EFRAG public call for input
on ESRS Set 1 Revision

INREV

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SECTION 2 – GENERAL ASSESSMENT (OPTIONAL)

As preparer/user/other stakeholder, could you share your overall assessment about the implementation challenges and benefits that you have experienced or observed?

INREV welcomes the opportunity to comment on the ESRS Revision. Representing 500+ members—institutional investors such as pension funds, insurance companies, sovereign wealth funds, and investment banks, as well as investment managers, fund of funds managers, and advisors globally—INREV supports EU efforts to simplify and improve the sustainable finance framework.

Our members are committed to the European Green Deal. While ESRS is a valuable ESG disclosure tool, real estate-specific challenges persist. Key issues include unclear definitions and calculations of metrics (e.g. energy intensity), excessive granularity & duplication of standards, and difficulty aligning with e.g. SFDR and the EU Taxonomy.

To streamline reporting, we encourage alignment with existing standards and practices—e.g. INREV ESG SDDS and Sustainability Reporting Guidelines (RG73). The ARESI whitepaper also addresses definitional ambiguity and offers harmonised climate transition indicators for the CRE sector.

SECTION 3 – QUESTIONS 1.

PART 1 – HOW TO IMPROVE THE MATERIALITY ASSESSMENT

The Materiality Assessment process is critical to establish the perimeter of the sustainability statement and pivotal to ensure that undertakings only report material information, that they do not report unnecessary information nor dedicate excessive resources to the materiality assessment process. Initial feedback seems to suggest that required disclosures on the process may be too detailed and the outcome of the process may lead to disclose too many/too detailed IROs. The Omnibus proposals have identified this area as to be clarified.

1.1. **From your perspective (preparer/user/others), please share your suggestions on how to improve the ESRS provisions on materiality indicating the most critical and the most useful elements, in relation to:**

How to improve the ESRS provisions on materiality, in relation to:

- the definition of material impacts, risks and opportunities (IROs) under double materiality assessment

Please detail ESRS provisions on materiality improvements:

The concept of double materiality is often interpreted inconsistently in real estate, especially at the fund level where many ESG impacts are indirect or embedded in assets managed by third parties.

INREV's guidance provides clarity on how to determine which risks and opportunities are truly material at fund and portfolio level. Clarifying the definition will help preparers avoid unnecessary disclosures and ensure alignment with investor expectations.

INREV also sees value in complementary initiatives such as ARESI data hierarchy which provides clear, consistent thresholds for interpreting materiality in the built environment and helps distinguish between impactful and immaterial indicators. The use of sector-validated benchmarks ensures that disclosures remain relevant and decision-useful.

For more details, please refer to: Aligning Real Estate Sustainability Indicators (ARESI) whitepaper

How to improve the ESRS provisions on materiality, in relation to:

- the process to determine material matters, including how to factor implemented mitigation and prevention actions in the materiality assessment and how to define thresholds striking the right balance between completeness and decision- usefulness of information.

Please detail ESRS provisions on materiality improvements:

Real estate fund managers already apply structured ESG assessments through frameworks like GRESB and INREV ESG SDDS. Incorporating mitigation actions (e.g., decarbonisation strategies) into materiality decisions is standard practice. The INREV Sustainability Reporting Guidelines (RG73) provide detailed instructions for assessing ESG risks and opportunities, particularly where mitigation actions have already been implemented (e.g., energy efficiency retrofits, renewable sourcing). INREV supports allowing the use of proxies such as CRREM decarbonisation pathways, which are widely accepted across the real estate sector for setting and interpreting performance thresholds. These allow preparers to determine whether climate risks are still material after mitigation measures, which is seen as a crucial step in reducing unnecessary reporting.

For details, please refer to:

1) INREV ESG Standard Data Delivery Sheet (https://www.inrev.org/esg-sdds#Latestpublicationsanddownloads)
2) INREV Reporting Guidelines (RG73) (https://www.inrev.org/guidelines/module/reporting#inrev-guidelines)

How to improve the ESRS provisions on materiality, in relation to:

- the disclosures related to the process according to IRO-1

Please detail ESRS provisions on materiality improvements:

IRO-1 requires disclosures about the materiality assessment process including narrative detail that may not be meaningful at the portfolio or fund level, particularly where risk processes are standardised across multiple assets. INREV recommends the narrative disclosures in IRO-1 be clarified and streamlined, with an option to refer to existing sector-wide tools like the INREV ESG SDDS risk screening, CRREM risk curves or fund-level risk policies. This would ensure consistency while easing the reporting burden, without compromising transparency.

