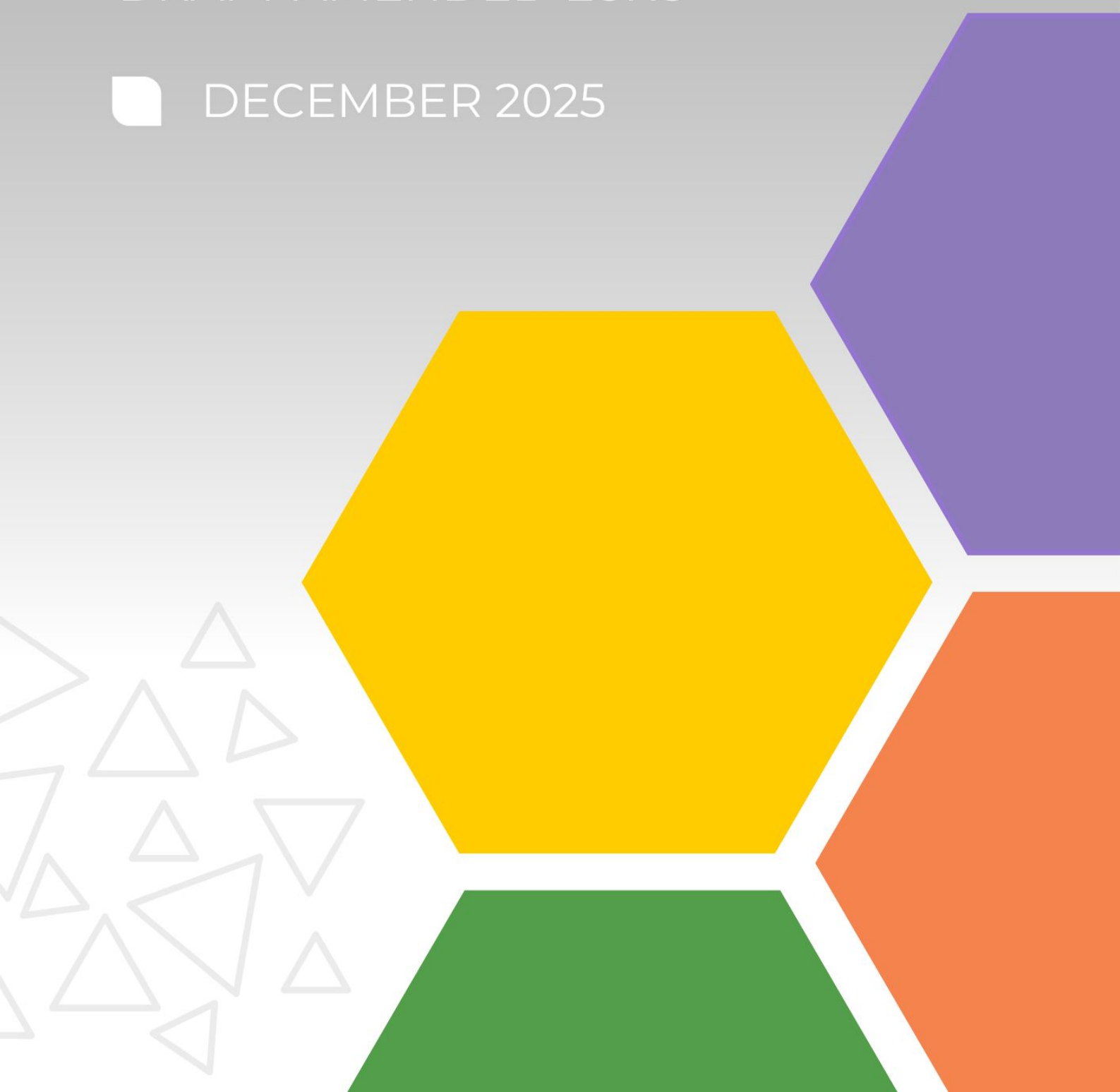


BASIS FOR CONCLUSIONS

DRAFT AMENDED ESRS

 DECEMBER 2025



DISCLAIMER

This Basis for Conclusions accompanies but is not part of the 12 draft amended ESRS issued by EFRAG on 3 December 2025. It summarises the considerations of the EFRAG SRB and the EFRAG SR TEG in the standard setting process.

It does not reflect the position of the European Union or the European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

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1. Objective, background and EFRAG mandate

Objective of this document

1. On 3 December 2025 EFRAG issued the amended ESRS, which was approved by the EFRAG Sustainability Reporting Board (the EFRAG SRB (hereinafter SRB)) on 28 November 2025 ('draft Amended ESRS'), as a culmination of the simplification of ESRS enacted in 2023. This activity was executed pursuant the mandate received in the letters dated 27 March and 5 May 2025 from Commissioner Albuquerque.
2. The objective of this document is to describe the basis for conclusions and the process followed in the simplification of the ESRS as enacted in 2023, including the methodological approach taken, the rationale leading to the content of the draft Amended ESRS and the key aspects discussed by the SRB and the EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG (hereinafter SR TEG)). This document serves also as feedback statement for the input gathered in the public consultation on the Amended ESRS Exposure Draft and illustrates how that input has been considered in the standard setting process. The content of this document is not authoritative, nor it constitute a binding extension of the draft Amended ESRS. As for some aspects it reflects conflicting positions that emerged in the consultation, in the drafting and in the approval process, it provides a description of the underlying rationale leading to the final approval. It illustrates the trade-offs considered in the standard setting process, as confirmed by the reasoning of the SR TEG and SRB members who expressed reservations and, in some cases, dissented from the draft amended standards. Appendices 1, 2 and 3 of this Basis present the outcome of the vote and illustrate the reasons for dissent and reservations. This document refers often to individual technical issues as 'one of the reasons for dissent', as in general dissents were justified by multiple issues. For more detailed information about the vote and the arguments for dissent or reservations per each standard, refer to those appendices.
3. This document describes the main changes in the Standards. For an exhaustive illustration of the changes that have been made per each paragraph of the 12 Standards and the Aggregated Acronyms and Glossary of Terms (Annex II), refer to the Annexes and a Log of Amendments for each Standard which accompany this Basis for Conclusions. In addition, EFRAG has also issued a 3-column text document that maps the content at paragraph-level for (i) ESRS enacted in 2023, (ii) Exposure Drafts ESRS (EDs) issued in July 2025 and (iii) draft Amended ESRS issued in November 2025; this document can be helpful to understand the amendments performed at a more granular level.

Background

4. In the European Green Deal, the European Union (the EU) set out its ambition to become a decarbonised economy by 2050 and foster sustainable development for European businesses. To support this ambition, several pieces of legislation were adopted, including the Corporate Sustainability Reporting Directive (CSRD) – level 1 regulation – and the ESRS as level 2 regulation. Large public interest entities with more than 500 employees, which include publicly listed companies in the EU, were the first to report in line with the CSRD and ESRS as enacted in 2023 for the reporting year 2024.
5. To increase European competitiveness and reduce the administrative burden placed on companies, the EC decided to review European reporting legislation. This initiative, launched on 26 February 2025, is the first 'Omnibus' package or 'Omnibus I'. The EC tasked EFRAG, who drafted the initial ESRS, to significantly simplify the ESRS without compromising the objectives of the Green Deal or the much-needed quality of reported data.

EFRAG mandate and key assumptions

6. In a 27 March 2025 letter from Commissioner Albuquerque, the EC set out EFRAG's mandate with respect to delivering technical advice on the ESRS simplification. That technical advice had to be delivered by the end of November 2025 and had to consider the objectives outlined below.
7. 'The revision of the Delegated Act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation. It will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process. It will simplify the structure and presentation of the standards. It will further enhance the already very high degree of interoperability with global sustainability reporting standards. It will also make any other modifications that may be considered necessary considering the experience of the first application of ESRS' (source: Explanatory Memorandum to the Omnibus, page 5)¹.
8. The Commissioner stressed the need to engage with companies with direct experience implementing ESRS and with the users of sustainability statements to better understand the datapoints that are considered most critical.
9. The ESRS revision work plan and timeline document prepared by EFRAG was submitted to Commissioner Albuquerque on 25 April 2025, following its approval by the SRB.
10. In the 5 May 2025 letter from Commissioner Albuquerque, she suggested several points to be considered when revising the standards. The Commissioner asked to integrate the reliefs available in the IFRS Sustainability Disclosure Standards, developed by the International Sustainability Standards Board (ISSB) – International Financial Reporting Standards (IFRS) S1 and IFRS S2 – into the ESRS. The need to engage with companies and stakeholders that report and use the reported information together with assurance providers of the reporting was also stressed. The Commissioner also requested a written update to be provided describing in more detail the intended modifications to the standards and how and to what extent they would reduce burden on companies.
11. In accordance with this mandate, the simplification exercise has been conducted based on the content of the level 1 regulation as resulting from the EC proposal of the Omnibus Directive issued on 26 February 2025, and without considering any further changes emerging from the finalisation of that Directive, a process that was being conducted in parallel to the simplifications. The text of the draft Amended ESRS is consistent with this assumption.
12. On 13 May EFRAG presented an update to the Legal Affairs Committee of the European Parliament on its ongoing activities related to the ESRS simplification efforts as part of a public hearing panel dedicated to reporting obligations. On 5 June 2025 EFRAG presented its work plan to the Legal Affairs Committee of the European Parliament as part of the annual consultation on the EFRAG work programme with the European Parliament and the Member States stipulated by the CSRD.
13. On 20 June 2025 EFRAG provided an update on the simplification work done to the EC. The update clarified that a 50%+ reduction in the number of mandatory ('shall') datapoints was

¹ [CELEX:52025PC0081:EN:TXT.pdf](#)

being achieved and presented the six levers of simplification being implemented next to the datapoints reductions, as explained further below.

14. EFRAG released the EDs containing proposed amended standards for public consultation from 31 July 2025 to 29 September 2025.
15. On 1 July 2025 the [EC granted an extension](#) of the initial deadline for the technical advice from 31 October 2025 to 30 November 2025. The EC also recommended that EFRAG:
 - a) provide a thorough justification for creating, on an exceptional basis, new datapoints or converting voluntary ('may disclose') datapoints into mandatory datapoints ('shall disclose');
 - b) ensure that the Standards are internally consistent, avoid unnecessary repetition, are substantially shorter, and that the drafting is crystal clear and of the highest quality;
 - c) avoid multiple categories of disclosures and clarify the advantages and disadvantages of maintaining voluntary disclosures;
 - d) only develop new or modified terms and concepts when they contribute to simpler and clearer Standards;
 - e) ensure that the reporting focuses on strategically important information, so that companies in principle report less information than was required in the initial standards;
 - f) identify cases where interoperability significantly hinders the simplification exercise and seek views of stakeholders on these.

2. Approval of draft Amended ESRS

SR TEG approval of draft Amended ESRS

16. Based on input from the public consultation, outreaches, field tests and individual contributions of some members of the SRB and SR TEG based on their areas of expertise, the EFRAG Secretariat prepared a working draft of the standards (draft Amended ESRS V.0), which was made available only to SR TEG and SRB members and observers for written input in the first week of November 2025. A second draft (draft Amended ESRS V.1 Unapproved) reflecting the outcome of this internal written consultation was made publicly available during the SR TEG meeting on the 24 November 2025 and the SRB meeting on 25 November 2025; this can be found on the EFRAG website².
17. The SR TEG agreed on 24 November 2025 to recommend to the SRB the issuance the draft Amended ESRS V.1 Unapproved version of the Standards, subject to selected amendments that were agreed in the approval session. Twenty-six SR TEG members participated and Carlota de Paula Coelho and Luc Hendrickx were absent. Appendix 3 presents the details of the vote and illustrations of the reasons for dissenting and the reservations. The table below summarises the outcome of the vote for each Standard.

² An on-demand [video](#) of the SR TEG meeting held on 24 November 2025 is available on the EFRAG website

Standard	Total number of TEG Members approving	Number of TEG Members approving with reservations	Number of TEG Members dissenting
ESRS 1	19	14	7
ESRS 2	22	12	4
ESRS E1	20	16	6
ESRS E2	26	9	0
ESRS E3	26	2	0
ESRS E4	25	9	1
ESRS E5	25	7	1
ESRS S1	25	6	1
ESRS S2	26	0	0
ESRS S3	26	0	0
ESRS S4	26	1	0
ESRS G1	25	7	1

18. Critical comments were provided by the observers on the accumulation of reliefs without time limits and on excessive phasing-in (refer to Appendix 3 as their comments were in line with what they provided in the context of the SRB approval).

SR TEG recommendations for changes to V.1

19. Some SR TEG members expressed reservations on the formulation of some paragraphs of ESRS 1. This led the group on a qualified majority basis to agree to recommend to the SRB the following changes to ESRS V.1 Unapproved before finalising the technical advice:
- reinstate that analysts, academics and governments are users in paragraph 4;
 - in paragraph 27, remove the hierarchy between strategy/business model and the other factors;
 - confirm that in top down you always have to apply the general criteria (paragraph 27);
 - merge sub-paragraphs (b) and (c) of paragraph 32;
 - paragraph 22 should mention both steps of the double materiality assessment (DMA);
 - add to paragraph 30 that interlinkages between different sub-topics are to be considered in the DMA;
 - invert the order of paragraphs 44 and 45; change the language in paragraph 44 to specify that if the information is material, the topic shall be reported; delete risk and opportunities (as this is needed only for impacts);
 - delete AR 24;
 - paragraph 53 or related Application Requirement (AR) replace 'may' with 'shall';
 - modify the phasing-in for E1-11, requiring undertakings to report the information prescribed by ESRS 2 paragraphs 38 (a) and (b) and 39 (a) and (b) without phasing-

- in, as this information relates to carrying amounts that are available to the undertaking;
- k) specify that in paragraph 122 phasing-in is also available for undertakings that apply the Standards on a voluntary basis.
20. In a spirit of consensus, to address the concerns of some SR TEG members on ESRS 1 about excess of reliefs and phasing-in, the group also recommended on a majority basis (five members did not support this recommendation) to eliminate:
- a) chapter 10.2 as value chain reliefs are already offered (partial scope in metrics, undue cost and effort);
 - b) phasing-in for wave 2 companies and new reporters.
21. Finally, regarding elements other than changes to the Standards, the group agreed on a qualified majority basis to recommend to the SRB to:
- a) refrain from finalising the Non-Mandatory Illustrative Guidance (NMIG) documents at this stage, waiting for a more mature version of the guidance to be developed in the future;
 - b) issue future implementation guidance on DMA explaining how to combine the use of the ‘top-down’ approach for some topics with the use of a ‘bottom-up’ approach for others), to avoid green- and social washing (paragraph 27 of ESRS 1);
 - c) delete ESRS 1 AR 24 on contingency plans in relation to the consideration of prevention, mitigation and remediation policies and actions in DMA and consider it for future guidance;
 - d) include in the *Basis for Conclusions* that the undertaking is expected to have supportable elements for the conclusion of non-materiality when using a top-down approach (paragraph 27 of ESRS 1);
 - e) include in the *Basis for Conclusions* that the Locate, Evaluate, Assess, Prepare (LEAP) approach (AR 15 of ESRS 1) is not mandatory;
 - f) issue the mapping of sub-topics to disclosures in topical standards, which is part of NMIG to ESRS 1, as part of the package accompanying the draft Amended ESRS.³ This mapping is included as Appendix 9 to this Basis of Conclusions.
22. The SR TEG expressed the following recommendation to the SRB for further changes to Standards other than ESRS 1 before their issuance as technical advice:
- a) ESRS E1: delete the term ‘greenhouse gas (GHG) neutrality’; addition of provision related to scope and methodologies used to define the target (i.e. either the location-based or market-based method);
 - b) ESRS E2: change definition of ‘users of substances’ by deleting reference in last sentence (exclusive applicability to Chemical companies);
 - c) ESRS E4-2: Not include a specification that traceability requirements apply only to physical products, not financial products (see ED ESRS E4 AR 2), as the Glossary already defines ‘products’ as physical goods; adding this specification could be misleading by implying that financial institutions are exempt from disclosing material nature-related impacts, risks and opportunities (IROs) related to their portfolios or financial products.

³ In July 2024, EFRAG released the Explanation to the question received through the ESRS implementation Q&A platform n. ID 177, containing the mapping of sub-topics to disclosures in topical standards. That Explanation is still available and applicable when reporting under ESRS as enacted in 2023. A revised version to reflect the changes in the sub-topics in the Amended ESRS will be released in 2026, to support the implementation of the Amended ESRS.

d) ESRS E5: Definitions:

- i) 'secondary resources': the definition was expanded so that it will include various inflow sources and not just from waste;
- ii) 'key materials' definition was expanded in two aspects: 1) including in the 'materials' a variety of ingredients such as substances, compounds and products and 2) presenting two assessment aspects in deciding on 'key', an internal aspect (such as contribution to the business model) and external aspect (such as environmental impacts).

e) ESRS S1-13 paragraph 35 last sub-paragraph: specify non-employees provision only relates to b) i);

f) ESRS S2-S4: DR3 human rights incidents – drafting to be clarified that it's a summary of incidents but not individual descriptions;

g) ESRS S2-S4: Glossary definition of 'channels to raise concerns' to include an example for each social standard rather than being ESRS S1 focussed and deletion of if applicable;

h) ESRS G1: Include sanctions in the disclosure about convictions: 'Convictions and sanctions, including fines' and paragraph 14 delete 'briefly'.

SRB approval of draft Amended ESRS

23. The SRB approved the draft Standards on 28 November 2025, subject to selected amendments that were agreed in the approval session. All the twenty-two members participated either in person or delegating their vote to other members that attended.
24. Appendix 1 and Appendix 2 present the details of the vote and illustrations of the reasons for dissenting and for the reservations, as well as some critical remarks by the observers. The table below summarises the outcome of the vote per each standard.

Standard	Total Number of SRB Members approving	Number of SRB Members approving with reservations	Number of SRB Members dissenting
ESRS 1	17	9	5
ESRS 2	19	5	3
ESRS E1	21	10	1
ESRS E2	21	6	1
ESRS E3	22	1	0
ESRS E4	22	5	0
ESRS E5	22	2	0
ESRS S1	20	6	2
ESRS S2	22	2	0
ESRS S3	22	2	0
ESRS S4	22	2	0
ESRS G1	22	2	0

How the SRB considered SR TEG recommendations

25. In its meeting on the 25 and 28 of November, the SRB received a report on the outcome of the vote of the SR TEG and on the resulting recommended changes to ESRS V.1 Unapproved. They agreed to accept all the SR TEG recommendations, except for the following rejections:
- a) reinstate that analysts, academics and governments are users in paragraph 4. The SRB considered that this would be contrary to the necessity indicated by stakeholders to narrow down the area of potential users' needs, to support more focused reporting. The SRB also noted that the CSRD does not mention these categories of stakeholders as 'primary' users;
 - b) add to paragraph 30 that interlinkages between different sub-topics are to be considered in the DMA. The SRB considered that this would add excessive rigidity to the materiality filter, therefore contradicting the new flexibility added by paragraph 30, which instead specifies that when only a sub-topic is material the undertaking is required to cover only that sub-topic. In addition, the linkages between different sub-topics and across topics are already illustrated in the topical standards;
 - c) change the language in para. 44 to specify that if the information is material, the topic shall be reported, as follows 'For some of the topics that are identified as to be reported in the top-down approach (paragraph 27), the information about how the undertaking manages them through policies and actions may be decision-useful to users, irrespective of how effectively they are managed or of how effectively the corresponding topics are regulated. In these cases, the severity and likelihood of the impacts for the corresponding topics shall be addressed without considering the policies and actions'. The SRB deviated from this suggested wording in two ways. First, it expanded the scope of 44 (b) beyond the topics identified in the top-down approach, as it considered that the underlying concept of information about impacts being decision-useful irrespective of how they are managed is valid also for impacts identified in a bottom-up approach. Second, it modified the last part of the sentence, to achieve a less prescriptive language, and it added AR 26, to specify that the DMA needs to consider the information needs of users, as described in paragraph 23;
 - d) elimination of the phasing-in for wave 2 companies, as the SRB decided not to express advice on the phasing in for companies other than those in wave 1, leaving this aspect to the European Commission.
26. The Draft ESRS were subject to further editorial enhancements after the SR TEG and SRB approval and before their issuance.
27. The SRB will consider at a future meeting the recommendations of SR TEG to issue further guidance. This topic has not been discussed at the day of issuance of this Basis.

3. Key steps in EFRAG's due process

28. In the workplan delivered to the EC on 25 April 2025, EFRAG described the due process envisaged for executing the simplification mandate.
29. EFRAG organised the revision of the Standards in accordance with the following internal timeline and steps:

Activity	Timing
Establishing a vision on actionable levers for substantial simplification. Gathering April to mid-May 2025 evidence from stakeholders, analysis of the issued reports and other sources.	April to mid-May 2025
Drafting and approving the EDs amending ESRS.	Second half of May to July 2025
Publishing the EDs, receiving and analysing feedback (including via public consultation).	August and September 2025
Finalising and delivering the technical advice to the EC.	November 2025

30. In consideration of the tight timeline to execute the entire mandate, the usual standard setting process was adjusted. Input to and supervision of the EFRAG Secretariat in drafting the amendments in line with the SRB strategic directions was delegated to sub-groups, which comprised members of the SRB and of the SR TEG. Sub-groups have reported on a regular basis to the SRB on their progress and have organised appropriate discussions at the SRB level on any critical points identified during the sub-group work. SR TEG has been regularly informed on their progress. The SR TEG and SRB received the same draft of the standards at the same time, as further described above. They received a first draft (V0) which was not made public as still subject to substantial changes and provided written comments. They received a second draft (V1) which was made public and which they were asked to approve.

4. Evidence-based standard setting

Inputs pre-ED

Public call for input

31. EFRAG issued a public call for input on 8 April 2025 which was open for a four-week period, addressed to all interested stakeholders based on an online questionnaire. 823 stakeholders participated, delivering approximately 16,000 comments, which have all been analysed in detail. This number also includes comments received directly by written letter submissions to the Secretariat during the public consultation window.

Interviews and workshops with stakeholders

32. EFRAG held 41 one-on-one interviews with preparers of different sizes, sectors and Member States (including from Member States that had not transposed the CSRD). EFRAG organised 44 workshops with stakeholders (investors and other users, preparers, financial institutions, and civil society organisations (CSOs)). One-on-one interviews between stakeholders and EFRAG's technical leadership and staff, along with workshops, spanned over 110 hours of technical dialogue, involving approximately 600 companies in total.
33. In addition, EFRAG received a joint contribution from the staff of four National Standard Setters (NSS) (ANC, DRSC, ICAC and OIC), a joint industry contribution from four European Industry Associations (Insurance Europe, EBF, EFAMA and Business Europe). During the process leading to the issuance of the EDs, other communications were sent by NSS to emphasise some of the aspects to be further considered by EFRAG, including in some cases, detailed recommendations of drafting.
34. EFRAG also held dedicated interviews with the audit community and individual audit firms in their role as assurance providers for collecting their views.

35. Detailed feedback received from outreach events and the public call for input is included in the ‘*Consolidated Stakeholder Inputs Report*’ which is available on the [EFRAG website](#).

Benchmarking of reports and market analysis

36. The EFRAG secretariat conducted a benchmark analysis of the 2024 ESRS compliant sustainability statements, on a sample basis, to inform the amendments, supporting the identification for each Standard of the requirements that were omitted and of those that were raising challenges based on the observed market practices.

Inputs gathered through the ESRS Q&A platform

37. A detailed analysis of the 887 questions received through the ESRS Q&A Platform from October 2023 to February 2025 also informed the list of most critical provisions that needed to be clarified in the amendments.
38. The EFRAG Secretariat estimated at the end of 2024 that to address all the open issues arising from the Q&A platform, as well as those categorised as future Explanations or Implementation Guidance, EFRAG would have needed two years of work. Accordingly, addressing all the open issues in the amendments was not possible, particularly those which would require the issuance of new Implementation Guidance, which may be beyond the simplification mandate. In the amendments, EFRAG has prioritised the most frequent implementation challenges.
39. The analysis of these inputs has been fed into the simplification of the different ESRS Standards.

State of Play Report 2025

40. EFRAG conducted with the support of a team of experts seconded in-kind an analysis of approximately 650 ESRS sustainability statements prepared for calendar year 2024 and the focus was on 11 critical research questions. The results are in the ‘State of Play’⁴ report issued in July 2025.
41. This analysis of ESRS-compliant reports from 2024 revealed distinct patterns in disclosure practices, with significant challenges and differences in reporting, particularly concerning data granularity, methodologies, and the reporting of financial effects between real economy companies and financial institutions. For additional information see Appendix 8.

Input post-EDs

Outreach events – key messages from feedback received

42. The EFRAG Secretariat conducted 20 targeted outreach events between August and October 2025 which were attended by more than 3,000 participants. These events collected feedback on the EDs in parallel with the public consultation survey (see below).
43. Refer to the section on *key simplifications per standard* in this report where feedback is also noted in relation to specific amendments made.

General comments across standards

44. Improvements to the readability of the standards in the ED were welcomed, and suggestions for further editorial improvements were noted; in particular around the use of ambiguous terms such as ‘major’, ‘significant’ and for consistency in the use of terms and language across the standards.
45. There was widespread support for additional flexibility on the structure of the sustainability statement but some concerns about connectivity with financial statements, which was no

⁴ Refer to State of Play 2025 report ‘[Implementation of the Sustainability Reporting \(ESRS\): Observed Practices statements issued based on European Standards as of 20 April 2025](#)’

longer mandatory in the ED. There was a clear call to reinstate this requirement as mandatory, which was also widely reflected in the feedback from the public consultation.

46. On new datapoints and datapoints moved from 'may' to 'shall' preparers in general were not in favour of new datapoints being added to draft Amended ESRS.
47. The overall reduction in datapoints was welcomed, but it was noted and also reflected in public consultation feedback, that this does not directly translate to a reduction in burden for reporting undertakings. There were mixed views on further reductions with some, in particular preparers and business associations, calling to cut datapoints further whilst others, such as civil society representatives, called to reinstate certain datapoints (mainly in the social Standards).
48. There was strong support to keep NMIG outside of the Delegated Act and support to postpone issuance to a later date, not before the adoption of draft Amended ESRS by the EC. At the time of issuance of this Basis the SRB has not yet agreed in terms of approach and timeline.
49. On interoperability, it was noted that simplification has impacted the level of interoperability, underscoring that for some aspects there is a trade-off between interoperability and simplification (e.g. datapoints reduction and reliefs). Views were mixed on whether more alignment or further simplification should be prioritised. Some suggested that ESRS should not extend beyond IFRS reliefs in general, and that interoperability with the Global Reporting Initiative (GRI) is still important to consider.
50. The restructuring of the relationship between ESRS 2 and topical standards was welcomed and there was support for maintaining Sustainable Finance Disclosure Regulation (SFDR) principle adverse impact (PAI) indicators, in particular for financial institutions (asset managers) and investors.
51. There was a further call for new guidance on the value chain for financial institutions.

ESRS 1 General Requirements

52. Reliefs were strongly supported by preparers and NSS, but a lack of understanding was noted on what 'undue cost and effort' means, calling for guidance and illustrations in this regard. Users were concerned about reliefs, i.e.: excessive number, interaction between them, absence of a time limit, possible abuse. Some feedback around reliefs contradicting the fair presentation principle was noted and confirmation was sought on how reliefs and fair presentation interact.
53. There was mixed support for the relief for lack of data quality, with some welcoming this relief and others noting that it does not create a level playing field, suggesting a limit to this relief of 3-5 years.
54. In relation to double materiality, feedback related to: the lack of emphasis on materiality of information (and how it relates to financial materiality) and on reporting what is relevant based on the undertaking's business model; lack of guidance on scope with respect to the value chain; how to avoid excessive documentation including for audit purposes; lack of sectoral guidance, in particular, for financial institutions; defining minimum criteria for the top-down versus bottom-up approach; and more emphasis required on the objectives of the DMA and objectives of DRs relating to the DMA.
55. Materiality of information as a general filter was welcomed but there were concerns noted in relation to the option to include non-material information (paragraphs 107 and 108 of the July ED). A recurring concern in particular of preparers related to the lack of clear definition of information needs of other users, which may result in the impracticability of using the filter of 'information materiality' in practice.

