crucial that the tagging requirements are proportionate. The **draft XBRL taxonomy appears too complex and detailed**, imposing a disproportionate burden on preparers and raising serious implementation risks: although such complexity mirrors the sophisticated nature of sustainability information, it risks compromising the quality of the sustainability information, if preparers struggle to correctly apply the draft XBRL taxonomy. In particular, proportionality is important for **non-listed large companies**: currently, there is no requirement for non-listed large companies to digitalise their financial statements, as they do not fall within the scope of the European Single Electronic Format (ESEF). Hence, the digitalisation of their sustainability report brings questions (e.g. consequences for the financial statements given the cross-references), which require dedicated guidance.

European (re)insurers regret that a **preliminary cost-benefit analysis was not carried out**, and problems that preparers have faced in implementing the ESEF regulation appear not to have been considered in EFRAG's work. To counterbalance these shortcomings in the development of the draft XBRL taxonomy, EFRAG could advise the European Securities and Markets Authority (ESMA) to adopt a step-by-step approach starting with the tagging of KPIs and quantitative data before scrutinizing narrative information.

It is crucial to **ensure interoperability of the EFRAG draft XBRL taxonomy with the International Financial Reporting Standards (IFRS) XBRL taxonomy** to prevent overlapping requirements and duplication of efforts for preparers: for instance, the EFRAG draft XBRL taxonomy should clarify that information prepared in XHTML format fulfils the condition laid out in sub-paragraph (e) of paragraph 120 of ESRS 1.

Moreover, **additional modifications should be made to guarantee effective implementation** of the draft XBRL taxonomy, namely: reducing the number of tags by consolidating narrative and semi-narrative information at levels 2 and 3; deleting Booleans which are not useful for users; developing implementation guidelines to help preparers in the application of the draft XBRL taxonomy and the tagging of their sustainability reports.



Yours sincerely,

A handwritten signature in black ink, which appears to read "Olav B. Jones". The signature is fluid and cursive, with a long, sweeping underline.

Olav Jones,
Deputy Director General