How to improve the ESRS provisions on materiality, in relation to:

- the value chain

Please detail ESRS provisions on materiality improvements:

For real estate, ESG impacts can stem from the operations of property managers, tenants, or construction contractors. The ESRS currently lacks clarity on how far down the chain disclosures must go. INREV members need a more practical approach that reflects existing reporting limitations and data access challenges. The ARESI whitepaper also presents best-practice alternatives for the cases where ambiguities around definitions or lack of data appear.

1.2. OPTIONAL: If possible, and if not specified already under point 1.1 above, please identify the narrative disclosure requirements (DRs) or datapoints (DPs) that raised the most critical challenges in determining the material information to be reported and share your suggestions.

Disclosure requirements (DR)

E1 - IRO 1

Datapoints (DP)

Risk mapping by asset class

Comment on challenge:

Disaggregated and difficult to source; risk modelling lacks regional benchmarks.

Suggestion:

Use CRREM decarbonisation pathways, INREV ESG SDDS or ARESI asset-level metrics as a harmonised basis.

2. PART 2: HOW TO STREAMLINE NARRATIVE INFORMATION

Narrative information is a key part of sustainability reporting, in particular with respect to governance, strategy, business model, as well as policies, actions and targets (PATs). It is a key factor to meet the quality characteristics of relevance of information and fair presentation of the situation of the undertaking with respect to its sustainability matters. However, narrative information is difficult to compare. In determining the content of narrative information to be reported per disclosure requirements, ESRS combine a principles-based disclosure objective with a list of “shall” datapoints. Initial feedback seems to suggest that the “shall disclose” datapoints in ESRS Set 1 may be too detailed and too prescriptive in that regard and that a proper balance between relevance/fair presentation, comparability and preparation effort has been difficult to achieve. The Omnibus proposals suggest to consider this point carefully for burden reduction purposes.

2.1. From your perspective (preparer/user/other), please share your suggestions on how to simplify narrative information, in relation to:

The options to reduce the number of “shall” datapoints (DPs):

Merging datapoints (with an indication of its effectiveness for burden reduction purposes)

Suggestions:

In the real estate sector, similar information is often required across multiple disclosure requirements, particularly in governance, policies, actions, and targets (PATs). This duplication increases complexity without delivering additional insights. For example, targets disclosed under ESRS 2 are frequently repeated under topical standards like E1 or S1. Merging these overlapping datapoints would meaningfully reduce the reporting burden while preserving clarity and comparability.

The options to reduce the number of "shall" datapoints (DPs):

Deleting datapoints that are not critical

Suggestions:

Not all ESG datapoints are equally relevant across asset classes or investment vehicles. Deleting not critical datapoints or making selected "shall" datapoints optional, especially those that are narrative-heavy or marginally material, allows preparers to focus on disclosing genuinely decision-useful information. The INREV ESG SDDS with Reporting Guidelines (RG73) provide flexibility while maintaining rigor, which could serve as a model for optional disclosures in ESRS.

The options to reduce the number of "shall" datapoints (DPs):

Transferring "shall" datapoints to non-mandatory material ("May", guidance, illustrative examples)

Suggestions:

Not all ESG datapoints are equally relevant across asset classes or investment vehicles. Deleting not critical datapoints or making selected "shall" datapoints optional, especially those that are narrative-heavy or marginally material, allows preparers to focus on disclosing genuinely decision-useful information. The INREV ESG SDDS with Reporting Guidelines (RG73) provide flexibility while maintaining rigor, which could serve as a model for optional disclosures in ESRS.