56. The explicit statement that ESRS are a Fair Presentation (FP) framework received overall positive, but not consensual, feedback. Concerns were raised and calls for further specifications in certain areas were received, such as how FP interacts with judgements on materiality, how reliefs interact with FP, suggestions to align definitions further with IFRS and to provide audit guidelines around FP versus compliance approach. A phased-in approach was also suggested by stakeholders. One preparers' association and two standard setters opposed the explicit introduction of fair presentation in their feedback to the public survey on the grounds that it undermines simplification.
57. On entity specific disclosures, some noted that a 'threshold' for entity specific information is missing and that it should be restricted to specific exceptions.

Other standards

58. *ESRS 2 General Disclosures*: Feedback received during the outreach events indicated broad support for the approach of centralising and reducing overlaps on policies, actions and targets (PAT) (as well as IRO-1 and SBM-3) between ESRS 2 and the topical Standards. Consistent with the public consultation results, stakeholders expressed divergent views regarding the disclosure of financial effects, including anticipated financial effects. Some participants favoured the disclosure of quantitative information, potentially accompanied by additional guidance and flexibility, while others preferred limiting the disclosure to qualitative information only or fully deleting anticipated financial effects (for additional details, refer to SBM-3 in Chapter 10).
59. *ESRS E1 Climate Change*: The feedback received during outreach events primarily focused on disclosures in ED E1-1, E1-2, E1-5, E1-6, E1-7, E1-8, E1-9, and E1-11. While some participants acknowledged the simplifications introduced in E1, others offered practical suggestions to improve the standard. A recurring theme was the need for additional guidance on the standard's provisions, including sector-specific guidance, transition events, locked-in emissions, and key changes that could trigger a base year adjustment. For E1-1 and E1-6, respondents requested clarification on compatibility and alignment with the 1.5°C target. Specifically, for E1-1, questions were raised about the distinction between a transition plan and an action plan, as well as the need for greater visibility on climate change adaptation. There were also requests for clarification on whether scenario analysis (referenced in E1-2 and E1-3) is mandatory, with opinions divided on whether it should be required. Regarding E1-5, concerns were expressed about the perceived widening of disclosure scope related to Capital Expenditure (CapEx) and Operating Expenditure (OpEx). Discussions also covered the exemption for financial institutions on absolute target disclosures and the alignment with SBTi. For E1-9, stakeholders suggested reinstating net-zero targets. In relation to E1-7, participants regretted the lack of distinction between renewable sources and questioned the usefulness and practicality of detailed energy breakdowns. Feedback on E1-8 focused on GHG boundaries, with concerns about alignment with GHG Protocol, IFRS, GRI, and ISO standards, and additional clarification was requested on biogenic emissions. For E1-11, stakeholders called for further simplification, also in consideration of the less prescriptive approach in IFRS S2. Most comments aligned with responses to Q19 and Q20 regarding anticipated financial effects under Options 1 and 2. While some respondents requested the deletion of additional data points, others raised concerns about interoperability with other standards and regulations.
60. *ESRS E2 Pollution*: Feedback highlighted mixed views on the value chain dimension: civil society organisations (CSOs) noted that the value chain perspective appears weakened or absent in E2, while preparers and industry groups thought that some new datapoints were being introduced (e.g. microplastics, wastewater treatment plant disclosures) and this would be burdensome and contradictory to simplification objectives. The introduction of secondary microplastics as a clearly separated datapoint attracted strong debate: CSOs praised the enhanced clarity of the disclosure requirement but raised concerns about the

current lack of a mature calculation methodology, while preparers and some national standard setters also flagged data collection costs and assurance challenges. There were also comments from preparers on the perceived expansion of pollutant requirements to environmental permits, with requests to simplify the scope. Reporting on substances of concern (SoC) was described as challenging by preparers and auditors, with calls to harmonise definitions with EU law, including for chemical producer and importer in alignment with Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). Stakeholders also requested clearer scoping and reliefs for these disclosures. Overall, while the idea of a voluntary reporting for anticipated financial effects was welcomed by preparers, users stressed the importance of maintaining decision-useful disclosures on pollution impacts.

61. *ESRS E3 Water*: In the context of an overall agreement with keeping the focus of ESRS E3 only on water, a few stakeholders underlined the importance of referencing explicitly how marine resources are dealt with in ESRS, as they are one of the environmental factors explicitly listed in CSRD. The decision of making the metrics of water withdrawals and discharge mandatory was supported by the majority, although views were split between different types of stakeholders. Several respondents highlighted the absence of clear methodological guidance for water metrics and called for better definitions of water concepts. Particularly regarding water stress and water risk implementation challenges were raised by some national standard setters and public authorities. The shift to ESRS 2 for certain topical provisions, such as LEAP approach, ecological thresholds on targets and site/location-specific disclosures, was perceived by CSOs as reducing the necessary granularity, whereas some preparers still considered the remaining requirements as excessively granular and thus burdensome.
62. *ESRS E4 Biodiversity and Ecosystems*: CSOs and financial institutions expressed strong support for making the disclosure on transition plans (E4-1) mandatory, viewing this requirement as critical for transparency and alignment with global biodiversity goals. Preparers, however, raised concerns that this requirement could discourage voluntary commitments in an evolving area and requested explanation of the conditionality 'if made public', with some advocating for the deletion of such conditionality. Stakeholders also flagged the need for more structured guidance on biodiversity transition plans. On metrics (E4-5), CSOs criticised the lack of specific indicators, arguing that this undermines comparability and transparency. Location-specific disclosures triggered mixed reactions: CSOs considered references to site-level information too weak and called for non-conditional reporting on proximity to biodiversity-sensitive areas, whereas preparers and business associations viewed such granularity as inconsistent with simplification. Finally, the deletion of topical provisions on resilience was noted as a concern by some stakeholders, who fear it limits undertakings' ability to adequately disclose nature-related risks.
63. *ESRS E5 Resource Use and Circular Economy*: The addition of 'key materials' within resource inflows received general support, as stakeholders acknowledged the value of highlighting the most relevant material inputs. However, many preparers noted that the definition lacked practical usability and requested clearer implementation guidance. Several stakeholders, particularly CSOs, proposed anchoring the definition and list of materials in the EU Industrial Portal, using the sector-specific raw materials lists as a baseline and allowing undertakings to add items based on their own circumstances, arguing that such a two-step approach would enhance comparability. At the same time, views diverged on the focus of inflow metrics: while some acknowledged improvements, others cautioned that relying solely on mass-flow indicators may not yield the most meaningful information. Concerns were also raised regarding the addition of the Critical Raw Materials disclosure requirement. On resource outflows, stakeholders asked for clearer guidance on the concepts of durability and reparability, with several preparers questioning whether these

aspects could be described qualitatively rather than quantified. Additionally, the placement of the rate of recycled materials within outflows (E5-5, paragraph 17 (d)) triggered comments, as this metric is commonly tracked as part of inflows in practice.

64. *ESRS S1 Own Workforce*: Topics discussed during the outreach events included the changes explicitly addressed in the public consultation survey, namely the new significant employment threshold in draft Amended ESRS S1-5 and S1-7, the revised adequate wages methodology for non-EU employees and the deletion of the adjusted gender pay gap. There were mixed views on the new significant employment threshold with some stakeholders noting that it may increase the reporting burden, while others argued that the data was already available. Preparers noted that the new references to the International Labour Organisation (ILO) principles in the ED S1-9, primarily the ILO wage setting principles, could be burdensome because they put the responsibility for ensuring the adequacy of minimum wages established by governments or social dialogue on undertakings. They also expressed data collection difficulties with regard to living wage estimates though some also recognised that the benchmarks on living wages were already used. A key suggestion for burden relief was the provision of an authoritative database for non-EU countries with the relevant data. Preparers and users mostly agreed that the unadjusted gender pay gap is not as relevant as entity-specific information as the adjusted gender pay gap (though some preparers also recognised that the methodology for the adjusted gender pay gap may be quite complex) and suggested to replace the unadjusted gender pay gap with the adjusted gender pay gap or to allow undertakings to choose between the two. Besides these three specific topics, stakeholders expressed their support for the consolidation of the human rights policy in ESRS 2 GDR-P and the new AR in ESRS S1-6 explaining that non-employees are only material if they are connected to material impacts, risks and opportunities, for example if they are critical to the undertaking's business model. Concerns were raised regarding the definition and identification of non-employees and the change of scope of the datapoint on human rights incidents, through the deletion of the term 'severe'.
65. *ESRS S2 Workers in the Value Chain, ESRS S3 Affected Communities, ESRS S4 Consumers and End-users*: Positive feedback on the reduction of narrative disclosures and Applications requirements together with the consolidation of human rights policy in ESRS 2. A minority of participants noted that reporting on supply chain management in ESRS S2 may overlap with ESRS G1. Some stakeholders, in particular representatives of civil society, disagreed with the revised text whereby the granularity on grievance mechanisms and channels to raise concerns was reduced across the ESRS S2-S4.
66. *ESRS G1 Business Conduct*: On the datapoints moved from 'may' to 'shall', there were concerns on confirmed incidents of corruption, in particular from preparers, in relation to the potential exposure to self-incrimination and other legal risks. Feedback on G1-6 payment practices was mixed: some argued the remaining datapoints no longer meet the objectives and called for reinstating the average time to pay an invoice metric, while others considered the requirements still too burdensome. Additionally, stakeholders raised issues with redundant supplier datapoints (overlap with other topical standards) and the removal of the datapoint on policy for business conduct training, while requesting clearer guidance on lobbying activities. They supported retaining lobbying disclosures linked to material impacts and appreciate the existing G1-5 Political influence datapoints for transparency. Opinions diverged on the animal welfare sub-topic, and some questioned the necessity of extra G1 requirements beyond ESRS 2.

Public consultation - key messages from feedback received

67. EFRAG held a public consultation for 60 days from 31 July 2025 to 29 September 2025 on the amended Exposure Drafts (EDs). EFRAG received feedback from 717 stakeholders corresponding to over 26,000 comments, which have all been analysed in detail. This number also includes comments received directly by written letter submissions to the Secretariat during the public consultation window.
68. Aspects appreciated in the public consultation included DMA simplification, revision of architecture, more focus on principles and less on granularity, enhanced language and understandability and additional flexibility in the presentation requirements. Aspects that showed more mixed feedback included reliefs, fair presentation, anticipated financial effects (AFE) and interoperability.

Key messages by stakeholder group

69. Among **national standard setters** there was some consensus on the main remaining areas for improvement, i.e. simplify the approach to the prevention, mitigation and remediation policies and actions in assessing DMA by adopting a principles-based approach; financial effects, where mixed views were expressed; specify the criterion for materiality of information; fair presentation where mixed views were expressed. More moderate views included that, while the objective to make sustainability reporting manageable while still preserving its relevance has been met, further simplification could be proposed (including on datapoints reduction) and that updated EDs resulted in more concise and improved ESRS. Fundamental concerns from national standard setters did remain and more negative feedback from some of them included that there was an expectation that the simplification would be greater, that various requirements raise new questions due to new concepts and terms, and that some changes include, or are perceived to include, new requirements.
70. **Preparers** called for additional simplifications and noted that the reliefs provided remained insufficient for undertakings, that a reduction in datapoints does not translate to a proportionate reduction in effort. Preparers also noted that burdensome datapoints still remained and further cuts in quantitative datapoints were needed, with some preparers suggesting that no new datapoints (or a move from 'may' to 'shall') should be added. They also recommended to delete NMIG which is seen as a potential source of additional datapoints. Other important concerns for preparers included (i) how to consider prevention, mitigation and remediation actions and policies in the DMA for impacts, (ii) specification of the guidance on fair presentation and in some cases opposition to the amendments in this area, (iii) the effectiveness of the materiality filter, (iv) specification of the appropriate level of aggregation, (v) anticipated financial effects and (vi) lack of clarity of some newly introduced concepts.
71. **Investors** feedback noted that is essential to preserve the key disclosures and comparability and that current and further reductions in datapoints could decrease the credibility of corporate reporting that includes sustainability disclosures. Investors also noted that quantitative disclosures for anticipated financial effects should remain mandatory, extensive reliefs may jeopardise the reliability of ESRS and that certain deleted datapoints should be reinstated as they are essential for investors. Finally, investors called for further interoperability with IFRS Sustainability Disclosure Standards, Science-based Targets Initiative (SBTi) and Taskforce on Nature-related Financial Disclosures (TNFD) and a full alignment with SFDR. They also noted concerns about the removal of topical policies, actions and target disclosures (PATs), which they believe weakens forward-looking and strategic dimensions which are essential for investors and for alignment with other international frameworks.
72. **Supervisory bodies** requested a more balanced approach between simplifying and maintaining the objectives of ESRS, maintaining the usefulness of disclosures needed by

investors, financial institutions/policymakers and warning that some amendments may have adverse effects on the availability of data needed by insurers to assess their risks and may create distorted incentives in the long term. Supervisory bodies also called for a more balanced approach to reliefs to avoid bad incentives (race to the bottom) and supported the preservation of quantitative information for AFE, retaining most data points under ESRS E1 *Climate Change* and the most important data points under ESRS E4 *Biodiversity and Ecosystems* and noted the importance of complete clients' datasets for banks to manage their risks and steer their strategy.

73. Feedback from **other stakeholders** including **users, civil society and standard setting initiatives** was that the level of simplification overall has been achieved, and no additional cuts were possible without a significant loss of information. According to them, the EDs managed to still preserve the core of the ESRS and keeping this core intact is key. They noted that topical standards have been reduced to a minimum viable level at that further reductions would undermine their integrity and meaningfulness. They warned that achievements regarding transparency should not be relinquished, noted that ESRS are now more concise and less demanding than other international standards and that further reductions would create serious quality gaps between the ESRS disclosures and other standards. In addition, ESRS should retain a level of ambition that reflects the leadership, experience and commitment of European companies.

Results of field tests

74. The EFRAG Secretariat conducted two field tests from August to September 2025. The first field test was on impact materiality (ESRS 1 *General Requirements*, Chapter 3.3.1) and the focus was whether pre and post prevention, mitigation and remediation actions and policies were to be considered when performing the materiality assessment. The second field test was developed for a particular disclosure in ESRS S1 *Own Workforce*, this was adequate wages whose methodology and disclosure changed; a specific field test was considered insightful.

Field test on the proposed new guidance on how to consider prevention, mitigation and remediation actions and policies in DMA

75. The objective of this field test was to assess the consequences of the new wording introduced in the ED ESRS 1 *General Requirements* (July 2025) and its understandability, referring to the new paragraphs 34 and 35 together with their ARs, and Appendix C of the ED of ESRS 1 *General Requirements*.
76. The field test took the form of a specific questionnaire developed for the undertakings; this questionnaire was the basis for the one-to-one interviews that EFRAG Secretariat organised with all respondents. A total of twenty-eight preparers from different geographies and sectors, including high-impact sectors, participated in the test. The key aspects where feedback was sought from undertakings are summarised below:
- a) the 2024 DMA approach by undertakings (i.e. whether the assessment of potential impacts was undertaken before or after prevention or mitigation for potential impacts);
 - b) a simulation of the new DMA requirements and whether and how the outcome of the DMA would change in terms of topics/sub-topics/IROs identified versus the 2024 exercise; understandability of the text of the new paragraphs and Appendix C.
77. One of the first points of feedback was the divergence in understanding the concepts of 'gross' (i.e. pre-policies and actions) and 'net' (i.e. post-policies and actions) approach among preparers. This was not the approach that some undertakings have followed, and the terminology was new to them.

78. The results suggest that preparers favour a mixed approach in the impact materiality assessment, i.e. considering the effect of policies and actions for some topics but not for others. Several variables such as the sector they belong to, the nature of topics subject to the assessment or the regulation that they are subject to influence the way the DMA is performed for this specific aspect.
79. For instance, preparers often employed a ‘post-policies and actions’ approach on environmental issues, while for social topics, such as ‘customer or product safety’, ‘health and safety’ or human rights, they implemented a ‘pre-policies and actions’ approach as these were topics normally relevant in their sector. This variability in approaches is explained by a combination of factors that range from sectorial inherent impacts, Board or strategic priorities to stakeholder expectations; in the case of human rights, the methodology prioritised severity over likelihood. From a governance perspective, there was variety of the approaches undertaken.
80. Undertakings also explained that they consulted with internal and external stakeholders and used benchmarks of peers in their sector as determinant factors in the DMA. This, among other factors, explains why several preparers stated that the results of the materiality assessment would not change by the application of the new provisions of the July ED.
81. A large number of respondents explained that the proposed text on paragraph 35 regarding the consideration of ‘significant ongoing prevention and mitigation actions’ was misleading and could lead to an excessive number of impacts to be considered material. On the contrary, a significant number of preparers explained that a ‘post-policies and actions’ approach may lead to under-reporting, due to categorising inherent impacts of the sector as not material and favoured a ‘pre-policies and actions’ approach for those.
82. In terms of understandability of the new paragraphs included in the ED in July 2025, i.e. the specifications on how to consider prevention, mitigation and remediation actions in the materiality assessment, participating preparers raised several concerns in terms of the text being too complex and difficult to implement.
83. The main concerns were related to paragraphs 35 and Appendix C of the Exposure Draft, which was suggested to be deleted by the majority of participants. The following aspects were raised by preparers:
 - a) unaddressed edge cases;
 - b) potential additional burden linked to the auditing process of ‘supportable evidence’ and ‘significant and ongoing’ actions;
 - c) overall lack of clarity of the text; and
 - d) the feasibility/decision-usefulness of the ‘pre-policies and actions’ or ‘post-policies and actions’ approaches, on which the preparers are split.

‘Adequate wages’ field test

84. The ‘adequate wages’ field test was conducted to test the revised method for determining the wage adequacy benchmark for non-EU countries, which had been modified in line with a joint proposal between the ILO, the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC). This proposal followed the adoption of the tripartite agreement on *wage policies, including living wages* by the ILO Governing Body from March 2024. As this agreement was not yet in place when the ESRS were enacted in 2023, it was agreed by the SRB that the text should be amended to clarify the adequacy assessment and ensure comparable disclosures; therefore this AR was amended in the ED July 2025.

85. Twenty undertakings that had all published audited ESRS reports for financial year 2024 volunteered to take part in the field test. Their task was to apply the new rules in the ED to their situation in a simulation type exercise. The test consisted of a questionnaire about their experience applying the 'Adequate Wages' DR of ESRS as enacted in 2023 in 2024, and the outcomes of the simulated application of ESRS S1-9 of the ED. After submitting the questionnaire, each preparer participated in an interview with the EFRAG Secretariat.
86. The main concerns expressed by the participants with regard to the proposed hierarchy in the ED were the following:
- a) practical concerns that ascertaining alignment with ILO wage setting principles of a large number of minimum wages set by national or sub-national authorities would, especially for large global corporations, be a burdensome process. Some preparers pointed out that this would be even more difficult for collective bargaining agreements, given that these agreements can be highly localised, down to the establishment level;
 - b) the qualitative nature of the wage setting principles and the absence of clear guidelines on how to perform the assessment were seen as a source of uncertainty, even more so when the need for the entire process to be auditable is taken into account; and
 - c) in relation to the outcome of the assessment, the room for interpretation for the individual preparer could lead to different conclusions for the same wage benchmark and reduce the comparability of adequate wage disclosures between undertakings.
87. Suggestions for improvements included:
- a) creation of a central repository of reference value of adequate wages benchmarks covering all the potential countries of operation;
 - b) applying the same treatment to EU and non-EU countries and disallowing the use of statutory minimum wages without adequacy assessment; a fifth of the participants argued that the assessment of statutory minimum wages against ILO wage-setting principles should be replaced by an assessment against ILO principles for estimating a living wage;
 - c) flexibility on the choice of the application on the hierarchy to reduce the compliance requirements and the auditors' engagement; and
 - d) requiring transparency about methods, benchmarks and data providers used – along with the requirement to employ only accredited providers and methodology – to enhance comparability.

EFRAG drafting and decision making after the ED

89. As from mid-October 2025 until the approval, the exposed standards have been carefully reviewed by the SRB and SR TEG and substantially improved to respond to the simplification mandate which is to better support relevant and decision-useful general-purpose sustainability statements, in line with the policy objectives of the CSRD, while leading to a substantial reduction of both the reporting effort and the number of mandatory datapoints.

5. Overall logic and results of the simplification

90. Building on the lessons learned in 2024 by 'wave 1' reporters and on extensive multistakeholder evidence gathered from the public consultation, EFRAG has delivering a simplified set of standards, introducing substantial flexibility, reliefs and phasing-in, as well

as reducing mandatory datapoints by 61%, while retaining the core objectives of the EU Green Deal.

91. The focus has not only been on datapoint reduction, but on a comprehensive reduction in efforts required to comply with the Standards. They are now shorter, clearer and easier to apply. At the same time, interoperability with international standards and other European regulation is enhanced to the maximum extent compatible with the simplification objective.
92. Practical considerations and proportionality mechanisms have been introduced in all reporting steps, from DMA process to preparation of disclosures using undue cost or effort and reliefs, to disaggregation (see below),, to use of appendices and executive summary. Value chain requirements benefit now from flexibility in the use of estimates, reducing the pressure for direct data collection. The most challenging area, the materiality assessment, has been simplified to avoid unnecessary administrative efforts, refocus on usefulness of the information and help undertakings and users to disclose only what really matters. Using the draft Amended ESRS, undertakings will be able to better integrate sustainability in their communication to the market, beyond compliance.
93. Based on the cost benefit analysis (CBA) carried out by the external consultants hired by EFRAG for this purpose, , the draft Amended ESRS will generate overall savings (which include cost savings and value chain savings) of 44% compared to ESRS as enacted in 2023. During the discussions at SRB level, some members were sceptical with such numbers because most of the outreach events organised by EFRAG signalled that the expected burden reduction would be lower than this amount. Moreover, the CBA carried out by the contractors outlines that the revision is not expected to significantly affect undertakings' competitiveness or their access to green markets, public procurement, value chains, or green financing. Similarly, according to the CBA, the reduction in data points will not result in different conditions for access to and the cost of credit, equity and green finance. Concerning users, the CBA outlines how the potential downside in the availability of information is mitigated by the improved usability and conciseness of the sustainability statements. Therefore, according to the CBA carried out by the contractors, the draft Amended ESRS effectively achieve tangible cost reductions while preserving key information for users. For more details, please refer to the *Cost-Benefit Analysis*, which is published jointly to this Basis for Conclusions.

Simplification of the Double Materiality Assessment (DMA) and the emphasis on fair presentation

94. As the DMA is pivotal in sustainability reporting and has been identified by many stakeholders as a source of burden, the draft Amended ESRS introduce a substantially clearer and more proportionate approach, aiming to strike a better balance between simplification and reliability. Building on extensive feedback from first-wave reporters and stakeholders, the amendments reinforce the role of materiality of information as an overarching filter, specify the relationship between IROs and reportable topics, and introduce more flexible, principles-based guidance (such as the option to apply a top-down approach, updated definitions of key concepts, simplified provisions for how to consider the effect of prevention, mitigation and remediation actions in the DMA, other proportionality mechanisms) and the possibility to include clearly identified non-material information without obscuring material information. Flexibility is also provided to the undertaking to decide at which level to disaggregate the reported information (topics, sub-topics-groups of IROs, IROs), based on the nature of the IROs and reflecting the managerial approach to them. This is to avoid unnecessary details in the reported information and stay closer to the management approach. Further simplifications include a streamlined list of topics that is no longer mandatory to consider in the DMA (AR 16 of ESRS 1 as enacted in 2023), the ability to report solely on material sub-topics, improved aggregation and

disaggregation criteria, and a specification that a full DMA is not required annually unless significant changes arise. Flexibility is granted to disclose information at aggregate level by topic, whenever disclosure at more granular (IROs) level is not necessary.

95. In conjunction with these changes, the reference to a fair presentation framework has been made explicit, despite the opposing view of a few SRB members, through enhanced emphasis on qualitative characteristics and entity-specific disclosures and the specification that the undertaking is not required to disclose information prescribed by ESRS that is not material (corresponding in substance to the 'override feature' for financial reporting). New ARs are also introduced to ensure completeness while avoiding obscured or misleading reporting.
96. The purpose of the streamlined DMA process and of the explicit emphasis on fair presentation is to encourage undertakings to focus on what really matters and to avoid unnecessary granular information often associated with a compliance exercise. In doing so the level of alignment with IFRS S1 is further enhanced. This amendment was objected to by some SRB and SR TEG members, who considered it as a new requirement rather than a clarification and did not agree on its positive expected effects on the reported information.

Emphasis on better readability/conciseness of the sustainability statements and better inclusion in corporate reporting as a whole

97. The draft Amended ESRS, in particular ESRS 1 *General Requirements* and ESRS 2 *General Disclosures*, introduce greater flexibility to present information in a clear manner. This is in response to the overwhelming feedback which revealed that the structure and detail of sustainability statements often hindered clear communication and coherence within the broader management report. Specification of the option to include an executive summary at the beginning of the sustainability statement, the option to use appendices for more detailed information and for EU Taxonomy related information, and clearer guidance on the inclusion of supplementary disclosures. The rules on incorporation by reference and the concept of connected information, to avoid fragmentation and duplication, are also clarified.
98. The purpose of these amendments is to enable undertakings to 'tell their story', in a balanced and consistent manner (i.e. in compliance with the qualitative characteristics of information) while also providing access to the related detailed data.

Critical modification of the relationship between ESRS 2 including Minimum Disclosure Requirements (MDRs) and topical specifications

99. In order to address critical concerns on the architecture of the original ESRS as well as overlaps between ESRS 2 *General Disclosures* and topical standards, the minimum disclosure requirements (MDRs) defined in ESRS 2 *General Disclosures* for PATs have been streamlined and renamed General Disclosure Requirements (GDRs). The specifications in the topical standards for the implementation of the former MDRs have been drastically reduced as they were considered by stakeholders far too granular and thus often not or only marginally informative. To complement this approach the draft Amended ESRS do not require anymore the justifications for not having PATs in place and timetables for future adoption (i.e. no behaviour mandated).
100. The purpose of these amendments is to foster more concise, less duplicative and more effective reporting and illustrates the clear willingness to promote a more principles-based reporting framework, with higher focus on the how the undertaking effectively manages its sustainability issues.
101. A similar approach, to avoid overlaps among ESRS 2 *General Disclosures* and the topical standards, has been adopted by centralising and streamlining the requirements related to IRO-1 and SBM-3 (former Appendix C of ESRS 2 *General Disclosures*, which is in fact

eliminated). 62 datapoints (or 77.5%) in topical standards were eliminated only for this reason. This reduction corresponds to the 8.2% of the total reduction of datapoints.

Improved understandability, clarity and accessibility of the Amended Standards

102. The draft Amended ESRS address confusion that arose from the mix of mandatory and non-mandatory ARs by fully separating binding provisions from guidance, eliminating the 'voluntary disclosure' category, and relocating all mandatory ARs directly under their corresponding disclosure requirements. Non-mandatory content has been removed from the standards, with the exception of the table in AR 16 of ESRS 1 *General Requirements* as enacted in 2023 now in Appendix A and will be considered by EFRAG in future non-mandatory guidance. Terminology and structure have been streamlined to enhance clarity and ensure that users can easily identify what must be reported. A comprehensive editorial review has further improved consistency, removed ambiguous language, and ensured objectives accurately reflect their related requirements.
103. In particular, the 'may' datapoints have been a source of significant discussions between preparers and auditors and interpreted by some as a checklist for entity-specific disclosures rather than an encouragement of good practice by more mature preparers. Due to the mix of different elements in the Application Requirement (AR) sections in the ESRS Delegated Act enacted in 2023, it was difficult to identify the requirements to comply with, separately from the non-binding content. It was also unclear how to consider 'may disclose' datapoints in determining the materiality of information, leading to different conclusions. Some used 'may disclose' datapoints as a checklist for entity-specific disclosures to be reported when material, which aggravated the reporting burden including to demonstrate that omitted items were not material. On the contrary, others concluded that the 'may disclose' datapoints were the only items to be reported as 'entity-specific disclosures', limiting the relevance of the reporting.
104. EFRAG has amended the general structure of the draft Standards, separating clearly mandatory and non-mandatory content. The paragraphs on mandatory guidance (still named Application Requirements or 'ARs') have been significantly reduced and relocated under the respective DRs or chapters to which they belong.
105. The purpose of these amendments was to make the Standards simpler as well as easier to read and understand. In the public consultation, these amendments were overall well received and respondents noted that the separation of 'shall report' from methodologies within ARs improved readability and the language had improved. Several suggestions were received to further improve understandability, including an editorial review across the Standards for language and consistency, in addition to a review of the use of 'ambiguous' terms (for example 'major', 'significant', 'if applicable', 'shall consider') and a review of objectives at a DR level, to ensure they are clearly written and reflective of the DR they represent.
106. The mechanics employed in the EDs, including the use of capitalisation and the numbering style followed, were standardised in line with the conventions for such editorial aspects outlined in the European Commission's English Style Guide and the latest version of the Interinstitutional Style Guide. In line with this feedback received, EFRAG has conducted an editorial review for consistency in language and terminology across the standards and eliminated or replaced ambiguous terms with more direct terms. Objectives have been reviewed for consistency with DRs and updated where required.
107. In addition to this, and based on feedback received, EFRAG reviewed the inclusion of examples within DRs and ARs, removing them with few exceptions.
108. The term 'sustainability matters' has been removed and 'sustainability-related material IROs' is used instead. Only IROs are now considered 'material' but not 'topics and sub-

topics'; topics and sub-topics are now labelled as 'to be reported as a result of the materiality assessment' if being related to material IROs.

Introduction of burden reduction reliefs

109. The draft Amended ESRS introduce several reliefs to alleviate the burden on undertakings. In particular, the draft Amended ESRS present the following reliefs:

- a) The draft Amended ESRS introduce the proportionality mechanism '*reasonable and supportable information that is available without undue cost or effort*'. This is subject to reassessment each year and given a constant increase in reporting experience, as a result, availability of information is expected to increase over time.
- b) *Acquisitions and disposals*. This relief allows the inclusion of the subsidiary or business acquired to be deferred both in the materiality assessment and in the sustainability statement by one year. Symmetric relief is provided for disposals, allowing to anticipate the exclusion.
- c) *Relief for metrics due to lack of data*: the undertaking is allowed to report a partial coverage of the scope in calculating metrics in the value chain and own operations, when they lack the necessary information using undue cost or effort approach. When this relief is used, transparency is required on the actions to increase coverage over time.
- d) *Relief for metrics when activities are not drivers of material IROs* This relief allows the undertaking to exclude activities from metric calculations if, due to their nature, they are not a significant driver of the IROs that the metric intends to portray. This relief is only available if their exclusion is not expected to impair the relevance and faithful representation.
- e) *Elimination of the preference for direct data over estimates* in the value chain reporting, as in general direct data cannot principally be considered of higher quality as estimates, contributing to a reduced pressure for direct data collection.
- f) *Exclusion of joint operations* over which no operational control exists from environmental metrics calculation.
- g) To address concerns about *confidentiality and commercially sensitive* nature of the information, the draft Amended ESRS also introduce a generic relief that allows omitting information if the Law of the Union prohibits or allows not to disclose a certain piece of information similar in substance with the one in the Council proposal for the trilogue, which the SRB assumes will be incorporated in Level 1 legislation. The introduction of such relief was deemed fundamental by many SRB members.
- h) *Transitional provisions that are phase-in*. The draft Amended ESRS reflect the update on the phased-ins granted to wave 1 undertakings until 2026, according to the 'quick fix', with the same treatment across countries irrespective of the different delays of local transposition of the CSRD. For wave 1 undertakings an additional significant phased-in (until 2029) is granted for the disclosure of quantitative information about financial effects⁵ and substances of concern, given current level of maturity of the market practices. The phased-in provision for value chain information for wave 1 undertakings was deleted as redundant considering the newly introduced reliefs. In consideration of the close linkage that exists between the phased-ins for wave 2 and other future reporting undertakings and the ongoing level 1 negotiations, EFRAG is not expressing a view on wave 2 phased-

⁵ Except paragraph 38 (a) and (b) and 39 (a) and (b) of ESRS E1.

ins, leaving it to the next steps of the adoption process, and stands ready to support the EC with this task.

- i) *Reliefs on Anticipated Financial Effects (AFE)*. The ED did not propose a direction for simplification but explored two possible alternatives: Option 1 corresponding in substance to the IFRS reliefs, with some deviations, while keeping mandatory quantification; and Option 2 maintaining qualitative information only as a requirement and proposing quantified information as voluntary. Views from the consultation were mixed. Concerns on quantification of AFE were mainly related to the data quality, the sensitivity of information, and the difficulties in preparing and auditing this information due to lack of standardised methodologies. The SRB examined how these concerns could be addressed through additional reliefs, including phase-ins, and assessed whether such reliefs, together with future educational material on quantifications, would be sufficient to resolve the issues raised. As such, the draft Amended ESRS include measures that specify when quantifications of AFE can be omitted. These measures not only alleviate the difficulties in preparing this information but also enhance interoperability with ISSB standards as well as flexibility while also addressing concerns related to data quality. All requirements to disclose AFE in the topical standards have been eliminated, to be centralised in ESRS 2 SBM-3, while remaining mandatory if material. In ESRS E1 climate specification to ESRS 2 SBM 3 has been maintained. Refer to Key Simplifications by Standard sections ESRS 1 chapter 10.2 and ESRS 2 SBM-3 for additional information on AFE and the relevant reliefs.

Enhancing Interoperability

- 110. The revision of the ESRS has continued to place interoperability at the core of its objectives, while explicitly recognising the inherent trade-off between interoperability and simplification, in particular for datapoints reduction and reliefs. In doing so, it aims to reduce complexity for undertakings operating across multiple jurisdictions. As a consequence, the draft Amended ESRS strive to strengthen further interoperability with global standards such as the ISSB Standards and the GRI Standards where the amendments are compatible with the CSRD provisions.
- 111. With respect to the ISSB Standards, the revision builds on a very high level of interoperability already achieved as illustrated by the joint ESRS-ISSB Standards Interoperability Guidance published on 2 May 2024. In this context, the explicit emphasis on fair presentation enhances the conceptual commonality between the ESRS and ISSB standards. In addition, whenever possible the structure of the draft Amended ESRS was reorganised to emphasise the link between entity-specific information and fair presentation. The boundary for calculation of GHG emissions has been aligned with the financial control approach, which is one of the options in IFRS S2 and GHG protocol. Reliefs, notably the 'undue cost or effort' mechanism also contribute to the level of commonality with respect to practical expedients. Finally, the treatment of anticipated financial effects and the related reliefs introduce a further alignment of the two frameworks. Moreover, several datapoints in the topical standards, as well as the language used for common provisions, have been systematically revised to adopt similar wording. In some instances, the introduction of incremental reliefs that go beyond the corresponding provisions in ISSB Standards is expected to result in the need to adjust such incremental reliefs for undertakings that also intend to comply with the ISSB Standards. The simplification, including the reduction of datapoints, has been achieved without compromising the substantial commonality and interoperability between the two sets of standards.
- 112. Building on and contributing to the global development of sustainability reporting is and remains a key objective for EFRAG. In this regard, developing a fruitful dialogue with all

international initiatives continues to be one of EFRAG's key objectives as it has been from the beginning.

Achieving the necessary reduction of mandatory datapoints

113. The levers of simplification described above are critical burden reduction factors from a general standpoint. However, the draft Amended ESRS also significantly reduce the number of mandatory datapoints measured by comparison with the number deriving from IG 3 that EFRAG published on the ESRS as adopted in 2023. The draft Amended ESRS reduced the 'shall' datapoints by 61% as compared to the ESRS as enacted in 2023 (71% including the voluntary datapoints), with a slightly higher reduction compared to the ED published in July 2025. This was achieved by eliminating the less relevant datapoints using an agreed-upon 'decision tree'⁶ that combined various dimensions of reporting relevance to streamline but still preserving the integrity of the core objectives of the CSRD. The reduction of datapoints was coupled with a revised approach for narrative disclosures, which are now less granular in the area of PATs as described above, as well as in the topical specifications of ESRS 2. In accordance with the simplification mandate received, SRB has adopted a general rule of not increasing the reporting obligations with the exception of 3 new datapoints⁷. Additionally, 3 datapoints were moved from 'may' to 'shall'⁸. In both cases, these 6 datapoints in reality correspond to the more explicit and clearer presentation of already existing requirements. The reduction in number of datapoints represents a compromise between two opposing views, as confirmed by the reasons for dissents and reservations of some SRB members expressed in the approval process: for some the reduction has been excessive, while for others it is still insufficient.

Requirements not changed in ESRS as pertaining to Level 1 regulation

114. The following requirements that were not changed in the draft Amended ESRS as recommended by the EC representatives, as they are subject to ongoing developments on level 1 regulation (i.e. the ongoing legislative process that will amend the CSRD):

- a) Exemption from consolidating subsidiaries by undertakings that are financial holdings (ESRS 1 *General Requirements*) as per input gathered from some stakeholders. Trying to develop this exception would have been beyond the EFRAG mandate, as this issue is being debated in the context of the future level 1 amendments.
- b) Relief for omission of confidential/sensitive information (ESRS 1 *General Requirements*); Phasing-in provisions (ESRS 1 *General Requirements*). This was a recurring suggestion for simplification in the context of the input gathered. EFRAG has been informed that this aspect may give rise to modification of the CSRD (level 1) therefore it was not appropriate for EFRAG to attempt to introduce a relief on this aspect.
- c) Clarify the meaning of 'compatibility with 1.5°C' for the transition plan for climate change mitigation disclosure (ESRS E1 *Climate Change*). This is a particularly

⁶ The driving criterion to delete a DP was whether its absence would not impair the achievement of the corresponding disclosure objective, to minimise the risk of possible entity-specific disclosure to compensate for its deletion. Another criterion was whether the DP was necessary to achieve a direct correspondence with other EU regulations, as EFRAG advice needs to take account of the initiatives and legislation listed in Article 1 (8) of CSRD, including the SFDR principle adverse indicators. For the latter, EFRAG assessed their relevance and selectively deleted or amended the datapoints that were causing the most significant issues. For other EU legislation, datapoints with least relevance or only with an indirect correspondence were deleted. Finally, special attention was given to datapoints that are needed to maintain interoperability with other frameworks, including ISSB standards (IFRS S1 and IFRS S2). In this process, merging datapoints was not considered as burden reduction.

⁷ The 3 new datapoints are: draft Amended ESRS E1-1 – paragraph 11 (c) AR 3; draft Amended ESRS E5 paragraph 16(e); and draft Amended ESRS S1-9 – paragraph 28.

⁸ The 3 datapoints moved from voluntary to required if material are: draft Amended ESRS E3 paragraph 15(c); draft Amended ESRS E3 paragraph 15 (d); draft Amended ESRS E4-1 paragraph 10.

challenging aspect of the standard and the debate about how to interpret the requirement to have transition plans that are compatible with this policy target has been intense already in 2024 when EFRAG worked on a draft implementation guideline on transition plans for climate change mitigation.

Value chain for financial institutions outside the scope of the Amendments

115. The amendments do not cover the definition of value chain for financial institutions (ESRS 1 *General Requirements*), which was a frequently mentioned implementation challenge before the consultation on the ED. ESRS have been written having real economy companies in mind and with a potential bias towards upstream value chain. The challenge is how to apply the own operation and value chain definition by financial institutions, given the relevance that their relationship with customers (i.e. downstream value chain) has in determining their material impacts, risks and opportunities (IROs).
116. The maturity of the reporting practices differs in the three sub-sectors: financed emissions are already reported by banks, they are covered in ESRS by reference to the Partnership for Carbon Accounting Financials (PCAF), they are covered by guidance in IFRS S2 (also applicable for ESRS preparers as a source of entity specific disclosure), by Pillar 3 disclosures and supervisory expectations; for insurers IFRS S2 has been amended in 2025 to confirm financed emissions disclosures are only for insurance-related financial activities associated with an insurer's assets and there is a debate ongoing in the industry on how to improve maturity of methodologies to report on insured emissions, which have been reported already for 2024 reporting period by a number of significant European players; for asset management there is no specific methodological guidance in IFRS S2 nor in ESRS, and there is a clear request from the industry to exempt preparers from reporting facilitated emissions (those managed on behalf of clients).
117. In preparation of the ED and leveraging on input of experts of the EFRAG advisory panels, the EFRAG Secretariat had attempted to draft specific sector guidelines (few paragraphs in the main body and in AR) and tested them with experts in the sector. The feedback indicated the need for more thorough consideration of the issues and potential unintended consequences, in particular as the timing of this consultation did not allow to test properly these new concepts.
118. The feedback received in the public consultation from the relevant industry groups point to a list of remaining concerns, such as on disclosing absolute GHG targets (banks), leasing (insurers), acknowledging the relevance of the prudential practices in how to consider the prevention, mitigation and remediation actions and policies in the DMA. There was not a systematic call to include specific guidance on value chain for financial institutions in the standards, but⁹:
- a) a call from insurers and asset managers to exclude managed assets on behalf of clients from the CSRD scope and making their impact reporting voluntary;
 - b) a call from insurers not to add sector guidance in the current environment: reporting practice should be given sufficient time to form under the revised ESRS, based on a mutual understanding of stability in applicable frameworks;
 - c) a call from asset managers to exclude Assets under Management from the scope of the CSRD, as clients' investments are not of an asset manager's balance sheet. In the absence of clarity, flexibility should be granted on whether and how to include information on Assets under Management in CSRD reports, in order to avoid lengthy discussions with the auditors;
 - d) a call from banks for a general provision in ESRS 1 *General Requirements* that allows financial undertakings to adapt their sustainability reporting, including value chain

⁹ Some of these requests may contradict the level 1 provisions and therefore may be outside EFRAG mandate.

reporting, to the specificities of financial institutions, so that their sustainability reporting according to ESRS meets the qualitative criteria of relevance and reliability.

119. In consideration of the above, the SRB decided not to include sector specific provisions for value chain of financial institutions.

6. Other key simplifications

Revised structure and drafting conventions

120. The structure of the standards has been revised and streamlined. In particular:

- a) All the 'shall disclose/shall include/shall report/shall describe/shall explain' are presented in the main body of the standards. They have been counted as separate datapoints.
- b) Below the text of each DR (section for ESRS 1 *General Requirements*), boxed content presents the corresponding mandatory methodological guidance, which is still named 'Application Requirements' or 'AR'. This includes 'shall consider' as element of methodology for preparing the disclosure, and 'may' for presentation options. In some cases, for metrics, the AR in topical standards include references to ESRS 2 GDR-M in relation to disclosing the methodology used or relevant contextual information.
- c) All the 'may disclose' datapoints have been deleted from mandatory material and may be included in future guidance with a few exceptions which have been reformulated as supporting methodological elements in ARs. 3 'may disclose' datapoints have been moved to 'shall disclose' datapoints as a justified exception (see below).

121. Appendix A of Amended ESRS 1 *General Requirements* is the only non-mandatory appendix maintained in the standards, on an exceptional basis, given their importance (former AR 16).

NMIG as possible future guidance

122. As a by-product of the simplification exercise, part of the non-mandatory content (i.e. 'may' datapoints and Application requirements) deleted from the draft standards was moved to a separate document named 'Non-Mandatory Illustrative Guidance' (NMIG) and issued with the EDs. This NMIG did not address all the existing implementation questions on each standard, but it simply gathered part of the content that was in the 2023 Delegated Act, which has now been deleted from the standards and contributes to the overall datapoints reduction. In particular, NMIG included content that was deleted from the ESRS in preparing the Exposure Drafts ESRS. In the Exposure Drafts ESRS EFRAG exposed for comments the recommendation to the EC not to include NMIG in the Delegated Act and included in the consultation a specific question on the usefulness of the content as non-mandatory guidance.

123. The feedback indicated support not to have NMIG as part of the Delegated Act but also indicated that the content was not considered sufficiently mature for issuance. It was not tailored to the Amended ESRS nor was specifically consulted to test its suitability as non-mandatory guidance.

124. The SRB decided not to include the NMIG in the package of documents issued when finalising the Amendments, in consideration of further work that would be needed to bring it to the necessary quality. In addition, its issuance jointly with the Amended ESRS could be misinterpreted as adding new datapoints to be considered as a source of entity-specific guidance and this could contradict the intent of the simplification.

Treatment of EU datapoints and datapoints with SFDR PAI relevance

125. Regarding EU datapoints, EFRAG notes that the Omnibus proposals have not changed the general objectives (i) of supporting the creation of the data infrastructure necessary for implementing the SFDR and (ii) taking into account the different EU regulations that require appropriate information from undertakings. In the ESRS adopted on 31 July 2023, all the related datapoints were added to the ESRS regardless of their relevance, including all optional SFDR PAI Indicators. These 'EU datapoints' (Appendix B of ESRS 2 *General Disclosures* Delegated Act 2023) account for 18% of the overall mandatory datapoints in the 2023 Delegated Act. Input from investors confirms the need to implement the correct flow of information from their investees; however, evidence also suggests that a number of these indicators are not considered relevant in practice. Under the specific mandate received from the EC, EFRAG addressed this question from a general-purpose sustainability reporting standpoint by: (i) reviewing the issues reported by preparers and users regarding the use of SFDR PAI indicators and suggesting modifications when deemed necessary; and (ii) considering the relevance of the datapoints that have a direct correspondence to other EU regulations. As part of the systematic review of the datapoints for their reduction, EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction. Appendix 5 illustrates how the EU datapoints in Appendix A of ESRS 2 *General Disclosures* have been modified. The SFDR approach taken does not take into account potential amendments arising from ongoing revisions to Regulation (EU) 2019/2088.
126. The key changes for **Environmental Standards** (ESRS E1 *Climate Change* - E5 *Resource Use and Circular Economy*) are:
- a) 9 SFDR PAI sensitive datapoints have been deleted because they were either overlapping with other datapoints or could be derived from other information (previous E1-7, para. 40-43; E1-6 para. 44 (total GHG emissions), 53-55; E3 -1, para. 14 (addressed in E4 AR 3); E3-4, para. 29);
 - b) 1 SFDR PAI sensitive datapoint in Appendix B (indicator number 12 Table #2 of Annex I) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical Standards. This refers to the topic of marine resources, which is now not in scope of ESRS E3 *Water*, but is part of Resource Inflows (E5-4) in E5 *Resource Use and Circular Economy*.
127. Key changes to **Social Standards** (ESRS S1 *Own Workforce*, S2 *Workers in the Value Chain* and S3 *Affected Communities-S4 Consumers and End-users*):
- a) In ESRS as enacted in 2023, all four social standards contain DRs concerning human rights policies and alignment with the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. They relate to SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1, and amount to eight datapoints. These have been merged into a single 'human rights policy' DR in ESRS 2 *General Disclosures* GDR-P that covers the four affected stakeholder groups. The indicators in relation to cases of severe human rights incidents (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been consolidated into one datapoint and the concept of severity has been clarified by the new ARs of ESRS S1-16. These changes were also replicated in ESRS S2, S3 and S4 in DR 3 Actions where these PAIs are mirrored with an additional flexibility provided in terms of the granularity of the information disclosed for the human rights incidents.
 - b) Two changes were made in the ESRS S1 metrics on health and safety. Firstly, the disclosure ESRS S1-13 paragraph 35 (e), which connects to SFDR PAI Indicator 3 of Table #3 ('Number of days lost to injuries, accidents, fatalities or illness'), no longer

requires reporting undertakings to include in the 'days lost' figure the number of days lost to fatalities because of methodological difficulties in calculating how many days are lost when a worker dies. Second, the S1-1 datapoint concerning the existence of a health and safety management system or accident prevention policy, which is connected to indicator #1 in Table III of Annex I of SFDR ('Investments in companies without workplace accident prevention policies'), was deleted post the ED July 2025 because of the new focus on outcome-based metrics. The metric on the coverage of the undertaking's own workforce by its health and safety management system (S1-13 paragraph 35 (a)) is more relevant in that regard.

128. The SFDR PAI were maintained in ESRS 2 *General Disclosures* and ESRS G1 *Business Conduct*, with minor amendments to indicators #10 and #17 in Table III of Annex I.

129. In conclusion, the datapoints identified as corresponding to SFDR PAI in the Delegated Act 2023 have been scrutinised for their relevance and usefulness and amendments were made to remediate to the most relevant issues. As a result, the remaining datapoints with SFDR PAI correspondence are primarily maintained due to their relevance, irrespective of their role as covering SFDR PAI.

Treatment of EU datapoints with Benchmark Regulation reference relevance

130. Except for Paris-aligned Benchmarks, the Amended ESRS E1 datapoints linked to the Benchmark Regulation have been either retained or can be derived. The reference to Paris-aligned Benchmarks has been deleted as they were considered burdensome and these may be determined by users based on information already disclosed under the E1 standard.

Disclosure Requirement in ESRS 2023	Benchmark Regulation reference	Disclosure requirement in Simplified ESRS	Comment
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2	N/A	Deleted
ESRS E1-4 GHG emission reduction targets paragraph 34	Delegated Regulation (EU) 2020/1818, Article 6	ESRS E1-6 paragraph 23	Unchanged
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	ESRS E1-8 paragraph 29	Total GHG emissions has been removed as it can be derived
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Delegated Regulation (EU) 2020/1818, Article 8(1)	N/A	It has been deleted but it can still be derived by users
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Delegated Regulation (EU) 2020/1818, Annex II Delegated	ESRS E1-11 paragraph 38	Unchanged

	Regulation (EU) 2020/1816, Annex II		
ESRS E1-9 Degree of exposure of the portfolio to climate related opportunities paragraph 69	Delegated Regulation (EU) 2020/1818, Annex II	ESRS E1-11 paragraph 41	Amended to strengthen alignment with IFRS S2

Reduction in datapoints

131. EFRAG has systematically reviewed all the mandatory datapoints based on the list previously published by EFRAG in its IG3 to achieve a substantial reduction of their number.
132. The evidence gathered highlighted that narrative datapoints in the ESRS as enacted in 2023 Delegated Act are too granular, that a more principle-based approach would be welcome and that many datapoints could either be deleted or moved to non-binding guidance without hindering the overall objective of yielding high-quality data, by focusing on 'core' information.
133. EFRAG has received several articulated proposals on datapoint reduction that have been carefully considered. They all focus on the idea of 'core' information and emanate from national standard setters as well as from users of information. In line with the Omnibus proposals, most stakeholders highlighted that the fundamental objectives of the CSRD are to be maintained.
134. Narrative information plays a crucial role in sustainability reporting and provides an essential contextual framework to understand performance and targets measured in quantitative terms. However, input from stakeholders clearly indicates that the initially retained granular standard-setting approach to narrative information is one of the most critical areas of perceived unnecessary reporting effort and more boilerplate (i.e. generic) disclosures. To respond to this feedback, in the Amended ESRS EFRAG implemented a less granular approach to narrative disclosures in the area of PATs, as well as in the topical specifications of ESRS 2 (Appendix C of ESRS 2 Delegated Act 2023), where an essential contribution to the overall reduction of 'shall' datapoints derives from deletions, reflecting a more principles-based approach to standard setting and reporting.
135. In conjunction with the approach to narrative disclosures described above, the systematic review of datapoints has been performed using a 'decision tree' that combines various dimensions of reporting relevance (e.g. relevance per se with respect to the disclosure objectives, EU regulations on datapoints, ISSB or GRI datapoints, etc.), aiming at preserving the core content required by the CSRD.
136. The key criterion adopted for the reduction of (qualitative and quantitative) datapoints has been to eliminate the least relevant datapoints, i.e. those that are not strictly necessary to meet the disclosure objectives. In a more principle-based system, with the requirement to disclose additional entity-specific information, when an aspect is not sufficiently covered in the ESRS, this step is particularly critical. The deletions are intended to make future reporting efforts easier (e.g. by triggering more entity-specific disclosures).
137. In the context of such a systematic review, merging two distinct datapoints has not been considered a burden reduction, despite the fact that when the merged datapoints consist in granular aspects of the same narrative disclosure, merging them and redrafting the resulting provisions with less granular content may contribute to streamlining the reporting.

138. The activation of the levers described above, and the systematic review performed, achieved a substantial reduction in the number of 'shall' datapoints, i.e. 61% of shall datapoints and 71% including also the 'may' that have been all deleted, while preserving the integrity of the core objectives of the CSRD. This takes as a reference the mandatory ('shall') datapoint count published by EFRAG as IG 3 in 2024 and considers as reduction the datapoints that are (i) deleted and (ii) redrafted as methodology illustration and moved to the Application Requirement section.
139. When considering how to reduce the granularity of the narrative disclosure without eliminating the essential elements of it, EFRAG considered different alternatives of drafting conventions for narrative detailed datapoints. This included a possible transfer to some form of guidance to illustrates the main disclosure requirement, without imposing a mandatory list of detailed items. EFRAG concluded that a clear cut is necessary, to avoid that these elements would still be treated as a list of possible items to cover if material. For this reason, the essential elements of the list of 'shall' datapoints to report in narrative disclosure have been maintained in the main body of the Standard as mandatory, while whenever possible other items have been deleted.

Statistics on datapoint reduction and calculation methodology

140. The reduction table and its statistics do not constitute new Implementation Guidance and should not be considered for anything else other than as an overview on the Amended ESRS. Its sole purpose is to illustrate the reduction of datapoints in the Amended Standards.
141. The statistics have been produced using the same counting methodology of the ESRS as enacted in 2023. The methodology can be consulted through the EFRAG IG3 *List of ESRS Datapoints Explanatory Note* available on EFRAG's website. The information about datapoint statistics in this document represent the best information available at the moment it is issued. However, the final count of datapoints of the simplified ESRS can only be assessed with a new IG3 List of Datapoints, which is still not complete at this stage. Accordingly, changes may occur which however are not expected to result in a significant different overall conclusion.
142. The statistics have been divided in three main groups, related to the 'shall' datapoints, voluntary 'may' datapoints and MDR/GDR. While 'merged' could be considered as reduced datapoints according to the old methodology¹⁰, they are not counted as deleted in the following statistics. MDR/GDR requirements are counted separately, as they have a different regime, i.e. they are to be reported only if the undertaking has adopted PATs.

Datapoint reduction in ESRS 2 and topical standards other than GDR – total for all data types

Datapoints (excluding MDR/GDR)	ESRS as enacted in 2023 ¹¹	Amended ESRS Revision 2025	Overall reduction
Total 'shall'	803	314	-60.9%
Total 'may'	270	0	-100.0%
Total	1073	314	-70.7%

Datapoint reduction in ESRS 2 General Disclosure Requirements PAT– total for all data types

¹⁰ See EFRAG IG3: *List of ESRS Datapoints Explanatory Note*, published on 30 May 2024

¹¹ Including EFRAG IG 3 addendum and 7 datapoints related to BP 2 paragraph 17 phasing in, excluding datapoints with data type 'Table'

Datapoints	ESRS as enacted in 2023	Amended ESRS Revision 2025	Overall reduction
MDR-P ¹² (now GDR-P)	6	4	-33.3%
MDR-A (now GDR-A)	12	10	-16.7%
MDR-T (now GDR-T)	13	11	-15.4%
MDR-M (now GDR-M)	3	3	0%
Total GDR, if policies, actions or targets are adopted	34	28	-17.6%
Total GDR, if no policies, actions or targets are adopted	14	5	-64.3%

143. The share of 'shall' qualitative datapoints (with narrative and semi-narrative data types) was equal to the 71.5% of all the datapoints in the ESRS Delegated Act 2023. After reduction this number has been reduced to 53.8%, counting merged datapoints as unchanged.