The potential overlaps between minimum disclosures requirements (MDRs)on Policies Actions and Targets (PATs) that are located in ESRS 2 and PAT "shall" datapoints located in topical standards:

Please select:

Simplifying MDRs on targets in ESRS 2

Comments

Target disclosures should reflect sector-accepted metrics and performance pathways (e.g., GHG intensity targets using CRREM curves). Simplification would support alignment across reporting regimes and reduce the risk of conflicting or overlapping information.

Please select:

Merging MDR of ESRS 2 with "shall" PAT datapoints of topical standards

Comments

Merging PAT requirements into a single, streamlined structure (ideally anchored in ESRS 2) would allow real estate reporting entities to centralise their ESG strategy and performance narrative while linking to technical metrics in topical standards where necessary.

Forward-looking information

On the other hand, please indicate the most critical and the most useful elements to be retained

- Climate-related targets (aligned with SFDR PAI indicators): Retain climate-related targets but allow reference to existing targets disclosed under SFDR or via CRREM-aligned benchmarks.

- Strategic transition risks narrative (E1 and E2) with the format and duplication of narrative disclosures across ESRS sections streamlined: Retain strategic transition risk narratives but allow streamlining across ESRS and reference to established tools like CRREM and INREV Guidelines.
- Energy Performance Indicators (ESRS E1-5 and E1-6 – with simplification): Retain these indicators, but allow aggregated, building-level reporting where disaggregated (landlord/tenant) data is not available.
- Governance structure and ESG oversight (ESRS G1): Retain core governance disclosures (e.g. presence of ESG committees or ESG integration into investment processes), but allow flexibility in format and avoid detailed narrative prescriptions.
- Materiality assessment methodology (IRO-1): Retain this requirement but allow references to standardised frameworks (like INREV Guidelines or ARESI) rather than requiring bespoke internal narratives.
- EU Taxonomy alignment (placeholder and metrics): Retain but structure the presentation in an annex or dedicated table (e.g., as in the INREV ESG SDDS format) to reduce clutter.

2.2. OPTIONAL – If possible, and if not specified already under point 2.1 Please identify the most critical narrative disclosure requirements and/or datapoints that require clarification, and share your suggestions

Please organise your comments and suggestions according to the sequence of the standards (cross-cutting, E topical, S topical, G topical:

Disclosure requirements (DR)

E1 – 1

Datapoints (DP)

Climate transition plan

Comment:

Duplicated across ESRS 2 and E1

Suggestions:

Consolidate into 1 DR in ESRS 2

Disclosure requirements (DR)

E2 – 2

Datapoints (DP)

Physical risk disclosures

Comment:

Requires complex modelling per asset

Suggestions:

se ARESI risk tiering (low/med/high), which is consistent with INREV ESG SDDS

Disclosure requirements (DR)

G1 – 1

Datapoints (DP)

Governance structure

Comment:

Excessive detail with low comparability

Suggestions:

Replace with single summary table

PART 3: HOW TO IMPROVE QUANTITATIVE INFORMATION AND EU REGULATION RELATED INFORMATION

Quantitative information (metrics) is in principle comparable (over time and between undertakings). Initial feedback seems to suggest that some required metrics may be too granular and/or not decision useful or may be difficult to prepare (due to difficulty to collect basic data or lack of maturity of the matter).

Furthermore, EU Regulations related information (SFDR, Climate Law, Pillar 3, Benchmark) was included in ESRS Set 1 to facilitate the appropriate flows of information between the various actors, in order to create consistency in reporting. In this context, its relevance with respect to general purpose sustainability reporting was not assessed by EFRAG. Initial feedback seems to suggest that certain datapoints may not meet the criteria to be included in the general-purpose sustainability reporting.

In addition, with respect to Article 8 of the Environmental Taxonomy Regulation 2020/852, it was decided to offer a placeholder in the sustainability statement for the information required under this regulation. In this context, its relevance with respect to general purpose sustainability reporting was not assessed by EFRAG. Initial feedback seems to suggest that this information has increased significantly the volume of information reported in the sustainability statement.