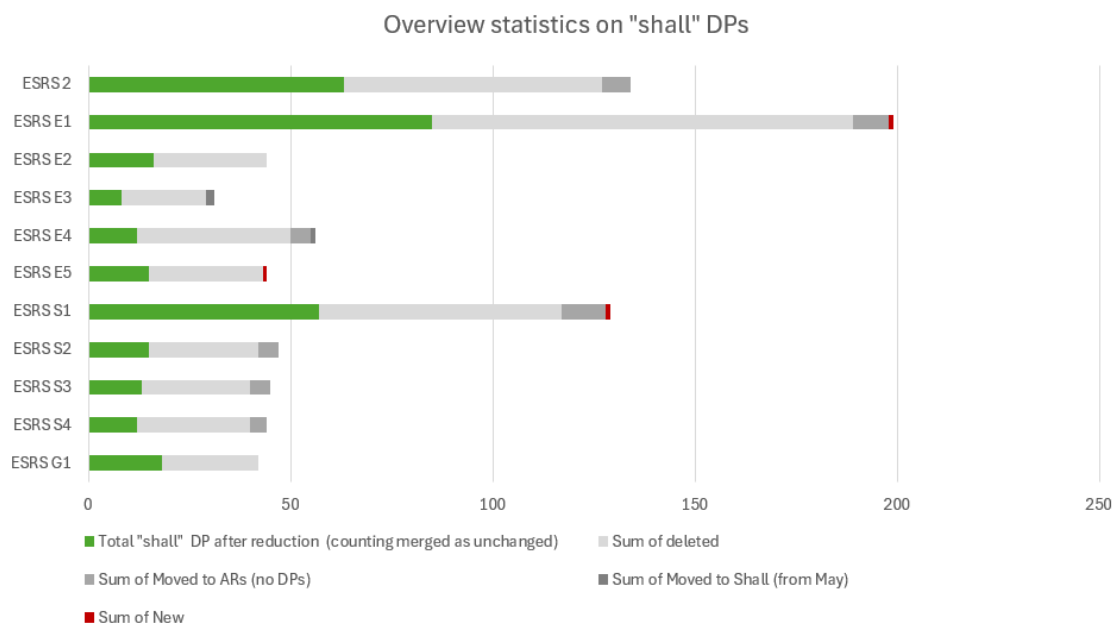
Datapoint reduction in ESRS 2 and topical standards other than GDR – narrative and semi-narrative

Datapoints by data type (excluding MDR/GDR)	ESRS enacted in 2023 narrative and semi-narrative	Amended ESRS Revision 2025	Reduction of narrative and semi-narrative data types
Total 'shall'	572	168	-70.6%
Total 'may'	220	0	-100.0%
Total	792	168	-78.8%

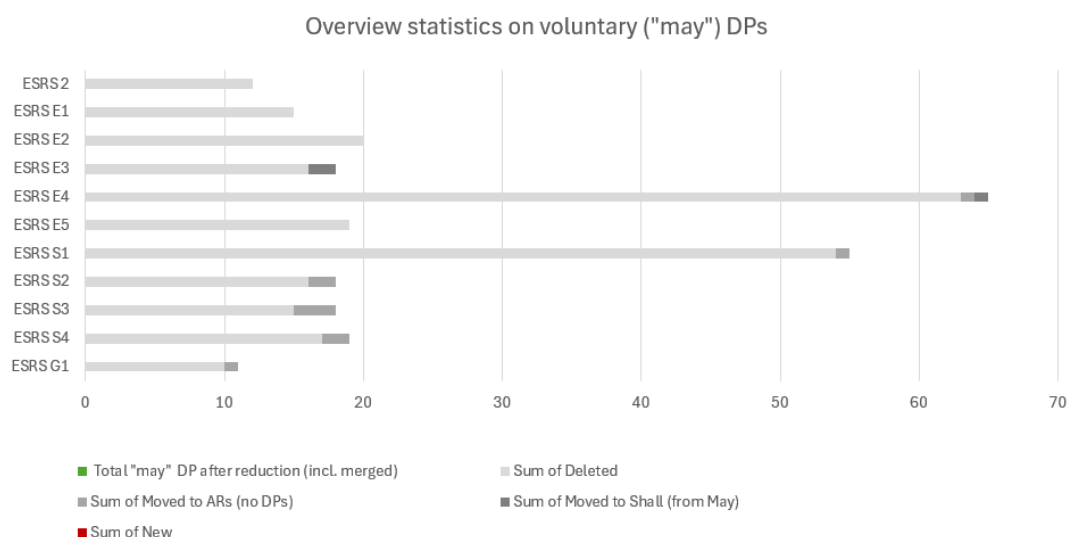
144. According to an internal assessment of the 'shall' datapoints in ESRS 2023 Delegated Act had, in most cases (92%), some correspondence to various sources, including IFRS S1, IFRS S2 and SASB, GRI, EU legislation, international regulation and frameworks (TNFD, CDP, OECD, ILO, etc.). The EFRAG Secretariat estimates, that in the Amended ESRS of November 2025 more than 90% of the remaining datapoints have some correspondence to these sources as well.

¹² After revision MDR was renamed to GDR

Reduction per standard – shall datapoint



Graph - Reduction per standard – may datapoints



No new datapoints as a general principle

145. In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. However, to respond to the feedback that asked for a more efficient identification of the reporting obligations and to promote more focused and relevant information, 3 datapoints have been added as an exception to the general rule. This table provides the justification for these exceptions.

Datapoint	Rationale for new datapoint
ESRS E1-1 Information about key assumptions used	This inclusion improves alignment with the ISSB's equivalent disclosure related to transition plan, including key assumptions and dependencies on which it relies (IFRS S2.14(a)(iv)). In ESRS enacted in 2023 this was covered by

	the ESRS 2 paragraph 69 which asked to disclose the financial dependencies, further strengthened by the ESRS E1 AR 21 requiring an explanation of how the ability to implement actions depends on the availability and allocation of resources (financial dependencies). Details in ESRS E1 AR7, AR13 and AR15 covered key assumptions. Accordingly this DP is not entirely new.
ESRS E5-5 The proportion of waste for which the final destination is unknown, expressed as a percentage of total waste generated.	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document. This new datapoint has been added to replace a previous disclosure requiring the share of nonrecycled waste, to address concerns about the fact that the undertaking does not know the destination for some of the waste materials. Accordingly this new datapoint is not adding new burden but is instead simplifying the previous requirements.
ESRS S1-9 Disclosure on the benchmark(s) it uses to determine the adequate wages. Whilst ESRS 2 GDR-M in paragraph 49 (a) includes the requirement to disclose the methodology used, this has been made explicit in the DR and prudently counted as an additional datapoint.	Added in response to feedback from the public consultation and the field test on the adequate wages methodology for non-EU countries. S1-9 previously did not include a disclosure on the methodology and benchmarks used for the calculation of adequate wages, which limited comparability, verifiability and understandability.

146. In addition to the above and in accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, 'may disclose' datapoints have not been transformed into mandatory ones. However, to support a more effective identification of the already existing reporting obligations and avoid so called hidden datapoints, 3 datapoints have been moved from 'may disclose' to 'shall disclose'.

147. These new datapoints refer to an already existing disclosure objective and make explicit a separate element of required information. In consideration of their very low number, when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. Their change of status improves the clarity of the reporting requirements. The table below presents the respective justifications.

Datapoint	Rationale for moving from 'may' to 'shall'
ESRS E3-4 <i>Water</i> – Own operations total [water] withdrawal	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the

	importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions
ESRS E3-4 <i>Water – Own operations total [water] discharge</i>	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawal and discharge. Accordingly, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharge, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
ESRS E4-1 <i>Biodiversity and Ecosystems – Biodiversity and ecosystems transition plan</i>	Changing this disclosure to mandatory is considered highly decision-useful for users, particularly for undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is required only if such a plan is in place and its key features have been publicly released elsewhere. This does not create additional burden, as the plan, or key features of it, are already public and the information normally available. The implementation and disclosure of TPs is an area that is becoming normal practice and is expected to grow in importance in the coming years.

7. Other significant technical issues

148. This section is dedicated to the basis for conclusions on amendments that are transversal to more than one standard. Amendments that pertain a single standard are explained in Chapter 5 Key Simplifications by Standard.

Geographies

149. EFRAG identified the need, as part of the simplification process, to consolidate the location-specific provisions in the Delegated Act addressing two connected, but separate aspects: on the one hand the location-specific level at which the double materiality assessment needs to take place; on the other hand the level of aggregation or disaggregation required for reporting purposes, e.g. by region, ecosystem or site. This was connected with the restructuring of the topical standards, where IRO specifications were eliminated and this created an issue of incorporating in cross cutting standards the essential provisions formerly in IRO topical specification.

150. On the first aspect, SR TEG and SRB members acknowledged during the review process the relevance of considering location-specific context when identifying IROs, particularly, but not only, in relation to environmental topics, where local factors can strongly influence the existence of negative impacts. Specifications on this aspect existed in ESRS 2 IRO 1 when describing the DMA approach, and in environmental standards, but were not explicit in ESRS 1 as part of the DMA guidance itself. In the Amended ESRS 1, a reference to geographies is therefore added in paragraph 27 (top-down approach to DMA), in paragraph 32 (b) (focus area in the DMA) and 33 (specific geographic context), in AR 15 which consolidates content previously placed in topical standards and maintain a non-mandatory

reference to the LEAP approach. The LEAP approach corresponds to the four-stage framework from the Taskforce on Nature-related Financial Disclosures (TNFD). These amendments do not introduce a requirement to perform systematically the DMA at a granular level (e.g. by site or at other levels described in AR 10 of ESRS 1), however they emphasise the role of the geographic context in DMA, when there are factors that influence the existence of negative impacts in a specific context of the geography.

151. On the second aspect, several SR TEG and SRB members stressed the need for preparers to disaggregate, where appropriate, reported material information by specific location, including by site, in order to faithfully represent material impacts and thus produce decision-useful information, e.g. in relation to impacts on biodiversity-sensitive areas. This was also supported by stakeholders through the public survey. Other SR TEG and SRB members, particularly preparers, emphasised the burden that excessive disclosure granularity could create to preparers, potentially also obscuring material information, and warned against requirements to provide information by each individual site. The provisions included in Amended ESRS 1 Level of aggregation, disaggregation aim to enable preparers to faithfully represent material impacts and report at the right level for decision-usefulness.
152. ESRS 1 as enacted in 2023 already foresaw the disaggregation of reported information by 'significant site or significant asset' when needed for a proper understanding of its material impacts, risks and opportunities (section 3.7 Level of Disaggregation as enacted in 2023). ESRS E4 as enacted in 2023 also included specific datapoints related to the disclosure of material sites (paragraph 16(a)). In addition, some topical standards of the ESRS as enacted in 2023 also included specific IRO-1-related disclosure requirements about whether and how sites were screened to identify material IROs¹³. In this context, a considerable number of datapoints and paragraphs were deleted as part of the simplification.
153. EFRAG decided to strengthen a principle-based approach to identify the right level of assessment as well as the right level of disclosure reflected, among others, in the following simplified and clarified provisions in the amended ESRS:
 - a) 'ESRS 1 Level of aggregation, disaggregation' clarifies that the reported information shall be done based on the level at which significant variations of material impacts, risks or opportunities arise. In this context, Amended ESRS 1 emphasizes the equal importance of reporting at the appropriate level of aggregation or disaggregation, in alignment also with other standards such as IFRS. In relation to location-specific aggregation and disaggregation the new defined term 'geography' is introduced, covering sites, but also other geographical dimensions like country or ecosystem to convey that individual site disclosure is not necessarily a requirement.
 - b) In relation to the DMA, an application requirement (ESRS 1 AR 15) was included to emphasize the importance of geographical context to assess negative impacts, an approach well established in practice and aligned with the approach of other standards and frameworks, such as TNFD and GRI. This AR streamlines and consolidates related provisions previously addressed in topical standards as enacted in 2023.
 - c) revised ESRS 2 IRO-1 maintains the disclosure of how the undertaking considered areas of heightened risks of negative impacts related to geographies, formerly in ESRS 2 paragraph 53 (b) (i) as enacted in 2023.
 - d) At topical level, with the exception of ESRS E4, no specific disclosure requirements are kept in relation to the disaggregation of reported information by relevant geographies, also to avoid redundancies with ESRS 1 and 2. However, a paragraph

¹³List of IRO-1 specifications in ESRS as enacted in 2023. AR content was also deleted in addition to the datapoints: ESRS E1 paragraphs 20 and 21, ESRS E2 paragraph 11; ESRS E3 paragraph 8; ESRS E4 paragraphs 17 and 19; ESRS E5 paragraph 11.

in the Objective sections in the environmental standards E2-E4 has been included, without introducing new requirements, to reference the general principles outlined in Amended ESRS 1 on the relevance of context-specific considerations particularly in relation to pollution, water and biodiversity and the aggregation or disaggregation of reported information along geographies, as appropriate.

- e) The reviewed ESRS E4 consolidates previously site-specific disclosure requirements in one section (ESRS E4-5, see more details in the section on ESRS E4), introducing more flexibility than in ESRS E4 as enacted in 2023, as no individual site-specific disclosures are necessarily required anymore and aggregation is allowed. A compromise by the SRB was achieved to use the term 'location' (not explicitly defined in the Glossary) in the disclosure requirement E4-5, rather than the term 'geography' used in ESRS 1 and 2, as the latter one could lead undertakings to aggregate information on negative impacts at an inappropriate, non-decision-useful level (e.g. by country or ecosystem type), according to some SRB members. At the same time the term 'site', which was used in ESRS E4 as enacted in 2023 was avoided in Amended ESRS E4-5, as per the request by some SR TEG and SRB members, and additionally it was specified that disclosures by each individual site is not necessarily expected. Through the public consultation, some stakeholders criticized that the simplification of ESRS E4 as enacted in 2023 in relation to location-specific provisions would deprive users from relevant information. While approving the standard, some SR TEG and SRB members still expressed reservations stating that amended ESRS E4 provides excessive flexibility that can lead to obscuring site-specific information related to material negative impacts. On the other hand, other SRB members expressed reservations about excessive granularity. Also to be noted is that some stakeholders suggested in the public consultation the inclusion in E4 of an explicit requirement for site-specific disclosure in relation to the value chain, a suggestion not implemented by EFRAG.

154. In conclusion, the Amended ESRS reflect a compromise, with opposing views, where some members consider the language on local considerations for DMA and aggregation or disaggregation still too imprecise with a risk of loss of information, while others on the contrary think that there is still excessive focus on this aspect, potentially triggering the expectation of an excessive granularity in DMA and reporting (see reasons for dissent in SR TEG in Appendix 3). The compromise was supported in the final approval by the SRB, with no dissents and only two reservations.

Fine tuning of list of topics and sub-topics in Amended ESRS 1 General Requirements Appendix A (former AR 16 of ESRS 1 as enacted in 2023)

155. Several challenges were identified in the public feedback with the list of topics/sub-topics/sub-sub-topics in ESRS 1 as enacted in 2023, for paragraph AR 16. Among these challenges were:

- a) Inconsistent nature of the topics, sub-topics and sub-sub-topics: Seen in the differing levels of granularity among the topical Standards, where Environmental topics mirrored the EU Taxonomy and Social and Governance topics reflected the CSRD's level of granularity for social and human rights factors and for governance factors. Overlapping and interdependent topics could lead to duplication or omission of critical issues, depending upon whether AR 16 and IRO-1 outcomes are connected in the DMA process.
- b) Absence of a reconciliation between disclosures and topics: The lack of clear mapping between specific datapoints and sustainability matters has led to over-disclosure when sub-topics are material. Clarification via the EFRAG Q&A Platform ID 177 *Mapping of sustainability matters to topical disclosures*, was issued too late

to be implemented by most preparers who had already finalised their reports for the 2024 year-end.

- c) Ambiguity on role of AR 16 and IRO 1 in DMA: There was confusion about the relationship between IROs and sustainability matters, in part due to different structuring across topical Standards; this led, sometimes, to burdensome one-to-one mapping exercises before ID 177 was released. In addition, questions arose as to whether ESRS 1 as enacted in 2023 AR 16 was mandatory or merely a reference point for identifying material IROs.

- 156. Some undertakings may have incorrectly treated AR 16 in ESRS 1 enacted in 2023 as a mandatory checklist rather than a reference guide, potentially missing entity-specific material IROs. The Standards needed clarification that IROs and sustainability matters have a 'many-to-many' relationship where matters guide reporting requirements for relevant material IROs. This has been clarified in Amended ESRS 1 *General requirements* Chapter 3 and Appendix A.
- 157. When mapping IROs to sustainability matters, one material IRO linked to one sub-topic could be interpreted as triggering the materiality of the rest of the sub-topics of the topical standard, leading to potentially disproportionate and irrelevant reporting. This has been remediated by specifying in ESRS 2 *General Disclosures* that only the requirements related to the material sub-topic are to be reported subject to conditions. In addition, to alleviate these challenges and meet the objectives of the Omnibus proposal, EFRAG has clarified the relationship between IROs and topics. The layer of sub-sub-topics is eliminated and their content aggregated at the level of sub-topic.
- 158. EFRAG has intentionally limited the extent of changes to Amended ESRS 1 Appendix A (ESRS as enacted in 2023 AR 16) so as not to disrupt the implementation investments made so far by ESRS preparers.
- 159. EFRAG is issuing an update to ID 177 as Appendix 9 to this Basis for Conclusions.

10. Explanations of the amendments at Standard level

160. This section covers the Amendments at the Standard level. It illustrates the reasons for the changes, how they address the challenges and suggestions of the respondents to the consultation, and includes frequent suggestions that were rejected, including the reasons for rejection.

ESRS 1 – General Requirements

Amendments to Objective

161. Fair presentation has been introduced as a new section (for details see ESRS 1 Chapter 2).
162. In describing the objective of the sustainability statement, the word ‘all’ has been introduced for a better alignment with IFRS language (IFRS S1, paragraph 11) on fair presentation now stating ‘*all the undertaking’s sustainability-related material impacts, risks and opportunities*’. This was considered an important component for clarity on fair presentation, i.e. if an IRO is material, it cannot be omitted. However, ‘all’ should not be read as requiring burdensome, detailed documentation exercises; it is intended to express the overall purpose that applying the ESRS results in covering the undertaking’s material IROs, consistent with the overarching fair presentation principle.
163. The definition of primary users and other users has been moved to paragraph 4 and maintained in the main body of the Standards despite already being in the Glossary, given its importance. Compared to ESRS as enacted in 2023 ‘governments, analysts and academics’ were deleted from the list of ‘other users’ as they are seen as indirect beneficiaries of the information. While approving the Standard, several SRB and SR TEG members had reservations with this deletion from the list of other users.
164. In draft Amended ESRS 1 paragraph 4 an emphasis is put on the ‘general-purpose’ sustainability statement in line with double materiality. In addition, AR 1 specifies this notion, with reference to the characteristics of the users (having a reasonable knowledge of the general subject matter) and with reference to ‘the information needs of groups of users’. This simplification is intended to clarify who the users are and that sustainability reporting should be focused on the information needs of users as a group.
165. Draft Amended ESRS 1 paragraph 5 introduces the reporting areas of (a) governance, (b) strategy including financial effects, (c) IRO management, through policies and actions, and (d) metrics and targets. This helps streamline the drafting of several paragraphs that refer to paragraph 5, including in the topical standards. This is also to clarify the expectation of inclusion covering all these areas for the material IROs, subject to the information materiality filter (paragraph 23 of ESRS 1). Financial effects are considered metrics, although they are not presented as part ‘metrics’ (MDR-M is applicable to them), and they are treated centrally in SBM-3 (strategy). Therefore, the specification ‘financial effects’ as part of the strategy was added in paragraph 5 to avoid ambiguities, in particular following the deletion of the corresponding DRs in the topical standards except E1-11. This does not add to previously existing obligations in the 2023 Delegated Act.
166. An explicit statement that ESRS do not mandate behaviour (in addition to reporting behaviour) has been added, responding to questions received on the EFRAG Q&A platform indicating that this was not always clear for preparers.
167. Stakeholders suggested that ESRS should provide clear guidance on auditors’ role and mandate in providing assurance on the sustainability statement. EFRAG notes that this is

beyond the mandate given by the EC to provide advice on sustainability disclosure standards.

Amendments to Chapter 1: ESRS standards, reporting areas and drafting

168. References to sector-specific standards have been removed, with greater emphasis on entity-specific disclosures that should capture material sector-specific information. In the absence of sector standards, AR 5 to ESRS 1 paragraph 12 now includes a permanent reference to best practices and available frameworks (e.g., IFRS industry guidance and GRI Sector Standards, including GRI topics—newly added to support interoperability). While entity-specific disclosures under ESRS 1 paragraph 11 remain mandatory, the use of GRI/IFRS/SASB as sources is optional ('may use') and does not, by itself, discharge the obligation to provide entity-specific disclosures sufficient to understand material IROs; undertakings must apply management judgement to ensure fair presentation. Paragraph 12 retains the requirement to consider comparability ('shall consider'), while keeping external frameworks non-mandatory to avoid automatic incorporation of future changes (in the absence of an EU endorsement mechanism) and to prevent an expansion of mandatory datapoints, consistent with the simplification objective. This also preserves flexibility to use other relevant frameworks or industry practice. Explanations on General Disclosure Requirements (GDRs) (formerly Minimum Disclosure Requirements (MDRs)), policies, actions, targets, and metrics and impacts, risks, and opportunities have been moved to draft Amended ESRS 2 *General Requirements* to streamline the Standard.
169. Language in draft Amended ESRS 1 *General Requirements* has been streamlined, with due care taken not to disrupt the implementation efforts of Wave 1 companies. At the same time, new language has been avoided for the most critical, general requirements.
170. In terms of drafting conventions, along with the 'shall consider' and 'may consider' terminology, another convention has been introduced for non-mandatory sources of input and methodology: the 'valuable input'. Examples of where this is used include the LEAP approach in draft Amended ESRS 1 *General Requirements*, and E-PRTR list of pollutants in draft Amended ESRS E2 *Pollution*.
171. These amendments are expected to facilitate readability and understandability.

Amendments to Chapter 2: Fair Presentation and qualitative characteristics of information

172. It has been clarified that ESRS are a system based on 'fair presentation', as a principles-based, overarching approach, following the public feedback received. This is anchored in the CSRD and aligned in principle with IFRS financial and sustainability disclosures while extending the concept to cover impact materiality as well. However, some SRB and SR TEG members considered that the draft Amended ESRS have introduced fair presentation as a new concept, not simply as a clarification of a pre-existing concept.
173. The emphasis is put on ESRS being a fair presentation framework, to reinforce the effectiveness of the materiality principle to provide the overall picture of reported information. This is expected to avoid unnecessary reported information and unnecessary documentation, such as to show that omitted datapoints are not material. Therefore this is expected to avoid excessive documentation efforts due to a compliance or checklist approach to the list of datapoints (DPs). An explicit statement of compliance with ESRS, including entity-specific disclosures, is now required in draft Amended ESRS 2 *General Requirements* BP-1. A few SRB and SR TEG members indicated their opposition to this amendment as one of the reasons to dissent from draft Amended ESRS 1 *General Requirements*. Others had reservations while approving the standard. They feared there would be a risk of inconsistent application of this principle across countries and different level of maturity of sustainability reporting compared to financial reporting. They also

indicated that a comparable auditing approach across the European Union is a prerequisite to efficient application of this principle.

174. The alignment with IFRS S1 has been strengthened through the revision of draft Amended ESRS 1 Chapter 2, which includes a reorganisation of the related paragraphs to emphasise the qualitative characteristics of information and the relevance of entity-specific disclosures to meet users' needs. A clear link between entity-specific information and fair presentation has been established by introducing a direct reference to Chapter 2 in paragraph 11, and an additional reference to paragraph 11 in paragraph 21.
175. Paragraph 21 introduces a presumption that applying ESRS including the materiality filter of paragraph 24 and entity specific information, when necessary, is presumed to result in a sustainability statement that meets fair presentation requirements. Two additional application requirements in draft Amended ESRS 1 (AR 6 and AR 7) have been introduced to provide guidance on implementing fair presentation, by requiring undertakings to consider whether additional disclosures are needed and whether all the reported information is material, when looking at the overall balance, to avoid misleading, incomplete or excessively granular reporting. Linking this provision to the overall objective reinforces the expectation that undertakings exercise management judgment in determining the information that would satisfy users' needs.
176. Draft Amended ESRS 1 AR 6 explains how the reliefs are compatible with a fair presentation system. In particular, the emphasis should not be on providing an exact figure when calculating a metric, but on fairly presenting the limitations of the reported information, including the reliefs applied, the estimates used and the resulting level of accuracy and completeness.
177. Additionally, draft Amended ESRS 1 AR 7 clarifies that the concept of 'entity-specific information' in ESRS is equivalent to the term 'additional information' used in other Standards, such as IFRS Sustainability Disclosure Standards. This is to avoid ambiguity on the concept that EFRAG intends to promote, that is entirely aligned with the ones in IFRS S1, with the due consideration of the difference between double versus single materiality, which underpins the materiality mechanism in the two cases.
178. SR TEG and SRB considered whether to introduce an 'override provision' that would allow departures from ESRS requirements where strict compliance would not result in a fair presentation. In line with the overarching intention not to create an ESRS fair presentation concept that differs from IFRS S1, emphasis is now placed on ESRS 1 paragraph 11 (relating to entity specific disclosures) and paragraph 24 (relating to undertakings not being required to disclose information prescribed by an ESRS DR if that information is not material), which serve a similar function as the override. Paragraph 24 is aligned with IFRS S1, to avoid market confusion on such a fundamental element of reporting, which also has significant auditing ramifications. If necessary, paragraph 24 results in omitting a datapoint required by ESRS, and paragraph 11 requires introducing entity-specific information, thus in practice achieving a result similar to the override.
179. The full alignment to IFRS literature on fair presentation language avoids ambiguity on the use of faithful representation, which is one of the qualitative characteristics of the information in Appendix B of ESRS 1 and was already present in ESRS as enacted in 2023. While faithful representation is a concept that works at a single disclosure level, fair presentation is a more holistic concept, to be assessed at the level of the ESRS statement as a whole. Stakeholders expressed mixed views on introducing fair presentation, and feedback to EFRAG highlighted the need for further clarification to avoid divergent interpretations by preparers and auditors of the provisions in ESRS as enacted in 2023.

Amendments to Chapter 3: Double materiality as a basis for sustainability reporting

180. The double materiality assessment (DMA) is central to the preparation of sustainability statements under ESRS. Conducting the DMA has been challenging for undertakings and burdensome in practice, with a significant revision of provisions required as also indicated by the stakeholder feedback received. There was a need to focus more on the objective of DMA and to eliminate ambiguities or potentially misleading provisions in ESRS, to avoid the DMA process being seen as merely a compliance exercise and to avoid unnecessary, overly formalistic approaches.
181. The input gathered from first wave reporters, public consultation, outreaches and SR TEG and SRB discussions confirmed that the determination of topics to be reported upon has been particularly challenging, including for audit purposes. While there have been benefits from the DMA exercise and the involvement of various internal stakeholders, including those at board level, frequent comments noted challenges in relation to an excessive focus on process rather than outcome, lack of consideration for the undertaking's strategic context, the list of matters (in former ESRS 1 AR 16) being used as a checklist to document the non-materiality of each and every item, the use of quantitative scoring at the level of single impact, risk or opportunity (IRO) as a starting point, and the absence of guidelines for: sectors, thresholds and the level of aggregation or disaggregation.
182. Divergence in practice was observed as to whether negative impacts were to be assessed before or after prevention, mitigation and remediation actions. Such divergence affects comparability and relevance of information.
183. The filter of materiality of information was not well understood, resulting in reporting that was excessively granular. In some cases, the framework has been interpreted as a mere compliance exercise, using the list of datapoints in IG 3 as a checklist, leading to the systematic inclusion of individual datapoints without the flexibility needed to focus on information relevant to the specific circumstances of the undertaking.
184. The Explanatory memorandum accompanying the EC Omnibus Proposal identified the following objectives for the DMA: '[the simplification] will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process'.
185. To meet this objective, EFRAG has introduced the following key changes to strike a balance between simplification and the necessary reliability of the DMA:
- a) ESRS 1 Chapter 3 has been entirely restructured for better flow, readability, and understandability of the materiality assessment process. As part of this restructuring:
 - i) the sub-section on material impacts and risks arising from actions has been relocated and is no longer presented as a distinct step within the description of the DMA; and
 - ii) considerations related to geographies, including their link to the level of disaggregation, have been streamlined and consolidated in a limited number of dedicated sections.
 - b) More prominence has been given to materiality of information as a general filter; all requirements are subject to this filter. The list of users has been refocused, on the two groups that the CSRD recital 9 identifies as being 'the two primary groups of users', with the elimination of governments, analysts and academics. The notion

of a general-purpose sustainability statement has been introduced, to specify that (i) addressed users are expected to have a 'reasonable knowledge of the general subject matters' covered in the sustainability statement and (ii) the objective is not to satisfy individual interests, but to address the information needs of groups of users (AR 1). The filter of materiality of information for users other than primary users of general-purpose financial reports, formerly based on providing an understanding of material IROs, is now based on decision usefulness, which includes 'informed assessment', in order to foster more focused reporting and considers that a similar concept is used in impact materiality under GRI. The inclusion of 'informed assessment' in paragraph 23 (b) has generated reservations and, in some cases, has been one of the reasons for dissent from SRB and SR TEG members as the concept of 'informed assessment' in ESRS 1 paragraph 23 (b) was perceived as creating interpretative difficulties and being a new concept beyond ESRS as enacted in 2023. Furthermore, it was perceived at risk of reducing the effectiveness of the 'materiality of information' filter and consequently, potentially resulting in more (if not excessive) information to be considered material and therefore to be reported. On the other hand, other SR TEG and SRB members were concerned that 'decision useful' without emphasis on informed assessment would overly drive a financial materiality based interpretation of information materiality. These members proposed a more extensive definition, including the expression 'decisions and informed assessments', and specifying concrete users categories and purpose for which they need the information in the AR. Unlike in 23 (a), the 'decisions' under 23 (b) are not necessarily legal acts in a sense of buy/sell decisions as in the case for the first group of users. Therefore, the expression 'decisions including informed assessments' aims to specify what users information needs the undertaking shall take into account. SRB and SR TEG tried to develop AR specifications on the nature of the informed assessment of paragraph 23 (b), along the lines of the text in recital 9 of the CSRD. However, their inclusion was opposed by other members. Eventually, the agreed compromise was deemed acceptable to everyone, albeit with reservations from both sides.

- c) To reduce the overall complexity of the DMA process, a 'top-down' approach to materiality assessments has been introduced (ESRS 1 paragraph 27), meaning that a detailed assessment at IRO level is only necessary if a higher level of assessment (topical level) does not result in clear (meaning evident) conclusions on materiality. Also, it has been explicitly clarified that undertakings have the flexibility to use one approach or the other or take a combined approach (ESRS 1 paragraphs 27, 28 and AR 8, 9). To streamline the main body of the Standard, methodological and illustrative elements specific to the bottom-up approach have been consistently moved to the Application Requirements, such as the characteristics of severity, in specific cases, the precedence of severity over likelihood, and detailed elements on dependencies. The top-down approach is anchored in an analysis of the undertaking's strategy and business, including sector(s) of operations, geographies, and features of upstream and downstream value chain. This amendment has often been identified in comment letters from respondents to the consultation as the single most effective simplification in all the proposed amendments. Some SR TEG and SRB members suggested the need to specify the evidence that is expected to support the conclusions of the top-down approach (on the materiality or non-materiality of impacts, risks or opportunities for a topic or sub-topic), to avoid that the top-down approach results in weakening the robustness of the analysis. This has not been specified, as EFRAG considered that this would be detrimental to

simplification. However, EFRAG notes that in accordance with the qualitative characteristics (Appendix B of ESRS 1), reported information should be verifiable.

- d) The relationship of IROs and topics to be reported has been clarified. The term 'matters' is no longer used, to reduce the number of similar terms. The terminology 'material topics' is also not used, to specify that 'topics' are reported when their associated IROs are material. Similarly, 'topics' are not managed, but their related IROs are. To avoid unnecessary granularity of reporting and foster more relevant information, flexibility has been introduced to report each of the disclosures at topic of sub-topic level (, at group of IROs level, or at single IRO level, depending on what provides the most relevant information.
- e) Stakeholders suggested that disclosure on positive impacts and on opportunities be made optional. EFRAG notes that it is often difficult to determine the dividing line between positive and negative impacts. An opportunity missed by the undertaking could create a risk for the undertaking. Conversely, a risk that does not materialise could create an opportunity for the undertaking. Making reporting on positive impacts and opportunities optional would therefore create additional complexity contrary to the objectives of the Omnibus proposal in addition to being contrary to interoperability with IFRS. EFRAG also notes that for undertakings it is important to report on their opportunities and positive impacts. Ultimately, under the draft Amended ESRS, positive impacts are included in the definition of impacts for reporting purposes. To support this, new guidance has been introduced to prevent the misleading overstatement of positive impacts and to promote relevant and comparable reporting (paragraph 45).
- f) Key concepts like 'actual'/'potential' and 'positive'/'negative' impacts have been clarified in the glossary and definitions aligned with the text are included in the main body of ESRS 1.
- g) To avoid divergence of interpretation on how to factor into the DMA the prevention, mitigation and remediation policies and actions, and to respond to the findings of the field test and of the public consultation, ESRS 1 paragraph 44 and the related ARs have been introduced. Appendix C of the ED, which included detailed guidance for different fact patterns, has been eliminated as it was judged too complex. Its core principles, which were broadly supported in the consultation, have been retained in a more principles-based approach. The SR TEG and SRB intend with this amendment to avoid under-reporting (associated with a net approach, i.e. post-actions and policies) and over-reporting (associated with a gross approach, i.e. pre-actions and policies). The explicit fair presentation as a general framework offers a useful support for this purpose, as the objective of the sustainability statement is to present fairly both the impacts and how they are managed. It is expected therefore that neither of the two elements dominate the other, i.e. to avoid excessive emphasis:
 - i) on the impacts still to be mitigated in a net approach (where there is risk of under-reporting of successfully implemented policies and actions); and
 - ii) in a gross approach on impacts that are below materiality levels following successfully implemented policies and actions (where there is a risk that too many IROs are reported also when they are not material).
- h) The following are other important considerations regarding paragraph 44.
 - i) ESRS 1 Paragraph 44 (a) and (b) require considering the effect of policies and actions that are implemented (i.e. not only planned) if those policies and actions are reasonably expected to be effective in reducing severity and

likelihood below the materiality thresholds. Divergent views were expressed. Some SRB members would have preferred to adopt a pre-policies and actions approach as a general principle, in order to avoid the risk of additional documentation burden arising from proving the effectiveness of the policies and actions. In response to these concerns, the qualifier 'reasonably assumed to' has been introduced. With regard to the proof of effectiveness, EFRAG notes that policies and actions that are not effective do not have an impact and accordingly, do not reduce severity or likelihood. Also, important to note here that the use of the terms gross and net was intentionally avoided in the technical advice as it was seen confusing, particularly due to overlaps with business risk assessment terminology.

- ii) The SRB and SR TEG wanted to avoid the under-reporting associated with a 'post-policies and actions' approach. As also confirmed by the field test, there are IROs and associated topics that tend to be material for users in a given sector, irrespective of how effective the implemented policies and actions are. For this reason ESRS 1 paragraph 44 (c) has been introduced, which covers what some would call 'inherent impacts'. Examples in high impact sectors include (i) climate mitigation, as reducing the corresponding impact requires multi-year transition actions and policies (e.g., GHG emission reduction trajectory); and (ii) health and safety, as corresponding impacts can never be fully eliminated. Possible sources of inspiration are peers' practices, items of strategic importance from the administrative, management and supervisory bodies or their key stakeholders. This concept is rooted into the general filter of information materiality as highlighted in AR 26 and in this way, it stays at principles-based level, allowing for the flexibility necessary to reflect the undertaking's specific circumstances. EFRAG notes that one SRB member and one SR TEG members indicated the provisions in paragraph 44 of ESRS 1 as one of the reasons to dissent. They oppose the introduction of para. 44(c) as they consider it as introducing a 'conceptual flaw' in the architecture of the ESRS whereby the 'materiality of information' takes precedence over 'materiality of matter', i.e. it does not define the circumstances of when an impact is material but defines that an impact is material depending on the information needs. In their opinion, 44(c) introduces a circular reasoning contradicting 44(b) and it is not in line with the original intention of the DMA, which first identifies material (IROs - including material impacts beyond 'net perspective') and at the next level considers - for these identified material IROs - the materiality of information.
- iii) EFRAG considered an alternative formulation of paragraph 44 (c) that would consist in complementing the 'post-actions and policies' general approach with a special focus on reporting on policies and actions for inherent impacts that have been addressed and therefore are not material, but without triggering the materiality of the corresponding impact for reporting purposes. This would result in a mixed reporting approach, where only the implemented actions and policies are reported for inherent impacts, but not the metrics, targets, etc., as the impact would not be considered material for reporting purposes. This alternative was discarded as it would result in an additional complexity to the overall ESRS architecture.
- iv) In consideration of the level of judgement associated with this approach, emphasis is put on reporting as part of ESRS 2 IRO 2 the approach adopted to consider the prevention, remediation and mitigation and actions in the DMA.

- v) Feedback from stakeholders suggested to also address risks and opportunities as part of this guidance on how to consider policies and actions in DMA. Some also noted that while written with reference to impacts, in the absence of a specific treatment dedicated to risks and opportunities, the guidance could be interpreted as being applicable by analogy to the risks and opportunities, which is contrary to EFRAG's intentions. EFRAG considered such a specification unnecessary, as the entire chapter on impact materiality is dedicated to impacts and therefore not applicable to risks and opportunities. EFRAG also considered it preferable to avoid the introduction of new guidance on financial materiality, which has not been tested in practice. In addition, introducing new guidance in this area could result in interoperability issues with IFRS.
- vi) Considering the specific context of credit institutions and insurance undertakings, a specification has been added in ESRS 1 AR 27 in relation to internal risk management within the context of financial materiality assessment and the expected consistency with the applicable prudential regulatory frameworks. When credit institutions perform the materiality assessment, the starting point may be the risks and opportunities that arise from their clients. Accordingly, the DMA process of credit institutions is expected to be consistent with the EBA (European Banking Authority) Guidelines on the management of ESG risks (EBA/GL/2025/01), along with other relevant regulatory prudential elements, to support effective implementation. For insurances, the DMA process is expected to be consistent with their internal risk management procedures that are in line with Solvency II (2009/138/EC) requirements and also consider when appropriate all accompanying level 2 and level 3 framework, when preparing the financial materiality assessment. On this provision (AR 27), it is important also to note that one SR TEG member suggested expanding the reference related to the relevance of internal risk management frameworks as a key input for the materiality assessment to allow undertakings to rely more on internal risk management. However, the text was not further amended as the current wording is considered sufficient to convey such a message.
- vii) EFRAG is acutely aware of the complexity of factoring into the DMA the prevention, mitigation and remediation policies and actions, which has been debated at length during the simplification work, and of the necessity to accompany the new provisions with appropriate illustrations and non-binding guidance, at sector level when appropriate, in the future.
- i) 'List of topics' in former ESRS 1 AR 16 (now Appendix A) has been streamlined by eliminating the most detailed sub-sub-topic level. Appendix A is an integral part of ESRS 1 *General Requirements* and provides non-binding guidance to support the application of provisions in the Standard.
- j) To avoid unnecessary reporting, ESRS 1 paragraph 30 clarified that if only a sub-topic is material, the information to be reported is limited to that sub-topic, without triggering reporting on the entire topic. The introduction of this clarification caused concern for certain SRB and SR TEG members who believe this will reduce reporting on areas such as ESRS S1 metrics and could be interpreted as a contradiction to the to be updated EFRAG Q&A ID 177 *Links between AR 16 and Disclosure Requirements*, issued in July 2024, where a set of ESRS S1 metrics was identified to be reported if ESRS S1 as a whole was considered material. A suggestion was put forward to delete this paragraph, but it was rejected as the strong need to clarify this point for preparers emerged from both pre-ED and post-ED consultations. This concern was mentioned as one of the reasons for dissent by

one SRB member and one SR TEG member, as well as one of the reservations by other members.

- k) As stated also above, EFRAG decided to strengthen a principle-based approach. The change from ESRS as enacted in 2023 put more but equal emphasis on the aggregation and disaggregation criteria for reporting information at the right level, leveraging on relevance, faithful representation, and aligned with IFRS Guidance has been provided with respect to the consideration of geographies (as defined in ESRS 1 AR 10 and in the glossary) for the DMA and reported information, to avoid long lists of sites being included in the sustainability statement. The new AR in the ESRS 1 replaces large volume of text and AR paragraphs across E standards. At the same time, the importance of considering geographies at the appropriate level of granularity has been reinforced both in the DMA and in level of aggregation and disaggregation. ESRS 1 does not require excessive disaggregation of DMA process or results, but rather the determination of the appropriate level at which critical factors should be considered. At the DMA level, this is based on focus areas identified by the undertaking as being heightened risk, as per paragraph 32. EFRAG notes that concerns remain on this point for several SRB and SR TEG members: for some, the text included in the technical advice attributes an excessive focus on geography and disaggregation, leading to an expectation gap regarding the level at which the DMA is conducted and at which level disaggregation is needed for reporting. For others, the text is perceived as not precise enough regarding the definition of geographies for DMA and disaggregation, negatively impacting topical disclosures, and increasing risk that critical information will be obscured. One additional element to mention for the DMA (ESRS 1 AR 15) is the reference to the LEAP approach as outlined by the guidelines of the Taskforce on Nature-related financial disclosures (TNFD). This has been maintained, as a valuable reference. A 'valuable input' is understood to be a non-mandatory source. Moreover, reference has been retained also to ensure interoperability with TNFD. Important to note that references to LEAP were originally included in E2-E5 standards in a large number of ARs and a high level of details. They were also connected to explicit datapoints on whether and how the sites, assets, and activities, including in value chains were screened. These have been all removed, no explicit DPs have been left and all ARs were consolidated to a single one in ESRS 1. It has been explicitly clarified that undertakings are not expected to conduct a full DMA every year. At each reporting year, the undertakings shall update their DMA in the case of any significant changes.
- l) As part of the discussion on how to promote more concise and focused reporting, one SRB member proposed anchoring the concept of materiality of information to what is strategically important. The SRB did not accept this suggestion, as it would risk introducing an additional threshold of materiality and departing from corresponding GRI and IFRS concepts. However, emphasis was put on the level of granularity of the information provided on the different IROs. For example, AR 33 was added to ESRS 2 to avoid boilerplate disclosures and to specify the particular characteristics of the undertaking's management approach. EFRAG notes that the information reported for material IROs should reflect the specific characteristics of the IROs to ensure it provides decision-useful information. In addition, the information provided in the sustainability statement should put more emphasis on qualitative and quantitative characteristics of IROs that are more important to the entity's strategy rather than on those of lesser importance to avoid obscuring the balance and the description of the individual IROs compared to one another.

187. Stakeholders suggested adding new guidance on thresholds for severity, scope, irremediability. ESRS is a principle-based system. Sectors, undertakings, and fact patterns

differ in many respects. Providing thresholds for some or all DRs would be too detailed and bound to be not applicable for some situations or too low or too high for some others. In addition, there will be no sector standards and sector guidance is outside EFRAG's simplification mandate.

188. Stakeholders suggested deleting the requirement to disclose subsidiaries' specific information where significant differences are identified between material IRO at group level to those at subsidiary level. EFRAG notes that this provision has been directly taken from the CSRD and that (a) IROs of the subsidiary are also those of the group as the subsidiary forms part of the group and (b) must be material from a group level perspective in order for it to be reported in the sustainability statement of the group.
189. In revising the impact materiality and financial materiality assessment requirements, an important objective was to preserve – and, where possible, further enhance – interoperability with other relevant standards, including GRI and ISSB. Accordingly, suggestions that would have resulted in misalignment or excessive divergence from these standards were not taken forward.
190. Feedback from the public consultation indicated that the definition of affected stakeholders, the nature of engagement with them, and the required engagement process (whether mandatory or not) were unclear. The undertakings' responsibility regarding engagement with workers' representatives was also the subject of extensive discussions. These points have been clarified through amendments in paragraphs and new ARs (see draft Amended ESRS 1 paragraph 43, and related AR 22 and AR 23).

Amendments to Chapter 4: Due diligence

191. Chapter 4 Due diligence acknowledges the new EU regulation on Corporate Sustainability Due Diligence (CSDDD) that is applicable to certain undertakings also in scope of the CSRD. Hence, the following sentence has been added as the CSDDD is now applicable: 'The provisions of ESRS are without prejudice of the provisions of the Corporate Sustainability Due Diligence Directive for undertakings in the scope of it.' Aside from this change, a full review of the applicable CSDDD provisions or definitions has not been performed for the draft Amended ESRS and suggestions of re-drafting this chapter by SRB and SR TEG members, including additional reference to the implementation of the CSDDD, have been rejected, especially since this Chapter was not subject to significant comments in the public consultation.
192. No other changes in substance were made. The steps of due diligence were relocated to ARs. The provision that 'ESRS do not impose any conduct requirements in relation to due diligence' has been retained, but because of its importance in the objective section of draft Amended ESRS 1 a general statement that ESRS do not 'mandate behaviour except for behaviour specifically related to the reporting of sustainability information' has been added, as it was perceived as not always clear, based on questions received. Mapping reporting requirements on due diligence may be considered for inclusion in future guidance.

Amendments to Chapter 5: Reporting undertaking and upstream and downstream value chain

193. One of the implementation challenges in applying ESRS as enacted in 2023 related to the absence of a definition of what constitutes 'own operations' and how to address financial reporting for unconsolidated subsidiaries. To address this issue, it is now explicitly stated in Chapter 5.1 for group reporting that the sustainability statement is for '*the parent and its subsidiaries in accordance with the applicable accounting requirements*'. In the case of group reporting, the reporting undertaking 'usually - except for specific circumstances, such as leasing and assets that are held by the undertaking's long-term employee benefit schemes' – considers as part of own operations as outlined in Chapter 5, paragraph 62: '*the assets, liabilities, revenues and expenses of the parent undertaking and its subsidiaries ... as*

determined in accordance with the applicable accounting requirements’. In line with this and feedback received for joint operations, it is now specified that only the share of the joint operation’s assets, liabilities, revenues and expenses recognised in the financial statements are own operations. A definition of ‘own operations’ was missing in ESRS 1 as enacted in 2023. The objective of the added phrase *‘parent undertaking and its subsidiaries ... as determined in accordance with the applicable accounting requirements’* is to clarify that in principle in the sustainability statement all subsidiaries must be included. EFRAG considered feedback that a subsidiary not included in financial consolidation (for any reason) should also be excluded from the sustainability statement. EFRAG rejected that suggestion but considered it necessary to clarify that: a financially non-material subsidiary may however be excluded from the sustainability statement, ‘unless there are specific facts and circumstances that expose the group to impacts arising from such subsidiary, that meet the group’s materiality thresholds.’

194. The following challenges were also identified in relation to ESRS boundaries:

- a) consideration of employee pension funds / plan assets in the sustainability statement;
- b) lessor treatment of leased assets;
- c) treatment of investment entities (not addressed following the EC recommendation that the possible option to consolidate subsidiaries by financial holding undertakings will be directly addressed in the amendment of the CSRD).

195. In the draft Amended ESRS 1 *General Requirements*, EFRAG has addressed additional challenges as follows:

- a) Draft Amended ESRS 1 *General Requirements* in paragraph 62 has introduced a definition for ‘own operations’, which ‘usually’ correspond to the assets/liabilities, revenues and expenses of the entities in the perimeter of financial consolidation.
- b) In paragraph 62 the word ‘usually’ is justified by the exceptions already introduced in the EDs (leasing and pension plans) and by the treatment of IROs associated to clients’ relationships, such as the loans for a bank, which give rise to Scope 3 emissions (value chain), despite being on balance-sheet. EFRAG debated whether this will unduly be open to misuses and the reference to specific circumstances helps to mitigate this concern. At the same time, draft Amended ESRS 1 does not offer an exhaustive list of exceptions (‘such as’ in paragraph 62). Transparency on exceptions is granted by the requirement in draft Amended ESRS 2 paragraph 4 (a) and this also helps to mitigate those concerns.
- c) Consideration of employee pension funds / plan assets in the sustainability statement: In draft Amended ESRS 1 it is clarified that the IROs associated with assets held by long-term employee benefit funds are connected to the undertaking’s value chain, and they are not part of the own operations.
- d) Leasing: In the draft Amended ESRS 1, it is stated that ‘IROs arising from the use of a leased asset do not depend on whether the asset is legally owned or leased’. The lessee is causing and contributing to the impacts of the leased asset; therefore, it reports the impacts and associated risks and opportunities in its own operations. The lessor is directly connected to the impacts of the leased asset; therefore, it reports the impacts and associated risks and opportunities as part of its downstream value chain. Leasing is a very widespread activity in all industries. All kinds of assets are leased, from vehicles to real estate, machines and other equipment, power plants, wind or industrial parks, etc. ESRS as enacted in 2023 were silent on how to treat leasing both from the lessor or from the lessee perspective and this generated implementation challenges in some sectors. Risks

or opportunities of an asset leased-in are different compared to an asset owned. For example, the risk of an asset becoming stranded after the lease period accrues to the lessor not the lessee. Who is exposed to which risk or opportunities in respect of the asset leased is stipulated in the leasing contract. Impacts questions were received in respect of the treatment of assets both from the lessor or the lessee perspective in the sustainability statement. EFRAG considers that an impact pertaining to the use of an asset does not depend on whether the asset is legally owned or 'only' used during the lease period, but on who is causing the impact. It must also be noted that the impact is generally caused by the energy used while driving a leased vehicle or using a leased office space, water is used in the leased building and not by the asset being leased. Therefore, it is important to distinguish between the use of the asset itself and the energy, water, and pollution from within or beyond own operations. If electricity is used by a leased asset it - the electricity - is in the reporting boundary and in own operations of the lessee (also in its financial statement as part of operational expense) and not the lessor. The solution proposed avoids the differentiation for both: the lessee between operational or finance lease (national Generally Accepted Accounting Principles) respectively the right-of use model (IFRS accounting Standards); and the lessor between finance and operational lease. Lastly, impacts connected to an undertaking are considered agnostic to accounting conventions.

- e) EFRAG is of the view that this same reasoning used for leasing can also be applied to leased out 'investment properties'. This relates to situations whereby a building owned by the undertaking and leased out under one or more operating leases (see International Accounting Standards 40 paragraph 8 (c) as an example of an investment property), as those investment properties would also be considered downstream value chain. It should be noted that buildings leased out under a finance lease are not considered investment properties.

- 196. One SRB member had reservations when approving draft Amended ESRS 1 as 'an exception to exclude from the scope of reporting the Assets under Management managed on behalf of clients' was not included.
- 197. The same relief as the one existing for financial reporting for subsidiaries with different reporting periods has been added for sustainability reporting as noted in AR 34 (subsidiaries with different reporting periods).
- 198. Chapter 5.2 has been streamlined. The elements related to materiality assessment of that chapter in ESRS as enacted in 2023 have been moved to draft Amended ESRS 1 Chapter 3, so all requirements are in the same location.
- 199. Unlike joint operations, which assets, liabilities, revenues and expenses are part of the parent and its subsidiaries and therefore own operations (draft Amended ESRS 1 paragraph 62), associates and joint ventures accounted for under the equity method are treated as business relationships, as investments (draft Amended ESRS 1 paragraph 70). In addition to the investment relationship, they might be part of the upstream or downstream value chain as supplier to or customer of the group (draft Amended ESRS 1 paragraph 71). If they are, the same provisions apply to them as to any other supplier or customer relationship.
- 200. AR 36 for paragraph 63 on metrics and value chain has been added to draft Amended ESRS 1, to illustrate the requirements in paragraph 11 on entity specific disclosures and the expectations of coverage of metrics in the value chain. Given that, with the exception of GHG emission (ESRS E1-8), the metrics defined in ESRS topical standards only cover own operations, this AR emphasises the requirement in draft Amended ESRS 1 paragraph 11, i.e. to cover on entity specific basis the metrics if this is necessary according to that paragraph.

201. In Chapter 5.2 of ESRS as enacted in 2023 *Estimates using sector averages and proxies*, estimates regarding value chain could only be made ‘where the undertaking cannot collect the information about its upstream and downstream value chain after making reasonable effort to do so.’ This chapter has been largely reduced, as estimated information is sometimes of a higher quality than information collected directly from actors in the value chain. As such, estimates and information collected directly from value chain partners are now considered at par. This responds to concerns of excessive burden and pressure for collection of direct data. Undertakings have now the flexibility to use estimates or collect direct data, depending on practicability and reliability considerations, with the data collection processes also possibly evolving over time.
202. Draft Amended ESRS 1 Chapter 5.4 includes a relief for acquisitions and disposals of a subsidiary of a business. It was flagged to EFRAG early in the process that it is burdensome and sometimes impossible (especially if the transaction took place close to the end of the reporting year) to integrate newly acquired or exclude disposed subsidiaries or businesses in the undertaking’s sustainability statement. This relief allows the inclusion of the subsidiary or business acquired to be deferred both in the materiality assessment and in the sustainability statement by one year; respectively and in the case of a disposal from the beginning of the year of which it is disposed.
203. Stakeholders, particularly preparers, suggested limiting upstream and downstream reporting to tier 1. This proposal was rejected because it would be contrary to the provisions in the CSRD and the objectives of the Green Deal.

Value chain cap

204. In draft Amended ESRS 1 *General Requirements* paragraph 67, which explicitly takes onboard the principle of limiting the burden on the value chain, the following has been included: ‘the undertaking is not expected to collect from other undertakings in its upstream and downstream value chain information that exceeds any limits set by relevant EU law and regulation’. This change intends to embed in the text of ESRS the CSRD level 1 provision regarding the value chain cap¹⁴.
205. ESRS for Listed Small and Medium Enterprises¹⁵ (LSME) is no longer the reference content for the value chain cap following the Omnibus I package (February 2025), but the Voluntary Sustainability Reporting Standards for non-listed small and medium enterprises (VSME) must now be used for this purpose¹⁶. EFRAG has analysed the requirements in ESRS as enacted in 2023 and draft Amended ESRS against the differences in value chain coverage that exist between LSME and VSME, to assess whether any of the requirements in ESRS as enacted in 2023 would need to be amended to reflect this change. EFRAG concluded that no adjustments were needed at the level of specific disclosure. The following elements explain why:

¹⁴ Omnibus EC proposal February 2026, Article 19a paragraph 3, first paragraph is replaced by the following: *Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking’s own operations and about its value chain, including its products and services, its business relationships and its supply chain. Member States shall ensure that, for the reporting of sustainability information as required by this Directive, undertakings do not seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is **commonly shared between undertakings in the sector concerned**. Undertakings that report the necessary value chain information without reporting from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned, shall be deemed to have complied with the obligation to report value chain information set out in this paragraph.*

¹⁵ EFRAG was tasked to develop LSME by the European Commission, issued an Exposure Draft in 2024 and was close to the finalisation but never issued the final version, as the February 2026 Omnibus proposal eliminated LSME.

¹⁶ EFRAG technical advice is based on the content of the EC Omnibus proposal of February 2025.

- a) For the DMA, the identification of IROs in the value chain is still possible without the collection of primary data from counterparts in the value chain.
- b) For policies, actions and targets (PAT), the undertaking is required to report only the PAT that it has adopted and to cover value chain only if and to the extent that they cover value chain counterparts.
- c) The only quantitative metric that requires coverage of value chain is the amount of Scope 3 GHG emissions, in addition to metrics reported on entity-specific basis. For Scope 3, paragraph 10 of VSME notes that depending on the sector, disclosing Scope 3 emissions is appropriate, but does not mandate the reporting of Scope 3. EFRAG notes an undertaking that reports in accordance with draft Amended ESRS can produce an estimate of its own Scope 3 emissions without collecting the information about the Scope 3 emissions of the counterparts in its upstream and downstream value chain, relying on secondary data.
- d) For the following items, the standardised metric in ESRS is limited to own operations, however the disclosure is able to inform about aspects of the value chain: removals of GHG (draft Amended ESRS E1 *Climate Change*, paragraph 32), secondary microplastics (draft Amended ESRS E2 *Pollution*, paragraph 15 (b)), substances of very high concern contained in procured/supplied articles (draft Amended ESRS E2 *Pollution* paragraph 19), waste (draft Amended ESRS E5 *Resource Use and Circular economy*, paragraph 16). Reporting on these elements leverages managerial information and does not trigger data requests solely for reporting purposes. Managerial information is one of the examples of information available without undue cost or effort, therefore it can be used for reporting purposes.
- e) When necessary, in accordance with draft Amended ESRS 1 *General Requirements* paragraph 11, the undertaking shall on an entity-specific basis, include upstream and downstream value chain data when disclosing on metrics. In case reporting of this entity-specific information would require collection of data from undertakings in the value chain, these items will be covered by information 'commonly shared in the sector', in the sectors where they are material. Therefore, Amended ESRS are consistent with the provisions in the CSRD as amended by Omnibus I.

Amendments to Chapter 6: Reporting period, base year and time horizons

206. Chapters 6.1 *Reporting period and base year* and 6.2 *Time horizon* have not changed significantly but got further aligned with IFRS S1. As IFRS S1 has the provisions on 'appropriate linkages' under 'connected information', those provisions of paragraph 74 of ESRS 1 as enacted in 2023 were moved to Chapter 9.2 *Direct and indirect connectivity with financial statements, including consistency of assumptions* in draft Amended ESRS 1.