3.1. Please identify the most challenging quantitative DRs/DPs and share your suggestion on how to address the issue, in terms of:

- **The relevance (least important, critical)**
- **The difficulty to prepare**
- **The need for clarification**

Please organise your comments and suggestions according to the sequence of the standards (cross-cutting, E topical, S topical, G topical:

Disclosure requirements (DR)

E1 – 5

Datapoints (DP)

Energy consumption (split landlord/tenant)

Comment on the challenge:

Data not easily available or standardised.

Suggestion:

Allow proxy-based calculations; simplify by using total building data where splits aren't feasible. INREV ESG SDDS is aligned with GRESB and allows estimations based on building characteristics and publicly available data using commercial databases - PCAF, and/or linear extrapolation could be applied – CRREM. Please also refer to the ARESI whitepaper for examples on practical solutions applied by the real estate industry.

Disclosure requirements (DR)

E1 – 6

Datapoints (DP)

GHG emissions (Scope 3)

Comment on the challenge:

Data not easily available or standardised.

Suggestion:

Allow proxy-based calculations; simplify by using total building data where splits aren't feasible. INREV ESG SDDS is aligned with GRESB and allows estimations based on building characteristics and publicly available data using commercial databases - PCAF, and/or linear extrapolation could be applied – CRREM. Please also refer to the ARESI whitepaper for examples on practical solutions applied by the real estate industry.

Disclosure requirements (DR)

E5 - 5

Datapoints (DP)

Waste (by treatment type and asset)

Comment on the challenge:

Data not easily available or standardised.

Suggestion:

Allow proxy-based calculations; simplify by using total building data where splits aren't feasible. INREV ESG SDDS is aligned with GRESB and allows estimations based on building characteristics and publicly available data using commercial databases - PCAF, and/or linear extrapolation could be applied – CRREM. Please also refer to the ARESI whitepaper for examples on practical solutions applied by the real estate industry.

3.2. Do you have suggestions regarding EU regulation related datapoints (DPs)?

Prioritise alignment over replication

INREV strongly encourages mapping existing regulatory disclosures (e.g., SFDR Principal Adverse Impact indicators) to ESRS datapoints rather than duplicating them. For real estate fund managers, SFDR is already mandatory and standardised. Introducing nearly identical datapoints under ESRS creates reporting inefficiency and risk of inconsistency.

Recognise existing tools like the INREV ESG SDDS

The INREV ESG SDDS was built to align with both SFDR and EU Taxonomy requirements. It includes harmonised templates for metrics such as:

- GHG emissions (aligned with PAI #1, #3)
- Energy consumption
- Exposure to fossil fuel assets

Formal recognition of sector-specific reporting tools would help streamline compliance and reduce unnecessary reporting complexity.

3.3. Do you have suggestions regarding Article 8 of the Environmental Taxonomy Regulation 2020/852 related information and its inclusion in the sustainability statement under a placeholder approach?

Simplify the Article 8 placeholder approach: The placeholder model adds unnecessary volume and confusion. INREV suggests replacing it with a structured table or annex which can report:

- % Taxonomy-aligned assets
- % meeting substantial contribution criteria
- Indicators such as nZEB, EPC rating, or GHG intensity

An example of such a structured approach is further explained in the ARESI whitepaper.

PART 4: HOW TO ADDRESS THE SIMPLIFICATION OF THE STANDARDS (STRUCTURE AND PRESENTATION) AND THE NEED FOR INTEROPERABILITY

Initial feedback seems to suggest that the current structure and presentation of reporting requirements in the standards may be difficult to understand and use and may have contributed to the inclusion of repetitive and duplicated content within the sustainability statement.

In addition, to avoid unnecessary regulatory fragmentation that could have negative consequences for undertakings operating globally, ESRS Set 1 has been drafted with the

objective to contribute to the process of convergence of sustainability reporting standards at global level. The Omnibus proposals suggest to further enhance the already very high degree of interoperability with global sustainability reporting standards.

4.1. Please share your suggestions on how to improve and simplify the current structure and presentation of the standards, in relation to: *

Please select:

The relationship between cross-cutting and topical standards

Suggestions:

The relationship between cross-cutting and topical standards
The current layering between ESRS 2 (cross-cutting) and the topical standards (E, S, G) leads to unnecessary duplication. For example, real estate fund managers are required to repeat similar narratives around ESG strategy and risk management under both ESRS 2 and topical standards such as E1 or S1. This results in inefficient reporting structures, especially when the same content is already disclosed under SFDR or in investor reports.