Amendments to Chapter 7: Preparation and presentation of sustainability information

207. Chapter 7.1 *Comparative information* in draft Amended ESRS 1 *General Requirements* has three new provisions EFRAG considered necessary based on feedback received (refer to (a) and (c) below) respectively as a consequential amendment to the new relief on acquisitions and disposal (b):

- a) no comparative information is required if a topic or a material IRO is reported for the first time (paragraph 88 (b));
- b) if necessary to provide an understanding of progress towards meeting a target following a major acquisition or disposal, the undertaking is required to describe how the transaction affects the progress towards meeting the target (paragraph 88 (c));

- c) if the estimation methodology for a relevant metric systematically relies on an input of the previous period at the reporting date, this will not trigger a revision of a comparative period metric previously reported (i.e. in the previous year's sustainability statement) as the current year metric. This provision was added to avoid unintended consequences, as EFRAG has noted that in certain sectors some current year metrics that are being estimated are systematically being based on prior year data inputs; revisions in those situations are not considered appropriate (AR 38 for paragraph 85 (b)).
208. Feedback suggested that the requirement to include comparative information for narrative disclosures was unfeasible. EFRAG considered this feedback but rejected it as ESRS now also have multiple reliefs and proportionality mechanisms and such information is also required under IFRS S1 paragraph 70.
209. Initially EFRAG considered the following requirement (see paragraph 84 (c) of the ESRS 1 as enacted in 2023): '... (c) if necessary to provide an understanding of the progresses against a target, following a major acquisition or disposal, the undertaking shall adjust the base year and the comparative information provided.' Considering the feedback received, EFRAG concluded that this requirement was behavioural and therefore removed it from draft Amended ESRS 1.
210. The provisions on when something is 'impracticable' were moved from the main body of Chapter 7.1 of the ESRS 1 as enacted in 2023 to the draft Amended Acronyms and Glossary of Terms (Annex II), to have definitions in one location in ESRS.
211. Chapter 7.2 *Amendments to align provisions on judgements, measurement and outcome uncertainties* and 7.3 *Use of reasonable and supportable information that is available without undue cost or effort* of draft Amended ESRS 1 have amendments and new provisions to align more closely with IFRS S1. Chapter 7.3 now also has the IFRS provisions on information that is available without undue cost or effort. The sequence of sub-chapters 7.3 *Reliefs for preparing the ESRS sustainability statement* and 7.4 *Reasonable and supportable information that is available without undue cost or effort* has been updated to align with IFRS structure and language (IFRS S1 Appendix B *Identifying sustainability-related risks and opportunities* and *Reasonable and supportable information*).
212. Chapter 7.3 on reliefs for preparing the ESRS sustainability statement of draft Amended ESRS 1 includes the following reliefs, which were heavily debated and their inclusion was one of the reasons for dissent of one SRB member and of three SR TEG members, in addition to reservations of four SRB and five SR TEG members. They were also criticised by the observers. The possibility to include a time limit for the reliefs was also intensively debated and finally discarded. This responds to the willingness to avoid anti-abuse provisions and to the expectation that there will be market discipline, promoted by the necessary transparency about the use of the reliefs and the actions put in place to reduce reliance on them (by increasing data quality and coverage overtime).
- a) The undertaking may exclude activities from metric calculations if, due to their nature, they are not a significant driver of the *impacts, risks and opportunities* that the metric purports to represent. This relief is only available if their exclusion is not expected to impair relevance and faithful representation. The relief was considered necessary to address data quality concerns and reduce unnecessary reporting burden. It addresses concerns raised via the EFRAG Q&A platform regarding the need to unnecessarily justify the exclusion of immaterial activities when calculating a metric.
 - b) If the undertaking can provide, without undue cost or effort, reliable direct or estimated data only for an objectively defined part of its own operations or its upstream or downstream *value chain*, it shall specify that it has identified material

impacts, risks and opportunities but that the corresponding *metric* can currently only be reported on a partial reporting scope or for a subset of the value chain. This relief was intensively discussed in EFRAG. To provide transparency, it was decided that if this relief is used, the undertaking shall include the actions it has taken to increase the coverage and quality of the reported information. EFRAG expects that due to this transparency, over time the coverage of the metrics will increase, and the relief will no longer be required. For that reason, a phase-out for this relief - as demanded by some - was not incorporated. This relief is not available for ESRS E1-8 *GHG emissions* as it is considered that GHG reporting is sufficiently mature and that this information can be generated and is already generated by undertakings in their practical application of the GHG Protocol, which provides flexibility regarding data availability, quality, and methods used to develop an estimate when the data is unavailable. EFRAG also wanted to avoid interoperability issues by introducing a relief on this important datapoint. On the exclusion of ESRS E1-8 *GHG emissions*, a reservation was expressed by a preparer from the SR TEG who suggested that the relief should also be applicable to GHG emissions.

- c) The undertaking may exclude joint operations over which no operational control exists from environmental metrics calculation, again except for draft Amended ESRS E1 *Climate Change*. As metrics calculations for joint operations were considered too burdensome in certain industries, this 'may' relief was granted - though ESRS follow the financial control concept - together with the requirement to provide transparency if this relief is used.

213. Chapter 7.4 *Reasonable and supportable information that is available without undue cost or effort* of draft Amended ESRS 1 introduces 'undue cost or effort' from IFRS S1, but it expands its scope of application beyond the IFRS corresponding scope. It applies to:

- a) identifying material IROs;
- b) determining the upstream and downstream value chain;
- c) preparation of metrics including own operations (in IFRS this is limited to value chain); and
- d) reporting on current and anticipated financial effects as required by ESRS 2 SBM-3 and ESRS E1-11.

214. This proportionality mechanism is subject to reassessment each year and, given that reporting experience, availability of information is expected to increase over time. Chapter 7.4 on 'reasonable and supportable information' also has extensive ARs explaining how to determine the information that is not available with undue cost or effort. This respond to feedback from the consultation that this concept is not clear and requires more guidance. The content of this AR is inspired by IFRS material, including the recent educational material on financial effects and Basis for Conclusions of IFRS S1.

215. In line with feedback received from some stakeholder groups to have a phase-out for all or some of the items in the scope of undue cost or effort²¹³, EFRAG discussed whether this proportionality mechanism, when coupled with reliefs, was too far reaching. This especially relates to the metrics relief. EFRAG concluded to not have phase-outs as IFRS S1 also does not have them. This is related to the necessity to meet simplification expectations, in consideration that while the share of datapoints that have been deleted is significant, the reduction in effective burden is less than proportional. A significant reduction in effort is expected to derive from reliefs and proportionality mechanism meeting in this way the simplification expectations, in particular in the first years of application when companies will still be progressing toward the necessary completeness and quality of data.

216. For metrics EFRAG considers that the hurdle for the relief to be available to the preparation of metrics especially for own operations is high. Own operations information generally should be available to the undertaking without undue cost or effort.
217. There was a reservation by one SR TEG member requesting that 'the undue cost or effort mechanism should not be available for information that is already required by other European Regulation.' This request was not actioned as EFRAG considered that for information that has already been or needs to be generated due to other European Regulations it is hard to argue that generating that information for sustainability reporting would incur undue cost or effort for the undertaking.
218. The entire content of former chapter 7.4 *Changes in preparation or presentation of sustainability information* of ESRS 1 as enacted in 2023 on the consistency of information over time has been added to Chapter 7.1 *Comparative information* in draft Amended ESRS 1, as it was considered more appropriate to be placed there.
219. Chapter 7.5 *Updating disclosures about events after the end of the reporting period of draft Amended ESRS 1* only has editorial amendments.
220. The former chapter 7.6 *Consolidated reporting and subsidiary exemption* of ESRS 1 as enacted in 2023 was integrated in Chapter 3.3.2 *Level of aggregation and disaggregation* as part of Chapter 3 *Double materiality as the basis for sustainability reporting* of draft Amended ESRS 1 to streamline, increase consistency and improve logical flow.
221. Chapter 7.6 *Reporting errors in prior periods of draft Amended ESRS 1* has only editorial amendments along with an AR *Prior period errors* to further align with IFRS S1 paragraph 83 et seq.
222. Chapter 7.7 *Omission of information in accordance with applicable Union law and regulations* in draft Amended ESRS 1 has been introduced to allow to make use of the expected relief for prejudicial information that is expected to be introduced in CSRD Level 1. The SRB approved the standards on the assumption that CSRD Level 1 will have a relief aligned with the one proposed in the Council negotiation proposal for the Omnibus trilogue.
223. AR 45 has been maintained in Amended ESRS; it was previously in 7.7 labelled *Classified and sensitive information, and information on intellectual property, know-how or results of innovation* of ESRS 1 as enacted in 2023.
224. A clarification has been added in line with feedback received on Chapter 7.8 *Reporting on opportunities* of ESRS 1 as enacted in 2023, which states that reporting shall only be for material opportunities. This shall help to avoid the risk of obscuring information when reporting on opportunities.

Amendments to Chapter 8: Presentation requirements and structure of the sustainability statement

225. Many ESRS sustainability statements have been perceived as too granular and mixing critical information with excessively detailed datapoints, whilst at the same time some studies suggest that, on average, the length of reports has not substantially increased as compared to previous practice. While different cultures exist for standardised reporting by undertakings (as illustrated by financial reporting practices in the EU), and while the observed number of 'pages' for published sustainability statements varies considerably (the average in different countries ranging from 70 to more than 200), the general sentiment is that undertakings had difficulties in 'telling their story' with respect to sustainability topics and in sharing their views with their stakeholders, and as a result, the perception of sustainability reporting as a compliance exercise has developed.
226. From the input gathered, some considered that the content of the sustainability statement was too detailed and comprehensive to be assimilated into the executive communication

approach usually adopted in a management report. In addition, the sequence of disclosures in the Standard was rigidly interpreted as an index, limiting the possibility of structuring sustainability statements in a way that would reflect the undertaking's circumstances, and sometimes resulting in the duplication of content.

227. To address these issues, without contradicting existing reporting cultures and being overly prescriptive, EFRAG has included amendments to draft Amended ESRS 1 *General Requirements* (Chapter 8 and Chapter 9) and draft Amended ESRS 2 *General Disclosures* to clarify the following available areas of flexibility:

- a) Chapter 8.3 paragraph 111 now includes an option to include an 'executive summary' in the sustainability statement to include 'key messages' in a flexible format allowing undertakings to 'tell their story'. The executive summary should meet the qualitative characteristics of information.
- b) Chapter 8.3 paragraph 112 emphasises the option to use appendices or separate sub-parts in the sustainability statement for disclosure of more granular information, such as calculation methodologies for metrics or other supplementary information prepared in accordance with the requirements of Chapter 8.2. AR 46 has been added to clarify cross referencing can be used to illustrate linkages including between sub-parts or appendices used.
- c) Chapter 8.2 paragraph 107 includes the option to present disclosures pursuant to Article 8 of Regulation (EU) 2020/852 (EU Taxonomy-related information) in a specific appendix within the management report.
- d) Chapter 8.2 paragraph 108 specifies the option to include 'supplementary' information, even if not material, which stems from other legislation or other generally accepted reporting frameworks and standards which require the undertaking to make disclosures, as long as such information is clearly identified. This option was already present in the ESRS 1 as enacted in 2023. In addition to that, paragraph 109 of Amended ESRS 1 expands the scope of the option to present non-material information. It explicitly allows inclusion of non-material 'supplementary' information. The reason for this provision in paragraph 109 is to accommodate the case of data requests of specific users, and the case of reporting within the same report of disclosures stemming from other legislation and reporting frameworks. In both cases (paragraph 108 and 109) information should provide faithful representation and be presented in a way that does not obscure material information. Paragraph 112 (c) allows the use of a separate appendix or sub-part of the sustainability report for the presentation of non-material information in accordance with paragraphs 108 and 109.
- e) Paragraphs 116 and 117 from ESRS 1 as enacted in 2023 were removed as they related to sector specific ESRS which are now not applicable and to entity specific disclosures that are already covered in Chapter 3 in draft Amended ESRS 1.
- f) Stakeholders suggested to provide a template for the sustainability statement and illustrative examples for disclosures. This was not compatible with the content and timeline of the simplification mandate and may be considered for future guidance.

228. Stakeholders also called for guidance or a template on what to present as part of an optional executive summary and suggested that the content of the executive summary should be cross referenced to full disclosures within the sustainability statement to avoid cherry picking of information. In addition to this, there were frequent suggestions both in the public call for input and the public consultation to provide examples including the type of information that maybe included in appendices or sub-parts to the sustainability statement. EFRAG may consider these suggestions for potential future guidance documents.

229. The option to include Article 8 disclosures (EU Taxonomy) within a dedicated appendix was widely welcomed with some reservations from financial institutions who were concerned that this may be seen as downgrading of information which is important for investors and users.
230. There were multiple suggestions for a requirement to include quantitative information or KPIs within an executive summary to allow year on year comparisons and transparent data. As the format of the executive summary is already flexible undertakings may include these elements.
231. There was mixed feedback in relation to the four-part structure with some suggestions to allow undertakings to structure the report by material IROs instead of in the four parts. Overall, stakeholders did welcome the structure so additional flexibility was not included.

Amendments to Chapter 9: Connected information and linkages with other parts of corporate reporting

232. Former Chapter 9.2 of ESRS 1 as enacted in 2023 has been split into two in draft Amended ESRS 1: 9.1 *Connected information* and 9.2 *Direct/indirect connectivity with financial statements and consistency of assumptions* to clarify both concepts separately. At the same time, former Chapter 9.1 *Incorporation by reference* of ESRS 1 as enacted in 2023 is now Chapter 9.3 in draft Amended ESRS 1 to improve flow and readability. Other amendments to Chapter 9 are as follows:
- a) Chapter 9.1 clarifies the concept of connected information and discourages fragmentation or repetition of information pertaining to the same topics, in policies, actions and targets (PAT). Reinforcing flexibility and readability of the report, by clarifying (i) that there should be no duplication of content on the same PATs in different parts of the sustainability statement, and (ii) that a policy covering different topics should only be described once.
 - b) In Chapter 9.2 paragraphs 115 and 116, it is clarified that cross-referencing and other connectivity mechanisms with the financial statements is mandatory.
 - c) AR 48 has been added for paragraph 115, which specifies the currency to be used is the same as for the financial statements.
 - d) Chapter 9.3 *Incorporation by reference* paragraph 119 (d) was clarified, after questions received by adding the sentence: 'In this case it is not required that the entire document containing the information is subject to assurance.' EFRAG notes that information incorporated by reference is still a piece of the full set of information as required by ESRS. ESRS do not require that the full document in which the information incorporated by reference is located is subject to assurance. Only the information addressing ESRS provisions need to be subject to the same assurance as required by the CSRD (in Article 34 of the Accounting Directive 2013/34/EU).
 - e) Chapter 9.2 paragraph 119 (e) clarifies with respect to digitalisation that information incorporated from the documents listed in paragraph 118 are subject to the same digitalisation requirements as the rest of the sustainability statement.
 - f) Other amendments to Chapter 9 were editorial or structural in nature as outlined in a) above.
233. There was a frequent suggestion to require a 'visual tagging', i.e. for the name of the DR to be clearly visible next to the corresponding disclosure, to facilitate electronic reading. This was not implemented or included in Chapter 9 as a requirement. However, in draft Amended ESRS 2 *General Disclosures* AR 30, an additional provision is included which states that the undertaking may directly reference DR numbers within its sustainability statement (e.g. in section headings or paragraph titles).

Amendments to Chapter 10: Transitional provisions

234. To address concerns raised - including those raised via the EFRAG Q&A platform - it is specified that the phase-in provisions apply (unless otherwise stated) from the first financial year the undertaking is subject to the preparation and publication of a sustainability statement, as required by the Accounting Directive.
235. Paragraph 123 of draft Amended ESRS 1 defines so-called 'Wave 1' reporting undertakings as those that were scheduled to report on sustainability for the first time for financial year 2024, irrespective of whether the corresponding Member State transposed the Directive (EU) 2022/2464 (CSRD). The definition is necessary as the phase-ins are for (a) 'Wave 1' undertakings and (b) other undertakings.
236. Former Chapter 10.1 Transitional provisions on entity-specific disclosures of ESRS 1 as enacted in 2023 was deleted, as sector-specific ESRS are no longer foreseen and ESRS are not expected to be complemented by them.
237. Also, former Chapter 10.2 Transitional provision related to chapter 5 value chain of ESRS 1 as enacted in 2023 was deleted as the transitional provisions are considered largely redundant: the newly added reliefs of chapter 7.4 and the deletion of the preference for direct data are without time limit.
238. To address concerns raised, including via the EFRAG Q&A platform, Chapter 10.1 Transitional provision related to chapter 7.1 Presenting comparative information in draft Amended ESRS 1 (chapter 10.3 of ESRS 1 as enacted in 2023) confirms the relief for first-time reporters, namely that they do not need to present comparative information differentiating for (a) Wave 1 undertakings, for which this relates to financial period 2024 only and (b) for other undertakings in their first reporting period under ESRS.
239. The other phase-in reliefs in Chapter 10.2 Transitional provision of draft Amended ESRS 1: List of DRs that are phased in (former Chapter 10.4 of ESRS 1 as enacted in 2023) can be split in those that are applicable to undertakings already subject to ESRS reporting (the so-called Wave 1 undertakings) and those that will become subject to ESRS in later financial years or might want to start applying ESRS on a voluntary basis:
- a) for Wave 1 undertakings, the reliefs of the so-called 'quick-fix' regulation are confirmed to extend to financial year 2026. In addition, quantitative information about anticipated financial effects and substances of concern can be omitted for financial years up to 2029 due to implementation challenges; and
 - b) for the other undertakings ESRS does not give a recommendation to the EC, but it states: [CONSIDERING THE CLOSE LINKAGE OF THE PHASING IN FOR UNDERTAKINGS OTHER THAN WAVE 1 UNDERTAKINGS - INCLUDING FUTURE NEW REPORTERS - WITH THE LEVEL 1 PROVISIONS IN COURSE OF NEGOTIATION AND FINALISATION, EFRAG LEAVES TO THE EUROPEAN COMMISSION THE DECISION ON WHICH PHASING IN TREATMENT IS APPROPRIATE FOR THEM. ACCORDINGLY THIS CHAPTER ONLY DEALS WITH WAVE 1 UNDERTAKINGS.]. This decision raised a reservation from one SRB member which would have preferred to include a recommendation to the EC for new reporters including wave 2. At the same time one SR TEG member would have preferred to clearly exclude additional phased in provisions for such companies. The conclusion was to leave the decision on the most appropriate treatment for this group of reporters to the European Commission as outlined in the final technical advice.
240. To be more concise and to contribute to simplification the table on phase-ins in the former appendix was dropped. The content is now all in the main body.

241. The current list of phase-ins included in Chapter 10 of draft Amended ESRS 1 has raised concerns among several SRB and SR TEG members who expressed reservations and in certain cases indicated this being one of the reasons they dissented on draft Amended ESRS 1 due to the fact that the cumulative number of the phasing-in provisions and reliefs that are currently being granted with no time-limits bears the risk of undermining comparability and delay decision-useful disclosures for users.

ESRS 2 – General Disclosures

242. The revised Standard represents a 53% reduction in the number of datapoints and an overall word count reduction of 30%.

General

243. To prevent duplication and ensure consistency, draft Amended ESRS 2 paragraph 2 now includes a reference to the required level of aggregation and disaggregation of disclosed information defined in draft Amended ESRS 1. This is expected to prevent the inclusion of unnecessary details.

BP-1 Basis for preparation of the sustainability statement

244. BP-1 particularly has been significantly simplified to reflect the suggestions provided in the public call for input such as a streamlined approach on scope of consolidation. In addition, BP-1 includes a statement that the sustainability statement has been prepared in accordance with ESRS, added in conjunction with the explicit use of the fair presentation assumption.
245. Furthermore, BP-1 introduces a streamlined approach that refers to the applied reliefs and options in draft Amended ESRS 1 *General Requirements*. This amendment concentrates in a single requirement a series of datapoints included in ESRS as enacted in 2023 as the undertaking need only disclose any relief, option or other specific provision prescribed in ESRS 1 *General Requirements* that it applies. The list of all those reliefs, options and other provisions were previously part of the main body of the ED – the list is now, however, provided in AR of draft Amended ESRS 2 and also includes references to acquisitions and disposals and incorporation by reference tables, issues which were frequently asked in the ESRS Q&A platform, public call and targeted interviews.

BP-2 Specific information if the undertaking uses phasing-in options

246. BP-2 has been updated for the ESRS 1 phase-in provisions and the ‘quick fix’ Delegated Act. The AR also includes presentation options when phase-ins are applied (except for those phase-ins that are applied for a topical standard) either as part of IRO-2 descriptions (through the content index), or as part of the general part of the sustainability statement. These changes lead to increased transparency on the application of the phase-in defined in draft Amended ESRS 1.

GOV-1-The role of the administrative, management and supervisory bodies in relation to sustainability, GOV-2-Integration of sustainability-related performance in incentive schemes, GOV-3- Statement on due diligence and GOV-4 Risk management and internal controls over sustainability reporting

247. A substantial amount of narrative DRs has been deleted in response to frequent stakeholder requests, while retaining core reporting elements and key information for users. The revision resulted in four (instead of five) main disclosure requirements.
248. In particular, the amended text of GOV-1 consolidates former datapoints related to ESRS GOV-1 and GOV-2 as enacted in 2023, into a more compact format that reduces granularity. A similar simplification exercise is done for ESRS GOV-3 and GOV-5 as enacted in 2023.

249. Despite differing opinions being expressed, the due diligence statement remains mandatory if applicable, though simplified and allowing more flexibility in presenting the required information.
250. Throughout the consultation process, stakeholders frequently raised challenges relating to the duplication of information already reported in other public reports with a varying degree of assurance. After careful consideration, the provision on 'incorporation by reference' was retained, as it constitutes a key principle in the ESRS. Moreover, EFRAG notes that ESRS 2 GOV DRs are not fully covered by other legal requirements (e.g. national corporate governance codes) and that not all undertakings under the scope of the CSRD are legally required to publish corporate governance statements and remuneration reports.
251. Stakeholders pointed to the lack of clarity of some definitions and calculation methodologies. Datapoints are in alignment with CSRD Art. 29(c)(i) and definitions are included in Aggregated acronyms and glossary of terms (Annex II) of the ESRS as enacted in 2023 Delegated Act, whereas some of the datapoints concerned have been deleted.
252. Additionally, the glossary definition for 'administrative, management and supervisory bodies' was simplified, keeping a generic definition, to overcome the differing definitions or practices found in national jurisdictions.

SBM-1- Strategy, business model and value chain

253. SBM-1 was also significantly reduced, clarified and simplified throughout, as detailed in the following paragraphs.
254. Reference to the ESRS sector classification system has been eliminated and undertakings have now the possibility to choose the system for their sector reporting.
255. Criteria for determining significant sectors have been maintained, including for internal activities. The indication of the significant sectors is maintained but the corresponding revenues no longer need to be reported. Some feedback considered sector information superfluous, as undertakings already disclose sector information elsewhere (e.g. in financial reports through segment reporting). However, this information has been retained because it helps users understand the material IROs to which the undertaking is exposed, particularly those common to a given sector, and supports the understanding of entity-specific information.
256. Stakeholders suggested deleting SBM-1 value chain disclosures entirely, as they were perceived to be burdensome for preparers. This was debated, but EFRAG decided to follow a different direction: though the complexity of these requirements was reduced, the disclosures were not fully eliminated as value chain information remains essential for understanding and linking IROs within a sustainability statement. Finally, to avoid the confusion between the use of 'goals' and target setting at the IRO or at topic level and in an effort to clarify the requirement, the term 'sustainability-related goals' has been replaced with 'sustainability-related overall objectives'.

SBM-2- Interests and views of stakeholders

257. SBM-2 is now significantly reduced and focuses on key stakeholders. The requirements are now 'lighter' compared to ESRS 2 as enacted in 2023 – for instance, elements such as amendments to strategy and/or business model based on stakeholder engagement have been deleted.

SBM-3- Interaction of material impacts and opportunities with strategy and business model, and financial effects

258. Regarding SBM-3, the requirements now only focus on the interactions between material IROs with the strategy and business model and the financial effects (current and

anticipated). The general description of the material IROs has been moved to IRO-2 *Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement* of draft Amended ESRS 2 which now focuses on the materiality outcome. The split of the original content of SBM 3 between SBM 3 and IRO 2 responds to the necessity to discourage unnecessary granularity, by keeping SBM 3 at strategic level, therefore at topical level unless more granularity is necessary, while the details at IRO level would be disclosed in IRO 2. AR 15 in draft Amended ESRS2 explains the interlinkages that exist between SBM 3, IRO 2 and PAT topical disclosure.

259. Stakeholders, particularly preparers and associations who represent them, expressed concerns about both the complexity and the sensitivity of quantitative information about anticipated financial effects. They also suggested several alternative options including (i) fully aligning to IFRS reliefs, or (ii) making this information fully voluntary, in addition to some suggestions to remove the requirements entirely. Other stakeholders, mainly users and European public authorities, stressed that having an approach more closely aligned with Option 1 (aligning with IFRS reliefs) was essential for their needs. On this basis, the SRB and SR TEG debated and decided on including two options in the ED for the required type of disclosure for anticipated financial effects. The members also agreed on including a specific question in the public consultation survey to receive feedback on both options which were both considerably more simplified compared to ESRS as enacted in 2023:

Option 1: Focus on quantitative disclosures with addition of a relief to give more flexibility; this option allows undertakings which cannot quantify the financial effects to provide only qualitative disclosures (this option better supports ISSB interoperability).

Option 2: Focus on qualitative disclosure with the opportunity, on a voluntarily basis, to quantify the anticipated financial effects is (this option is less interoperable with the ISSB Standards but responds to preparers' concerns regarding the disclosure of sensitive information associated with the quantification).

260. Following the public consultation and some discussions as part of outreach events on the EDs, the SRB reviewed and carefully considered feedback received. While several views were expressed as described above, it was clear that a majority expressed support for Option 1 (aligning with IFRS reliefs). This assessment of the feedback received included several preliminary proposals drafted by the Secretariat, including different scenarios and levels of reliefs and phasing-in options that were informed by the consultation and other feedback received.
261. SRB members recognised the importance of all the feedback, discussed the importance for investors of having quantitative information, and thoroughly reviewed all the different scenarios and reliefs to be considered for anticipated financial effects. A critical factor in deciding which option the SRB should pursue was the detailed review of the concerns raised mainly by preparers, including business associations about the challenges of providing quantitative information. These concerns relate to data quality, sensitivity of information, and difficulties in preparing this information due to lack of standardised methodologies. Some also noted lack of clear definitions and the need for additional guidance in the ESRS regarding these disclosures. . The SRB examined how these concerns could be addressed through additional reliefs, including phase-ins, and assessed whether such reliefs, together with future educational material or non-binding guidance on quantifications, would be sufficient to resolve the issues raised. In addition, the Secretariat discussed the applicability of the reliefs through practical examples in a dedicated workshop with auditors.

262. Through multiple meetings of the SRB Working Group¹⁷, the SRB, and the SR TEG, and through successive drafting iterations of the anticipated financial effects requirements that reflected those discussions, the SRB ultimately agreed¹⁸ on the following key elements, which are reflected in the main body of the Standard and the ARs:

- a) The content previously concentrated in a single paragraph that covered (i) current financial effects, (ii) risks and opportunities with a significant risk of material adjustment and (iii) anticipated financial effects, has now been divided into three clearer, separate paragraphs (see paragraphs 25-27 of draft Amended ESRS 2). This structure clarifies the information required and it also enhances the interoperability with ISSB standards.
- b) The main body of the Standard includes reliefs that were not included in ESRS 2 as enacted in 2023, specifying when quantifications of anticipated financial effects may be omitted. The resulting provisions are aligned with IFRS S1. These new reliefs refer to:
 - i) the possibility to omit quantitative information about current and anticipated financial effects when the undertaking cannot separately identify the effects or when the measurement uncertainty is so high that it hinders the usefulness of the information (enhanced ISSB Interoperability and to reduce the concerns expressed related to preparation and reporting burdens).
 - ii) the possibility to omit quantitative information about anticipated financial effects if the undertaking does not have the skills, capabilities or resources to provide quantitative information (enhanced ISSB Interoperability and to address data quality concerns).
 - iii) the possibility to disclose ranges instead of single amounts when disclosing quantitative information about current and anticipated financial effects (additional flexibility provided).
- c) The main body of the Standard also includes a paragraph that covers the scenario in which the undertaking cannot provide quantitative information in relation to current and anticipated financial effects (after applying the reliefs). In this case, the undertaking is asked to explain why the quantifications were not provided, to provide qualitative information and connect it with relevant line items likely to be or that have, in fact, been affected by those risks and opportunities. In addition, the undertaking is asked to provide quantifications about combined effects with other risks or opportunities, unless these combined effects are considered not useful (enhanced ISSB Interoperability and to address data quality concerns).
- d) The introduction of several new ARs to further specify the requirements in the main body of the Standard and create a better linkage with other parts of ESRS.
- e) Additionally:
 - i) included a paragraph to highlight that when preparing information about anticipated financial effects the undertaking shall use all reasonable and supportable information available at the reporting date without undue cost

¹⁷ The SRB established working groups to address specific topics where differing views had emerged. One working group focused on the disclosure of anticipated financial effects.