Example:
Climate-related targets and transition plans are typically explained in ESRS 2 under "Strategy and business model," but then again under E1-1, E1-2, and E1-4. A consolidated structure that allows these disclosures to appear once and be cross-referenced in topical standards would increase clarity and reduce duplication.

Please select:

The relationship between the main body of the standards and the application requirements

Suggestions:

Many real estate managers find the distinction between the "main body" of ESRS (e.g. disclosure requirements) and the "application requirements" (ARs) to be unclear and difficult to operationalise. ARs often contain mandatory content presented as guidance, which adds confusion. This blurs the boundary between principles and technical compliance, especially for entities already aligning with other regulatory frameworks (e.g. SFDR or EU Taxonomy).

Example:
In ESRS E1, some key calculation requirements for GHG emissions or energy intensity appear only in the ARs. Fund managers must search across multiple layers to fully understand what is required, rather than having a coherent, self- contained section or clearly referenced annex. Reorganising the ARs as an integrated appendix or embedded callouts would improve usability.

Please select:

Any other matter

Suggestions:

Real estate sector lacks tailored annex despite significant reporting burden:

Real estate industry has very high exposure to climate-related regulations. However, ESRS does not currently include a sector-specific annex or guidance, despite the fact that industry-aligned tools like

the INREV ESG SDDS and the ARESI framework already exist and are widely used.
Example:

A real estate-specific annex could define accepted proxies (e.g., CRREM pathways for GHG intensity), clarify how to treat EPC ratings in Taxonomy alignment, and recommend standard formats for portfolio-level reporting (e.g., % of GAV meeting criteria). This would support proportionality and comparability while reducing ambiguity in data collection and reporting.

4.2. Regarding interoperability, please:

If you are a preparer, indicate if you are reporting under another framework and which one:

If you are not reporting under another framework, indicate if you intend to do so and use which one:

Please share any suggestion you may have to enhance the already high level of interoperability of ESRS with other frameworks (ISSB, GRI, TCFD, TNFD, CDP). Please indicate DR/DPs if relevant.

If you are a user/other type of stakeholder.

Share your views on the importance and usefulness of interoperability from your perspective:

Interoperability is essential for creating an efficient and credible ESG reporting landscape, particularly for the real estate investment sector. Fund and asset managers are subject to multiple regulatory and voluntary disclosure requirements, including the regulatory and industry frameworks such as ESRS, SFDR, EU Taxonomy, GRESB, and increasingly TCFD. Without alignment between these frameworks, managers face duplication of effort, inconsistent definitions, and unnecessary complexity. Interoperability ensures that the same data and disclosures can be used to fulfil multiple obligations, reducing the administrative burden and enhancing reporting efficiency.

In practice, interoperability supports clarity and investor confidence. Investors seek comparable and decision-useful information across geographies and asset types, and inconsistent or fragmented disclosures undermine that goal. INREV's ESG Standard Data Delivery Sheet (ESG SDDS) was designed to facilitate this alignment by harmonising key KPIs across SFDR, Taxonomy, and GRESB. When real estate managers can report the same datapoints in a consistent format across frameworks, it not only saves time but also increases trust in the reliability of the data presented.

Sector-specific frameworks like INREV's ESG SDDS and INREV Sustainability Reporting Guidelines demonstrate how interoperability can be achieved without sacrificing relevance. These tools reflect the operational realities and materiality thresholds unique to real estate, while still aligning with broader regulatory requirements. Recognising such frameworks as interoperable with ESRS would allow real estate managers to "plug in" their existing disclosures, ensuring consistency while preserving proportionality and sector-specific insight.

Ultimately, INREV sees interoperability not as a technical preference but as a policy necessity. A fragmented reporting landscape introduces risk, inefficiency, and confusion, not only for preparers but also for investors, regulators, and stakeholders seeking to use sustainability data for real decision-making. By promoting interoperability, ESRS can become a trusted, streamlined foundation for sustainability reporting in Europe and beyond.