¹⁸ As noted in Appendix 1, three SRB members noted as one of the reasons for dissent on the ESRS 2 the requirement to disclose quantitative information on AFE. In addition, as specified in Appendix 2, five SRB members expressed reservations regarding the accumulation of reliefs and the phase-in of AFE. Similarly, as noted in Appendix 3, four SRT members expressed a dissenting vote on the ESRS for the same reason. Furthermore, as specified in Appendix 4, three SRT members expressed reservations due to the complexity of disclosing quantitative information, and nine SRT members expressed reservations regarding the accumulation of reliefs and the phase-in of AFE.

or effort (proportionality mechanism defined in draft Amended ESRS 1, paragraphs 94, 95 and 96).

- ii) added an AR to specify that when it is not possible to provide quantitative information after applying the reliefs, it is expected to provide qualitative information that is decision-useful (see draft Amended ESRS 1, paragraph 23). This was added to emphasise that the requirement cannot result in companies being forced to disclose information – including qualitative - that lack the basic characteristics for being reported.
- iii) added an AR to address concerns received from preparers, specifying that quantitative information may consist of non-monetary information. This is to clarify that undertakings may comply with the requirement to disclose quantitative information without disclosing financial projections (revenues, costs, cash flows, assets, liabilities, etc.) that are developed solely for ESRS reporting purposes, for time horizons that go beyond the ones adopted for financial and business planning reasons. Disclosing on volumes, number of FTEs, etc. provides useful information, when disclosing such financial projections would fail to meet the conditions in paragraph 28 of draft Amended ESRS 2.
- f) To respond to the concerns echoed by some stakeholders regarding the confidentiality and commercially sensitive nature of the information, the Standard assumes that in Level 1 (CSRD) there will be a provision similar in substance with the one in the Council proposal for the trilogue. Consequently, draft Amended ESRS 1 paragraph 101 includes a generic relief that allows omitting information if the Law of the Union prohibits or allows not to disclose a certain piece of information. Considering the lack of methodologies and established reporting practices, the SRB decided to allow the omission of quantitative information on anticipated financial effects for an additional three years (phase-in in draft Amended ESRS 1). EFRAG is aware of the remaining challenges and of the need to develop non-mandatory and educational material to support readiness in time for the end of the phasing-in.

263. Stakeholders also suggested making resilience a voluntary only disclosure. Resilience analysis was simplified but the requirement was not deleted, with disclosure of qualitative information in SBM-3 only in relation to risks and their interactions with strategy and business model. This reflects the fact that the CSRD explicitly requires information about resilience. More guidance has also been included in ESRS topical Environmental Standards for climate resilience analysis.

IRO-1- Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported

264. Simplifications were also implemented in IRO-1, as its granularity was perceived as too burdensome by the preparers, and to reflect the simplified DMA approach in draft Amended ESRS 1. Therefore, the provisions on the DMA process were reduced either by aggregating the granularity or by deleting content that is not strictly necessary to meet the objective and understand the undertaking's approach. Paragraph 35 includes simplified requirements on the periodicity of the DMA addressing the feedback received, while still ensuring that the information provided explains how the DMA process has been performed and preserves a high degree of interoperability with ISSB requirements. New ARs have been added on inputs (and what may be included when disclosing them), on dependencies, on avoiding 'boilerplate' information, and on potential overlaps with other DRs (stakeholder engagement embedded in IRO-1 compared to SBM-2 and ESRS S1-S4).

265. Topical specifications have been deleted. At topical level and specifically for ESRS E2-E5, SR TEG and SRB agreed on major simplifications in the requirements related to site assessments

and the LEAP approach. In the ED, these E2-E5 specifications were included in the AR of IRO-1. In the deliberation of the standards however and following the public consultation results, the SR TEG and SRB agreed to reflect those E2-E5 specifications in draft Amended ESRS 1. Draft Amended ESRS 2 IRO-1 now only contains a link between these specifications and the reference to 'location context' through the presence of 'geographies' in paragraph 35 (b). For IRO-1 and MDR-A, stakeholders had also suggested to produce sector guidance and examples. As this is not compatible with the simplification mandate, the proposals could not be implemented in the standards.

IRO-2- Material impacts, risks and opportunities and Disclosure Requirements included in the sustainability statement

266. IRO-2 has been redesigned to clearly reflect the distinction between the process and the outcome of DMA. To complement this new approach, the description of IROs is also moved from SBM-3 to IRO-2. Finally, the requirement to include a list of DRs the undertaking complied with, as well as the EU DPs list, are maintained. This is mainly because this information is deemed meaningful for users, while the ESRS reports issued to date did not indicate any signs of non-compliance with these requirements. Finally, paragraph 37 (e) also requires the list of 'supplementary' information provided per ESRS 1, Chapter 8.2. This has been specified here as a necessary amendment to former paragraph 15 of ESRS 2 BP-1 of ESRS as enacted in 2023. Including it here ensures clear identification and mapping of the supplementary information introduced in ESRS 1, clearly distinguishing it as supplementary.

GDR-P, -A, -T, -M – General Disclosure Requirements (DRs) for Policies, Actions, Targets and Metrics

267. The relabelling of ESRS 2 Minimum Disclosure Requirements (MDRs) as General Disclosure Requirements (GDRs) has been made as part of the restructuring exercise to simplify the disclosure requirements, including the topical standards. The combination of these GDRs in ESRS 2, with detailed mandatory specifications of PAT in topical standards was perceived as burdensome, leading to unnecessary duplication/repetition of the requirements, which were too granular, ambiguous, and which could result in excessively detailed and systematic information. The evidence collected showed that the architecture of the ESRS was a source of complexity in their implementation, due to the overlaps between GDRs (for PATs) in ESRS 2, on the one hand, and topical mandatory datapoints, on the other.

268. The datapoints in the narrative disclosures of PATs in the topical standards were considered too granular and for this reason not always informative. In addition, the provisions related to PATs have been perceived as requiring a granular description at an IRO level in all cases. Finally, not all preparers and auditors concluded that it was possible to structure the disclosures around PATs in a more aggregated level than that of a single topic or matter (e.g. all environmental topics in the same policy).

269. To address these issues, EFRAG implemented the following changes:

- a) Maintaining cross-cutting GDRs in ESRS 2 *General Disclosures* as mandatory ('shall' datapoints) but streamlining them by revising and reducing the number of datapoints. At the same time, reducing the mandatory PAT specifications ('shall' datapoints) in the topical standards to the strictly essential ones, with all other items either removed or treated as possible future guidance material. This is a key factor for the reduction of mandatory datapoints (see below) and reflects a different, more principle-based standard-setting approach to narrative disclosures. 'Minimum' DRs were renamed to 'General' DRs, reflecting the fact that they are the reference point for the required disclosure and there are no (or very limited) datapoints in topical Standards for PAT.

- b) Clarifying that PATs are only to be reported if you have them (i.e. no behaviour mandated). Centralising around a single datapoint the list of material topics for which there are no PATs (see ESRS 2 *General Disclosures* paragraph 39), without requiring the disclosure of reasons for not having them nor requiring a timeline for implementing them. EFRAG considers the above as supporting a substantial reduction of datapoints (mainly in topical standards) and more concise, less duplicative, and more effective reporting.
- c) The requirement to disclose additional information in case the undertaking did not adopt a policy for a material IRO/ topic has been deleted.

270. In addition, regarding policies, actions, targets and metrics, and to respond to frequent feedback received, the text now clarifies the possibility to disclose PATM information at different levels of aggregation. A specification was also added in case of adoption of PAT that applies only for certain aspects. AR 34 also makes clear that the description of material IROs may be presented alongside information on PATM.

General Disclosure Requirement for policies – GDR-P

271. The GDR for policies (GDR-P) was also streamlined. As an example, the following datapoints have been deleted: the specifications of senior accountability and the public availability of the policies. and additional information in case the undertaking did not adopt a policy for a material IRO/ topic (same concept was implemented for Actions and Targets).

General Disclosure Requirement for actions – GDR-A

272. On GDR-A, the provisions on financial resources are simplified (current financial resources only if allocated during the reporting period / range for future financial resources, distinction between CapEx and OpEx as a presentation option) and guidance related to the scope of key actions and transition plans is added. Even though sector-specific guidance has frequently appeared as a suggestion in consultations with constituents, this could not be envisaged as part of this mandate.

273. Following the public consultation, and to respond to additional concerns of preparers requesting more simplified disclosures of financial resources related to actions, a simplification is added in GDR-A paragraph 69 which allows undertakings to limit the information on financial resources to their approved and announced actions and their planned sources. Additionally, guidance is added in AR about the use of other non-financial resources (FTE), collaborative actions, and presentation actions.

General Disclosure Requirement for metrics – GDR-M

274. Finally, for metrics on GDR-M, the provision on the validation of metrics, metric labels and definitions by an external body are deleted. To better articulate the link between GDR-M and the provisions in ESRS 1, provisions were included for the reliance on data from indirect sources or proxies and for contextual information about the metric used. Topical ESRS specifications about an environmental metric used are now moved to AR through guidance when disclosing contextual information. Despite frequent requests from several stakeholders to delete GDR-M entirely, doing so was deemed not possible as these provisions aim to standardise what is expected from undertakings when disclosing metrics in topical ESRS, including the ones developed on an entity-specific basis. An additional application requirement was included to emphasise the relevance of entity-specific metrics for the ESRS S2–S4 topical standards, which do not include metrics. GDR-M also serve the purposes of interoperability with IFRS S1 and S2.

General Disclosure Requirement for targets – GDR-T

275. On GDR-T, stakeholders suggested to remove stakeholder engagement in target-setting. This was debated but EFRAG decided to follow a different direction – instead, this

requirement was moved to ESRS Social standards as a topical specification. Information about progress and effectiveness towards the adopted targets is disclosed under GDR-M. In addition, a reference to qualitative targets is added and the requirement on scientific evidence is better linked and explained with the reference to ecological thresholds for environmental matters being made in AR.

ESRS E1 – Climate Change

276. The revised E1 Standard achieves a 57% reduction in the number of datapoints and an overall word count reduction of 60%. This was achieved thanks to the changes described in the following sections.

General

277. The simplification to the E1 standard builds on EFRAG's broader ESRS revision levers, emphasising stronger reliance on cross-cutting requirements (policies, actions, and targets), removing non-essential datapoints and overall streamlining of the provisions, such as (but not limited to) transition plan, scenario analysis and climate resilience. Essential information has been maintained for targets, while an exemption from translating intensity targets into absolute has been introduced for financial institutions. The draft Amended ESRS E1 introduces important simplifications and enhances alignment with established standards (i.e. IFRS S2, GHG Protocol, GRI). It also provides greater flexibility, particularly in the disclosure in E1-11, offering the possibility of disclosing exposure at risk in either gross or net terms and additional phase-in for estimated potential liabilities. Important simplifications were also introduced for energy consumption and mix, GHG removals, internal carbon pricing.

E1-1 Transition plan for climate change mitigation

278. The revised provisions streamline the expectations around transition plan for climate change mitigation disclosure. The text consolidates ESRS E1 as enacted in 2023 into a more compact format that emphasises a high-level description of the key features of a transition plan, while retaining the core disclosure elements. In response to public feedback, a paragraph was added in ESRS E1 AR2 to ensure that undertakings are not expected to disclose all detailed internal information used to manage the plan beyond the scope of this disclosure. Guidance is also delivered on how to present related disclosures in a unified format, referencing related information from other disclosures without duplication.

279. While noting the feedback received, the requirement to disclose when no transition plan exists was preserved to maintain transparency. The sector-agnostic content of disclosure was also retained, notwithstanding the comments received, highlighting that provisions should be made more specific to certain sectors.

280. To enhance the alignment with IFRS S2 Climate-related disclosures, a new datapoint has been added on key assumptions used. Additionally, the datapoint on EU Paris-aligned Benchmarks has been deleted as it can be derived from existing required information, albeit some feedback from public consultation suggested the need for its reinstatement.

281. Following a recommendation by the EC, there has been no attempt to clarify what compatibility with 1.5°C means as this is being considered for amendments in level 1 regulation. One SRB member expressed a reservation regarding the feasibility of 1.5°C compatibility while a SR TEG member expressed a reservation on the lack of definition of 1.5°C compatibility in the standards.

282. Some stakeholders advocated for the removal of the locked-in emissions disclosure, but others underlined the importance of preserving it, with several TEG members strongly opposing its deletion. This led to the decision to retain it. Finally, the consultation pointed

to the need to maintain the requirement related to the approval of the plan by undertaking's governance, which was implemented in the draft Amended ESRS E1.

283. Some datapoints in E1 that aimed to foster interoperability with the EU-Taxonomy were deleted, acknowledging that some of the stakeholders pointed out to challenges and applicability. This included the provision to reference taxonomy-aligned KPIs when disclosing CapEx amounts allocated to climate change mitigation actions, and the disclosure of any plans to align economic activities with the technical screening criteria in the EU-Taxonomy regulation.

E1-2 and E1-3 Climate-related risks, scenario analysis and climate resilience

284. Disclosures previously named SBM-3 and IRO-1 were reformulated in response to stakeholder feedback indicating that their expectations were unclear and burdensome. Although some feedback suggested these disclosures should be voluntary or include only 'own operations', it was decided to maintain the mandatory provisions and focus on streamlining opportunities, given the strategic importance of climate change for undertakings and the needs of investors and other users. Additionally, amendments have ensured closer alignment with IFRS S2.22 on climate resilience and climate-related scenario analysis, with enhancements and residual differences summarised below.
285. Key revisions included renaming and reordering the original sections for a more coherent flow. These sections now start with the identification of IROs (E1-2), followed by the assessment of resilience in relation to the climate-related risks identified (E1-3). Some of the stakeholder feedback addressed indicated the need to clarify whether the use of scenario analysis was required to identify risks. The provisions were revised to emphasise an expectation that undertakings report on key elements of the methodology to assess climate risks, while at the same time clarifying that the scenario analysis is not required by ESRS. The decision to not make scenario analysis mandatory is a deliberate deviation from IFRS S2, which requires it. On this point, three SRB members expressed reservations, three SR TEG members noted this issue as one of the reasons for dissent and some SR TEG members had reservations. In some cases they considered the requirement still excessive, while in other cases the opposition derives from absence of a requirement to use scenario analysis. Accordingly, the provisions related to scenario-analysis rely on conditional wording such as 'if' and 'whether'. Moreover, methodological requirements on the identification of IROs and use of scenario analysis have been consolidated in a single datapoint, improving clarity (E1, paragraph 16). The wording has also been more closely aligned with IFRS S2.
286. For E1-3 (Resilience in relation to climate change) overall alignment with language of IFRS S2 has been improved, in particular in areas of uncertainty related to climate resilience, which now aligns closer with IFRS.S2.22(a)(ii) (para. 18(b)). This DR triggered reservations by one SRB member and one SR TEG member that considered its content as going beyond the scope defined in the 2023 Delegated Act.
287. As requested by stakeholders responding to public consultation, the relationship between E1-2 and E1-3 has also been clarified. Moreover, a methodological provision was added which clarifies that financial institution may leverage on applicable prudential frameworks.
288. In addition to the streamlining of language and overall datapoint reduction, a number of detailed narrative datapoints related to the risk identification process were deleted or consolidated into an overarching narrative. Referencing requirements in ESRS 2 IRO-1 and IRO-2 was introduced to avoid redundancies. Finally, while exposure to climate-related hazards and events is still required in the explanation of the IRO assessment methodology, the related examples have been deleted and may be considered in future guidance.

E1-4 Policies related to climate change

289. The original requirement has been almost entirely deleted and is now limited to the reference to general ESRS requirements. This is consistent with the restructuring of the architecture. The requirement on 'whether and how policies address' specific climate sub-topics was deleted, following public feedback that questioned its relevance. To foster alignment with IFRS S2, a distinction between climate change mitigation and climate change adaptation policies was added.

E1-5 Actions and resources related to climate change

290. The revised version streamlines and organises the content for increased clarity, while reducing specific examples, detailed connectivity requirements and contextual information to a minimum. Key requirements such as presenting actions by decarbonisation lever or expected GHG emission reductions were preserved, while acknowledging that some stakeholders in the public consultation proposed their deletion. At the same time, a link to financial statements or explanation of dependency on resources was removed, and the reference to EU Taxonomy, requested in the public consultation to be reinstated by some stakeholders, was deleted. Following the calls received in public consultation to delete breakdowns of CapEx/OpEx per time horizons and align with ESRS 2, the disclosure was streamlined to build on the cross-cutting requirements to the maximum extent.

E1-6 Targets related to climate change

291. The streamlined content adopts a clearer, principle-based approach and articulates more concisely key requirements, while preserving core assumptions of the disclosure. The revised text focuses on disclosure of the climate change targets (paragraph 22) and, as a subset of those, more specific requirement for disclosure of GHG reduction targets the undertaking has set. For GHG emission reduction targets, the key provisions regarding the consistency with inventory boundaries, and alignment of targets with the objective of limiting global warming to 1.5°C have been retained.
292. The concept of disclosing gross GHG emission reduction targets that do not include GHG removals, carbon credits or avoided emissions as means to achieve targets was maintained, while noting the mixed stakeholder feedback on the issue. Following the feedback of public consultation, the provision on 'net zero targets' was reintroduced, along with an associated definition for this term, which remains in line with the glossary in the Delegated Act. The provision clarifies that net-zero target is disclosed separately from GHG emission reduction targets.
293. The requirement to translate GHG emission reduction targets, when disclosed as intensity targets, into absolute values was also preserved, with a decision to allow an exemption for financial institutions after extensive stakeholder feedback and discussions during and after the public consultation. A conditional exemption for financial institutions was introduced in AR, allowing for Scope 3 category 15 targets reporting only in intensity value, without the need to disclose the associated absolute values, under specific conditions necessary to ensure transparency. While financial institutions are exempt from disclosing such targets in absolute value, they will have to provide other information to support transparency and the needs of investors and data users. Some SRB and SR TEG members expressed reservations on the exemption introduced, while four SR TEG members noted this issue as one of the reasons to dissent, as it creates an unlevel playing field between different types of companies. More details related to this specific matter is summarised in the chapter dedicated to significant technical issues.
294. Suggestions to eliminate the redundancies with E1-1 transition plan disclosures on target compatibility were considered and implemented. While the compatibility with a 1.5°C trajectory remains a key element for coherence with EU legislation, the requirements on

demonstrating target compatibility through benchmarking were revised following the feedback received.

295. The revised disclosure no longer requires normalising baseline values (e.g. 3-year averages), or updates to targets every 5 years after 2030, acknowledging stakeholder feedback on the need to provide more flexibility on how the base year and targets are established. To avoid redundancies with ESRS 2 GDR-T (now referenced in paragraph 22), additional simplifications included deleting a sentence that specified undertakings shall analogously apply certain requirements at the level of subsidiaries, as well as the paragraph containing examples of non-quantitative targets. Some SR TEG members expressed reservation and regretted the absence of past reduction target definition, as well as 5 years targets period, which are needed for comparability.
296. Overall, the changes led to an important reduction of mandatory datapoints, simplification of narratives and more flexibility in reporting. A possible trade-off may be less transparency on how targets are set and monitored, which may result in less comparability of information for users.

E1-7 Energy consumption and mix

297. The revised content of the DR follows a clearer structure, while preserving the minimum necessary datapoints on energy consumption and energy production.
298. The reference to high climate impact sectors, initially proposed to be deleted in the ED, was kept in the draft Amended ESRS E1, due to feedback that the removal may have been perceived as broadening the scope of the requirement.
299. Intensity metrics were deleted together with the disaggregation of energy consumption from renewable sources, in line with the feedback received.
300. Finally, the tabular formats in ARs, which in ESRS E1 as enacted in 2023 were provided as a possible format to be followed, were also removed to simplify the content. The wording of AR 18 (i) was improved to reflect both market-based and location-based approach, enhancing interoperability with GRI 102.

E1-8 Scope 1, 2 and 3 Greenhouse Gas ('GHG') Emissions

301. The Amended standard maintains the requirement to report Scope 1, 2 and 3 GHG emissions, in line with the requirements of the CSRD, but reflects a more streamlined and user-friendly structure while maintaining reference and alignment with Standards such as the GHG Protocol.
302. Critical elements of disclosure, such as disaggregation by scopes, or disclosure of both location-based and market-based Scope 2 were maintained.

Definition of the organisational boundaries for the GHG inventory

303. A disclosure requirement that received substantial and wide-ranging commentary was that related to the reporting boundary for GHG emission disclosures. Stakeholders raised concerns that the proposed approach of the Delegated Act that combines financial and operational control layer is complex and potentially misaligned with the GHG Protocol (2004) and IFRS, due to the mix of financial and operational control used in ESRS E1 as enacted in 2023. Concerns also related to not allowing the undertakings to use single organisational boundary of its choice (financial control, operational control, or equity share), differently from the GHG Protocol and IFRS. This challenge was further emphasised in feedback received in public outreaches and public consultation. The feedback also pointed out the need for further clarity on how the boundary in GHG emissions disclosure interacts with other E1 disclosures, specifically on targets and energy consumption.
304. Suggestions received in public consultation varied extensively, with most frequent feedback requesting an allowance for full flexibility on boundary selection that would

ensure an undertaking that starts from IFRS S2 reporting to comply with ESRS E1 without adjustments; maintaining only financial control; maintaining only operational control, reverting to the previous layered approach (as per the ESRS E1 as enacted in 2023), as well as various other combinations. Stakeholders also sought guidance on the application of fair presentation in the context of emissions reporting, as well as expectations for specific cases such as leased assets and joint operations.

305. EFRAG recognises that according to EU accounting rules, the undertaking's sustainability statements should be the same as the financial statements. Additionally, there is a need to ensure connectivity between disclosed financial and sustainability data. Finally, there is also a need to ensure comparability of sustainability statements that would be undermined by optionality of choice with regards to the GHG boundary.
306. Considering the feedback and arguments above, EFRAG revised the approach to GHG organisational boundary by emphasising that its provisions follow ESRS 1 boundary of consolidated scope aligned with financial statements. This will result in better interoperability, as the amended boundary corresponds to one of the options in the GHG Protocol (financial control), with few exceptions. The reference to 'financial control' is used as a conceptual starting point, consistent with the GHG Protocol Corporate Accounting and Reporting Standard (2004) but is operationalised through the reporting boundary defined in Chapter 5 of ESRS 1 General Requirements. Accordingly, where the application of 'financial control' under the GHG Protocol would lead to a different perimeter, the ESRS 1 consolidated scope prevails, with specific situations (such as joint operations, leased assets and benefit schemes) addressed through the relevant provisions of ESRS 1. In response to the need of operational control boundary, a provision was added that speaks to additional disclosure of Scope 1 and 2 according to operational control, when specific facts and circumstances make the financial control insufficient to portray the undertaking's emissions profile.
307. This approach simplifies reporting boundaries for undertakings, as the financial control concept as applied under the ESRS supports connectivity with financial reporting and comparability across undertakings in scope, by promoting a single primary boundary instead of the multiple boundary options available under the GHG Protocol. The feedback from the stakeholders indicated differing interpretations as to whether the reference to financial control implied the direct application of the GHG Protocol boundary where it diverges from the consolidated perimeter; the amendment above aims to remove that ambiguity. The feedback also highlighted concerns about undertakings having to implement and maintain two different consolidation approaches, one based on the ESRS 1 reporting boundary and another based on operational control. SRB considered this perspective but concluded that on balance the approach in the draft Amended ESRS meets a reasonable compromise of costs for undertakings and benefits for users, as the additional disclosure based on operational control in Amended ESRS E1 applies only where relevant to the understanding of the undertaking's emissions profile. While approving the final standard, one SRB member expressed reservation about this provision, as in his opinion this goes beyond the ESRS as enacted in 2023 Delegated Act. Similarly, one SR TEG member noted this provision as one of the reasons for dissent on E1, considering the inclusion of operational control boundary inappropriate (as it should be disclosed on an entity-specific basis). Another SR TEG member expressed a reservation due to lack of coverage of Scope 3 in the proposed boundary for operational control.

Other changes to E1-8

308. To simplify the content, the requirement to disclose total GHG emissions was removed, while acknowledging that some feedback included calls to reinstate it. Additionally, the requirements related to disclose biogenic CO₂ emissions separately from the GHG

inventory, previously in AR and applicable to all GHG scopes, have been moved to the main body, but was limited to Scope 1. While this change deviates from the GHG Protocol requirements, it corresponds to the public consultation outcome, where number of stakeholders requested to limit or delete the provisions. One SRB member indicated this issue as one of the reasons for dissent, pointing out the need to cover all the scopes. Some SR TEG members expressed reservation on the biogenic emissions limitation only to direct emissions, pointing to it as preventing full alignment with GHGP.

309. Pursuant to feedback from public consultation, the disclosure requiring percentage of Scope 1 GHG emissions from emission trading systems was also narrowed down to EU ETS only.
310. Based on feedback, GHG intensity per net revenue (previously introduced to feed SFDR PAI) was deleted. This datapoint can be calculated from existing data in the annual report. Furthermore, its relevance as indicator of GHG performance was questionable, with considerable volatility given that generically, net revenue does not correlate well with GHG intensity. There was consideration of introducing physical GHG intensities, in particular for certain GHG intensity sectors, but as this would constitute a new datapoint, it was not included. When needed in accordance with ESRS 1 paragraph 11, undertakings will report GHG intensities on an entity-specific basis.
311. With regards to the ARs, the references to the GHG Protocol and PCAF A were maintained. Requests received from stakeholders to include reference to PCAF B and C were not incorporated given their early development stage, lack of endorsement by the GHG Protocol and mixed feedback received on the matter. The tabular format related to presentation of GHG emissions was simplified following multiple comments. Additional flexibility was introduced with respect to GWP use, allowing undertakings to use emission factors not based on the most recent GWP values (while requiring this to be noted and explained), as per previous EFRAG discussions on Q&A received. At the same time, several provisions were streamlined and consolidated, including that the ESRS reporting boundary prevails over the GHG Protocol boundary approaches, while the GHG Protocol continues to be used for methodological aspects related to data availability, data quality and estimation where data is unavailable. These adjustments are expected to significantly reduce the reporting burden while maintaining alignment with ambition of EU Green Deal. Some SR TEG members expressed reservation due to the lack of clarity on how to treat category 15 for asset managers.

E1-9, E1-10 Other metrics (carbon removals and credits, internal carbon pricing)

312. With reference to carbon removals developed or contributed to in the undertaking's value chain and GHG mitigation projects (outside its value chain) financed through carbon credits, the revised content follows a more streamlined format. It retains its original objective, with two distinct components (i) carbon removals in value chain and (ii) carbon credits outside value chain, both still with associated ARs to maintain clarity. Key requirements related to GHG removal projects in the value chain, use of carbon credits outside its value chain and public claims of GHG neutrality have been maintained. Net-zero targets' provisions were deleted from this DR and are included in E1-6 disclosure related to targets, as per public consultation feedback. The disclosure of reversals was maintained, despite acknowledging some feedback from public consultation suggesting its deletion, given its importance to guarantee the integrity of any claims to GHG removals.
313. Requirements for descriptive information on the type of carbon pricing scheme and scope of application were changed to a narrative requirement to explain whether and how the undertaking applies carbon pricing in decision-making. The requirement to disclose the carbon prices applied has been specified to ease practical implementation. These simplifications improve interoperability with IFRS S2 paragraph 29(f)(i)(ii) CapEx mentions were deleted, together with the Scopes

covered by the schemes. The requirement to explain the consistency of the prices used in internal carbon pricing schemes versus the prices used in the financial statements for impairment tests received multiple requests for deletion during the public consultation, but was preserved in the standard, as per suggestion of TEG members highlighting its relevance for connectivity. In addition, reflecting stakeholder input on the need for simplification, all AR have been removed.

E1-11 Anticipated financial effects

314. The relationship of this DR with the requirement to disclose AFE in accordance with SBM 3 has been clarified: in E1-11 there are topical specification of AFE, so E1-11 is part of the disclosure on AFE. As such it is also subject to the reliefs in paragraphs 28 to 32 of ESRS 2. Some of the SRB and SR TEG members that expressed reservations providing quantitative information on anticipated financial effects in ESRS 2 or noted this issue as one of the reasons for dissent on ESRS 2, also noted their opposition on E1-11 for the same reasons.
315. The revised version of the DR E1-11 focused on the data needed by users, particularly by lenders to manage their indirect exposures to ESG risks and meet the supervisory expectations, as well as to be able to meet their own reporting requirements (e.g. Pillar 3).
316. Overall, content has been streamlined, and it covers (in 3 different paragraphs) the anticipated financial effects of physical risk, transition risk and climate-related opportunities. Compared to the 2023 DA, it is clarified that asset-related disclosures are based on carrying amounts recognised at the reporting date. The related ARs allows flexibility in terms of disclosure (a range or single amount for the quantitative figures) and the methodology details the type of assets in scope. The approach allows undertakings to aggregate or disaggregate information by asset class, as appropriate, when this provides a faithful and decision-useful representation of exposure to climate-related risks and opportunities. The new structure seeks to be clearer, making it easier to read, while the DR has been simplified and the number of data points reduced. The text has been streamlined in line with IFRS S2 language on climate-related risks and opportunities. For the avoidance of doubt, references in the disclosure requirements to 'estimated potential liabilities' are intended to capture anticipated financial effects associated with climate transition risks, where the existence, timing or amount of the liability remains subject to uncertainty and the liability does not meet the accounting recognition at the reporting date. The use of the term 'potential' reflects this uncertainty and does not imply that the effects are hypothetical or unrelated to expected future outcomes. One SRB member and two SR TEG members indicated as one of the reasons for dissent on the E1 standard that the DR goes beyond IFRS S2 requirements and is still too granular. Some SRB and SR TEG members while approving the standard had reservations on the DR, considering it was still too granular. At the same time, some other SRB members had reservations considering that substantial information was lost in the process of simplification, regretting the deletion of location of the key assets, as well as general gross approach, which according to them represents a major loss of information to users and investors
317. Many stakeholders questioned the approach on the disclosure of asset at material physical and transition risk regarding disclosure before or after risk mitigation actions. It has been decided to keep the approach of disclosing before mitigation actions for exposure at physical risk to respond to users' needs. For the exposure at transition risk undertakings may report before or after mitigation, as no specification is provided. This respond to preparers feedback asking for flexibility and as decoupling the exposure from actions is not relevant in all cases. One SR TEG member had reservation on this approach, considering that all reporting should be before risk mitigation actions which are not yet implemented.
318. It has been clarified that the amounts at risk (assets and revenues) are reported as of the reporting date. Specification of the relevant horizon of the forward-looking events that may put at risk assets and revenues is however required.

319. The datapoints on the reconciliations to the relevant line items or notes in the financial statements have been removed. It is expected that such reconciliations can be drawn by the data users and when needed they will be produced in accordance with the general requirement on connectivity in draft Amended ESRS 1.
320. Based on stakeholder feedback, the datapoint on location has been considered as having lower priority and moved to AR requiring inclusion as part of the description of the methodology for calculation of amounts disclosed under paragraph 38 and 39, where relevant, of the location of its assets at material physical risks aggregated in a way that supports faithful representation of its risks. Several SRB and SR TEG observers flagged this information was relevant for their use cases.
321. To address the challenges raised by this DR, additional phase-in provisions have been introduced in accordance with draft Amended ESRS 1, Chapter 10.2. Wave 1 undertakings may omit, in their sustainability statement, quantitative information on anticipated financial effects required in ESRS E1-11 for their financial years up to 2029. Exceptionally, the quantitative datapoints specified in paragraphs 38 (a)(b) and 39 (a)(b) are not subject to this phase-in, as they relate to carrying amounts recognised on the balance sheet at the reporting date, subject to forward looking events. One SR TEG member noted the excessive phasing-in for E1-11 as one of the reasons to dissent.

Other significant technical issues

Scenario and resilience analysis

322. Many stakeholders asked for less redundancy between ESRS 2 and the topical standards in their feedback for the public call. Likewise, most respondents asked for a clarification on the relationship between E1-2 and E1-3. Consequently, it has been decided to rename former IRO-1 by E1-2 and former SBM-3 by E1-3 to highlight that they are additions specific to the E1 topics. Moreover, it has been decided to introduce the DR on scenario analysis before the DR on resilience analysis to better reflect the actual chronology of those processes when performed by the undertaking. When it comes to the content, the language of the DRs have been better aligned with the wording of IFRS S2.
323. The disclosures refer directly to climate-related scenario analysis and during the public consultation, many stakeholders requested the clarification on whether climate-related scenario analysis is required by the standard. Some of the feedback received by EFRAG suggested that scenario analysis should be considered a prerequisite. This includes using at least one 1.5°C scenario to identify activities, assets, and liabilities that may be affected by transition events, as well as at least one high-emission scenario to assess activities and assets potentially exposed due to their geographic location. According to these views, scenario analysis should therefore be required as an indispensable part of the process. Conversely, other stakeholders argued that the use of scenario analysis—and particularly the specification of which scenarios to apply—should not be mandated, as the ESRS should avoid prescribing behaviour. On this point, the current standard clarifies under E1-2 that undertakings are expected to report on key elements of the methodology to assess climate risks and scenario analysis (if used), but that scenario analysis is not required by ESRS.
324. There was also a discussion if using one (single) scenario to assess risks and resilience can already be considered a 'scenario analysis' or if scenario analysis would imply using a range of scenarios. Upon discussion a majority view was that 'scenario analysis' required the use of at least one scenario, which was considered in line with other standards (e.g. TCFD). This fact was reflected in the definition of scenario analysis in the Glossary.
325. Consequently, it was decided to adjust the wording to further ensure the disclosure requirements correspond to whether and how the undertaking performed the scenario analysis. In contrast with IFRS S2, ESRS E1 is not requiring performing a scenario analysis to identify its risks or assess resilience of the business model and strategy towards these risks.

AR7 and AR8 explains how the resilience analysis relies on the climate scenario analysis, if performed.

Target exemption

326. One of the implementation challenges for financial institutions (FI) concerned the provision of ESRS related to GHG emission targets which required, in cases where the undertaking has only set a GHG intensity reduction target, to nevertheless disclose the associated absolute values for the target year and interim target year(s).
327. This obligation was regarded by some as inappropriate for financial institutions, because of available methodologies being relevant for them only in specific conditions. According to this views, absolute targets are only useful for sectors where decommissioning is envisaged. At the same time, the greatest need for transition financing is in the most emissions-intensive sectors, which means absolute targets may be deceptive. In addition to that, transposing intensity targets into absolute terms requires multiple assumptions (for example, static portfolio composition, clients' future production or sales mix, future enterprise value or capital ratios, etc.). According to the input received by EFRAG, the outcome of such assumptions would not meet the qualitative requirements of ESRS information and would not be comparable.
328. It can be noted that EFRAG issued in December 2024 an explanation indicating that under transitional provisions for value-chain information, FIs could disclose intensity targets without associated absolute figures in circumstances where data were not available.¹⁹
329. This provision was extensively discussed in initial phase of revision (public outreach), with some stakeholders requesting to introduce an exemption for financial institutions that would ensure no obligation to disclose associated absolute values when the intensity targets are set (further referred to as 'exemption'). Due to the highly diverse views received on the matter, it was decided that public consultation of EFRAG EDs would include a dedicated consultation question (Q26) related to this challenge.
330. Specific feedback received on whether financial institutions should be exempt from disclosing absolute emission targets when they have only set intensity targets (public consultation Q26) highlighted a diversity of views. Stakeholders, primarily from the financial sector, argued that the exemption should be granted as intensity targets are the primary tool for managing the sector's decarbonisation. They further argued that absolute targets may be business sensitive and, in the context of financed emissions, unreliable and impractical. Examples provided by banks showed that translating physical intensity metrics for Scope 3 into absolute values presented key challenges, including the risk of double counting when aggregating different portfolios, which prevents faithful representation, and significant uncertainties in assumptions used (e.g. composition of the portfolio over time, rhythm of decarbonisation of the client and its growth). Some stakeholders underlined that for similar reasons, exemption should be granted to all sectors and not only FI. This argument was also reflected in one SRB member's reservation.
331. On the other hand, a large group of stakeholders disagreed with the exemption pointing out that all reporting undertakings should operate in a level playing field and that the existing obligation of translating intensity targets to absolute values does not prevent FI from managing their decarbonisation using the intensity targets. Some SRB members shared their reservation on this exemption based on the argument of it creating an unlevel playing field. Some stakeholders pointed out that the exemption will be highly detrimental to the assessments of transition risk performed by investors and supervisors. Moreover, granting the exemption might lead to data quality disruption across the value chain to which the FI belongs. One observer in SRB and SR TEG noted that complementing the disclosure of an intensity target with information on the associated absolute figure as per

¹⁹ [EFRAG, Explanations December 2024 \(December 2024\)](#).

ESRS as enacted in 2023 is necessary to achieve a fair presentation, and to prevent misleading users, and hence should apply regardless of the sector. When it comes to alignment with prudential regulatory framework, the EBA Guidelines on ESG risk management include absolute GHG emissions among the list of metrics over which banks should consider setting targets while banks have already set and are disclosing absolute targets under Pillar 3 templates in Europe.

332. Finally, some members recommended a middle ground approach that granted an exemption while accompanied with obligations to ensure transparency, such as using physical intensity targets and accompanying disclosure with expected decarbonisation trends or benchmarking the intensity targets against business as usual GHG intensity reduction pathways.
333. These inputs informed EFRAG subsequent work and development of dedicated provision for financial institutions that balances the views of the stakeholders involved. The conditional exemption introduced addresses the lack of methodological robustness in converting Scope 3 category 15 intensity targets into absolute values, while preserving transparency by requiring undertakings to disclose absolute financed emissions covering the same emissions as the intensity targets. This allows users, based on historical data, to assess whether the intensity targets are associated with stable, increasing, or decreasing absolute emission trajectories. The absolute emissions information may be disclosed either as part of the target-related disclosures or within the GHG emissions inventory section, provided that it is clear that such information exists and can be linked to the emissions of the target. In addition, the contextual information required to accompany intensity targets shall provide a narrative explanation of the observed and expected emission trajectories, and this narrative is to be presented together with the targets. This exemption for financial institutions is not applicable for other sectors.

ESRS E1 wording enhancements for interoperability

334. Please refer to Appendix 9 for ESRS E1 wording enhancements for interoperability. To note that the content of the table in Appendix 9 has not been validated with the ISSB staff and reflects views of EFRAG Secretariat only, at this stage.

ESRS E2 – Pollution

335. The revised Standard represents 64% reduction in the number of datapoints and an overall word count reduction of 64%.

General

336. **Objectives and Interactions with other ESRS:** These sections have been streamlined in alignment with the changes made across the topical Standards. The legal references have been updated. Despite disagreement from some preparers and business associations expressed through the public consultation, a new paragraph was introduced to explicitly address the potential relevance of location-specific impacts in the context of pollution. This was considered an important aspect to maintain given the local nature of environmental impacts and the related disaggregation requirements in ESRS 1 *General requirements, section 3.3.2*. The paragraph, in any case, does not introduce any new obligations in relation to draft Amended ESRS 1 nor to the ESRS as enacted in 2023. One SR TEG member expressed reservations on the excessive focus on location-based and disaggregation considerations. On the other hand, several TEG members expressed reservations related to the aspect that aggregated disclosures omitting site specific issues would not allow a fair presentation of information at site level and that more precise language around sites is needed.

337. The request from stakeholders to delete EU law references were not incorporated given that these represent key policy sources underpinning EU objectives on pollution, which the disclosures in E2 support. However, the introductory sentence was clarified to avoid conveying that any new disclosure requirements were added, which is not the case.
338. **Former ESRS E2 IRO-1 - Processes to identify material IROs related to pollution-related IROs:** This section has been removed from ESRS E2 *Pollution* in alignment with EFRAG's approach of listing IRO-1 DRs under ESRS 2 *General Disclosures* and outside of the topical Standards. For reduction purposes, the guidance formerly contained in the AR on how the different phases of the LEAP approach can inform the materiality assessment of pollution, and its disclosure, has been deleted. The LEAP approach is, furthermore, mentioned only in ESRS 1 AR 15.
339. The concept of affected communities is now addressed under the broader category of affected stakeholders in AR 21 of ESRS 1 *General Requirements* to ensure applicability across sectors.
340. Additionally, the removal of the information on whether site locations have been screened was particularly requested and driven by the lack of observed reporting practices.
341. In public feedback there were also requests for further guidance on material IROs and pollution, which could not be addressed in the scope of the simplification (to be considered as future non-mandatory guidance).

E2-1 – Policies related to pollution

342. Policy disclosures are now limited to references to ESRS 2 *General Disclosures* GDR-P.
343. A minority of users expressed a preference for maintaining the pollution-related specifications in former ESRS E2 paragraph 15 as enacted in 2023, noting the link to the broader EU priorities of mitigating impacts, substituting and minimising use of substances and avoiding accidents and emergency situations. Nonetheless, pollution-related policy elements were deleted from the ED as considered illustrative examples (to be considered as future non-mandatory guidance).
344. The introductory and objective paragraphs were deleted as redundant with disclosure content and not well aligned with EU policy goals.
345. The former ESRS E2 AR 10 as enacted in 2023 on the integration into broader environmental or sustainability policies was deleted for simplification purposes. It is understood that an undertaking can disclose only once a policy that addresses several environmental topics and sub-topics.
346. The requirements in former ESRS E2 AR 11 as enacted in 2023 on the description of pollutants and substances covered in a policy, as well as the alignment with the EU Action Plan in the former ESRS E2 AR 12 as enacted in 2023 were deleted from the standard (to be considered as future non-mandatory guidance).

E2-2 – Actions and resources related to pollution

347. Similarly to the DR on policies, this DR significantly streamlines the content of the introductory paragraph, objective, and pollution-specific requirements on the mitigation hierarchy, directing the focus to the general requirements in ESRS 2 *General Disclosures* GDR-A, improving the clarity of requirements on actions related to pollution.
348. Voluntary mitigation hierarchy disclosures were removed from the topical level (similar to all ESRS E2 to ESRS E5 standards). Although a minority of users preferred to keep them, they were deleted because they were illustrative best practice examples, which topical ESRS no longer include.

349. Draft Amended ESRS E2 AR 13 on value chain engagements was considered redundant with ESRS 2 *General Disclosures* AR 39 content, and the draft Amended ESRS E2 AR 14 on resources was deleted.
350. The site-level voluntary provision (ESRS E2, AR 15 as enacted in 2023) was deleted and a related paragraph added to the Objective sections of the environmental Standards (see paragraph 230 above), referencing the overarching principle of disaggregation from ESRS 1 *General Requirements*, section 3.3.2.

E2-3 – Targets related to pollution

351. The disclosure requirement on targets was reduced to a reference to ESRS 2 *General Disclosures* GDR-T, with pollution-specific requirements removed, as some users saw them as lower priority; they may be considered as future non-mandatory guidance. The introductory paragraph, objective and ecological thresholds requirements were also deleted at topical level (consistent with ESRS E3 through ESRS E5). Ecological threshold are now referred to in draft Amended ESRS 2, AR 48.
352. Former ESRS E2 paragraph 25 on the mandatory or voluntary nature of targets and former ESRS E2 AR 17 on the EU Taxonomy were removed for burden reduction and the request of stakeholders. The value chain coverage (former ESRS E2 AR 19) was deleted due to redundancies with ESRS 2 *General Disclosures*.
353. A minority of preparers requested the de-prioritisation of the former ESRS E2 AR 18 on site-level targets, which was, therefore, removed (to be considered for future non-mandatory guidance).

E2-4 – Metrics related to pollution of air, water and soil

354. The revised content of this disclosure requirement follows a clearer structure that focuses on the main indicators.
355. The introductory paragraph was removed as redundant with the content in the main requirements, while the objective was streamlined to align with the main datapoint content of ESRS E2-4.
356. Datapoints on pollutants now generally refer to material emissions to air, water and soil, for greater clarity and simplification. Stakeholders broadly supported retaining these metrics, as they are already monitored by many undertakings under the E-PRTR framework and are also consistent with the content of VSMEs. The reference to the E-PRTR was removed from the mandatory requirements, despite some requests from stakeholders and SR TEG members to maintain it, in response to feedback on the challenges in applying EU-specific provisions to non-EU locations. Further flexibility in terms of methodology and scope was introduced to reflect differences between ESRS E2 and the E-PRTR, including differences in reporting perimeter (EU-only scope versus global activities), level of reporting (facility-level versus consolidated reporting) and sectoral coverage. Reference to E-PRTR was moved to the ARs as a methodological indication for undertakings already reporting under the E-PRTR and to address stakeholder suggestions to better reflect the alignment with EU law. Requests to allow incorporation by reference of E-PRTR results were not accepted, as E-PRTR data is at facility-level, whereas ESRS requires corporate level reporting. Suggestions to use E-PRTR thresholds as a methodological requirement (i.e. exempting emissions below these thresholds) were not accepted, because facilities below the threshold—especially when located near one another — can still generate local impacts. Financial users also indicated that consolidated exceedances of EU facility-level thresholds would not be decision-useful, and recommended disclosure of total gross emissions instead. Relevant information on thresholds was therefore

streamlined into the AR using non-prescriptive wording. In response to preparers' concerns about the burden of disclosing immaterial substances, the datapoints focus on material pollutants rather than requiring disclosure of all substances listed under the E-PRTR. Civil society stakeholders called for clearer materiality considerations, while public authorities suggested that materiality assessments could consider threshold exceedances ('can') and pollution-specific factors such as quantities, toxicity and population exposure, on an entity-specific basis. Some undertakings also proposed removing references to operational control and aligning the reporting boundary with the financial consolidation perimeter; however, these suggestions were not retained. One SR TEG and one SRB member expressed reservations on whether the E-PRTR facility thresholds could be used to assess materiality. One SRB member noted as one of the reasons for dissent on the list of pollutants, which includes the E-PRTR list but also other pollutants that the undertaking measures or monitors.

357. A new AR on transfers of water pollutants was added to address stakeholders' requests for guidance. Despite split views, with some stakeholders and one SR TEG and one SRB member pondering on whether transfers constitute pollution or not, and one SRB member suggesting to rather delete this aspect entirely and focus on own operations only, these transfers were ultimately considered value-chain relevant. The AR therefore recalls that ESRS 1 *General Requirements* principles apply, meaning transfers are disclosed only if material, with reference to the entity-specific provisions in ESRS 1 (paragraph 63 and AR 36).
358. ESRS E2 AR 22 to AR 25 as enacted in 2023 were deleted due to the general decision to remove voluntary datapoints. Appropriate disaggregation of reported information, e.g. by site, is now referred in Amended paragraph 8.
359. Former ESRS E2 AR 26 on methodologies and data collection processes were deleted to avoid redundancies with ESRS 2 *General Disclosures*. Information on inferior methodologies was deemed confusing by many stakeholders and, therefore, entirely deleted. The requirements on changes over time, prioritisation of quantification approaches, contextual information, and non-compliance incidents (the latter being former ESRS E2 AR 25 (b)) were deemed to represent illustrative guidance or entity-specific elements and, therefore, deleted (to be considered for future non-mandatory guidance).
360. The requirements on microplastics were split into the categories primary and secondary microplastics. Secondary microplastics, previously addressed only implicitly in draft Amended ESRS E2 AR 20, are now made explicit and elevated to the DR level to specify the requirement. Placing secondary microplastics in a standalone disclosure requirement enabled their separation from primary microplastics and the formulation of a more flexible reporting approach. Suggestions to delete or phase-in these requirements were not accepted, given stakeholder feedback emphasizing the severity of impacts and the need to retain coverage. This was noted as one of the reasons to dissent by one SRB member and as reservation by another SRB members. The definition of microplastics was aligned with the REACH Regulation, and specification on the primary and secondary categories were added to improve understanding. Requests to replace primary microplastics disclosures (in particular amounts manufactured or used in products) with general 'microplastics releases to the environment' were not taken onboard as this would not reflect exposure: the generation or use of primary microplastics serves as a proxy for understanding an undertaking's dependencies within its business model and value chain. This exposure often translates in downstream value-chain releases that are, otherwise, not properly captured. Former ESRS E2 AR 20 as enacted in 2023 was fully revised to reflect the new information on secondary microplastics and to require qualitative reporting, given the lack of a mature methodology for measuring the introduction of secondary microplastics to the environment. This represents a simplification, and relief for undertakings, compared to the

requirements as enacted in 2023. One SR TEG member expressed a reservation regarding the focus on qualitative disclosures only, stating that an optional quantitative disclosure could rather support undertakings in starting to address the issue of secondary microplastics. However, the provisions in Amended para. 15 (b) and AR allow to provide quantitative or qualitative information.

E2-5 – Metrics related to substances of concern (SoC) and substances of very high concern (SVHC)

361. The revised content of this disclosure requirement follows a clearer structure, with a more explicit breakdown of the indicators to improve the understanding of the requirements. The introductory paragraph was removed as redundant with the content in the main requirements, while the objective was streamlined to align with the main datapoint content of ESRS E2-5.
362. Requirements on SoC now target undertakings on the supply side of chemicals, namely manufacturers, formulators and importers of substances, with scope clarified through NACE codes (ESRS E2 AR 5), while undertakings on the demand side of chemicals (users of substances) focus on SVHC only, which are easier to identify. This refinement reflects a clearer distinction between actors that place substances on the market and those that primarily use them. In the consultation, a number of undertakings argued that disclosures on SoC should be removed, or limited to a narrower subset of strategic substances, citing the absence of a sufficiently clear definition and challenges in implementation. These requests were not accepted, given the relevance of the information. However, a phase-in has been introduced for SoC in draft Amended ESRS 1 in response to these challenges, allowing undertakings additional time to adapt. At the same time, the definition of SoC was narrowed by deleting the criterion related to substances subject to ongoing regulatory processes. Split views were noted: some stakeholders, including some SR TEG (one reservation) and SRB members (one who noted this issue as one of the reasons for dissent and some others that noted it as a source of reservations), argued that SoC are not yet mature for disclosure, that undertakings do not have systems in place to collect this information, and that the approach risked introducing sector-specific requirements in a non-sectoral standard. Conversely, others stressed that although SoC are generally less hazardous than SVHC, their extensive use and exposure justify transparency – an importance reinforced by positive and meaningful reporting examples from ESRS as enacted in 2023 practices. To reduce granularity information is reported by hazard class rather than substance, and requests to make reporting of SoC voluntary, or restricted to ‘material substances’, were not accepted, given the need for transparency across the chemicals value chain, the general removal of voluntary (‘may’) requirements, and the fact that ESRS 1 generic principles and reliefs apply. Due to time constraints, EFRAG could not develop dedicated methodological guidance as part of the simplification work, for reporting on substances and pollutants outside the EU.
363. SVHC in articles are addressed separately, qualitatively and in alignment with the thresholds and requirements in the REACH Regulation to minimise burden. Requests to delete SoC requirements or to remove the E2-5 DR entirely were not integrated due to, on the one hand, the significant potential health and environmental impacts associated by these substances, underscoring the need for transparency and the topic's strong legislative underpinning. On the other hand because the use of SoC and SVHC is also a risk indicator, as undertakings heavily depending on it can be financially affected in case of further use restrictions. Some SR TEG and SRB members expressed reservations about the phase-in allowed for SoC disclosures, considered excessive, while one SRB member, on the other hand, expressed reservations on the seemingly sector-specific requirements in E2-5.
364. Information on the split into hazard classes was moved to ESRS E2 AR 6 as a methodological provision and has been limited to SVHC for simplicity and burden reduction. Additional

indications were added to address double counting. The relevance of individual hazard classes depends on entity-specific factors, such as the quantity of substances used or released, the frequency of their use or emission, their potential impacts (including nuisance or toxicity).

E2-6 Anticipated financial effects from material pollution-related risks and opportunities.

365. In line with the amendments made across the environmental standards and in ESRS 2, this DR has been deleted in its entirety from ESRS E2 *Pollution*, but the corresponding requirement is still valid as part of ESRS 2 SBM 3. During the consultation, some users of sustainability statements noted that the deleted anticipated financial effects (AFE) datapoints in ESRS E2 as enacted in 2023 were particularly useful for ensuring financial materiality and connectivity with financial statements, notably (a) material operating and capital expenditures related to major incidents and deposits, and (b) material provisions for environmental protection and remediation costs, which are generally readily available from financial reporting. Users also highlighted that (c) the description of material incidents and deposits occurring during the reporting year was important to reflect impact materiality and its linkage to financial materiality. EFRAG notes that despite the absence of topical specifications to SBM 3 for financial effects, the requirement to disclose them is still valid in accordance with Paragraphs 25 to 27 of Amended ESRS 2 and this prevents loss of information.

Glossary definitions

366. The term 'incidents' in ESRS E2-4 has been replaced with the more appropriate 'environmental accidents', with its definition adapted from the European Environmental Agency and the Seveso III Directive (Directive 2012/18/EU). Definitions of 'Article', 'Formulator', 'Importer', 'Manufacturer of articles', 'Manufacturer of substances', 'Placed on the market', 'User of substances', and 'User of articles' were added to the Glossary following public consultation request and to align with REACH where possible. The definitions of 'Substances' and 'Microplastics' were also refined for clarity.

ESRS E3 – Water

367. The revised Standard represents 70% reduction in the number of datapoints and an overall word count reduction of 76%.

General

368. **Objective and Interactions with other ESRS:** These sections have been streamlined in alignment with the changes made across the topical Standards. The legal references have been updated. Despite the disagreement from some preparers and business associations expressed through the public consultation, a new paragraph was introduced to explicitly address the potential relevance of location-specific impacts in the context of water. This was considered an important aspect to maintain given the local nature of environmental impacts and the related disaggregation requirements in ESRS 1 General requirements, section 3.3.2. The paragraph, in any case, does not introduce any new obligations in relation to draft Amended ESRS 1 nor to the ESRS as enacted in 2023.

369. 'Marine resources' has been deleted from draft Amended ESRS E3 topics - together with the related sub-topics and related provisions. As required by stakeholders the section on interactions with other standards explains where aspects related to the ocean, including marine resources, are now addressed: pollution of the marine environment, namely emissions to seawater, is addressed under draft Amended ESRS E2; impacts and dependencies on marine ecosystem and biodiversity, under draft Amended ESRS E4; and aspects related to biotic or abiotic marine resources under draft Amended ESRS E5.

Disclosures related to the use of seawater (e.g. related to desalination) are still in scope of draft Amended ESRS E3.

370. As suggested and supported by several TEG members, the only topic in draft Amended ESRS E3 is now 'water use', and its connection with water metrics has been explicitly outlined encompassing water consumption, water withdrawal, water discharge, and water stored. The classification of sources and types of water (e.g. surface water, groundwater, , produced water, third-party water; freshwater, other types of water, such as brackish water) was clarified, in response to requests from preparers and business associations, and aligned with other relevant water standards (GRI, CDP).
371. The legal references have been updated, removing some that were linked to 'marine resources' and adding other relevant ones for water, such as the EU Water Resilience Strategy and the Industrial Emissions Directive (Directive 2010/75/EU).
372. **Former E3 IRO-1 - Description of processes to identify and assess the materiality of water-related IROs** This section has been removed from draft Amended ESRS E3 in alignment with EFRAG's approach of listing IRO-1 DRs under draft Amended ESRS 2 *General Disclosures* and outside of the topical Standards. For reduction purposes, the guidance formerly contained in the AR on how the different phases of the LEAP approach can inform the materiality assessment of water, and its disclosure, has been deleted. The LEAP approach is, furthermore, mentioned only in draft Amended ESRS 1 *General Requirements* para. AR 15.
373. The concept of affected communities is now addressed under the broader category of affected stakeholders in para. AR 21 of draft Amended ESRS 1 to ensure applicability across sectors.
374. Additionally, the removal of the information on whether site locations have been screened was particularly requested and driven by the lack of observed reporting practices.
375. In public feedback there were also requests for further guidance on material IROs related to water, which could not be addressed in the scope of the simplification (to be considered as future non-mandatory guidance).

E3-1 (Policies), E3-2 (Actions), E3-3 (Targets)

376. Topical, narrative DRs on water: the topical datapoints on water-related policies, actions and targets have been mostly deleted for reduction purposes and to avoid redundancies with ESRS 2.
377. Some limited narrative, topic-specific datapoints have been maintained for draft Amended ESRS E3-1 (Policies) and E3-2 (Actions) in relation to areas with water stress. An AR (AR 3) in draft Amended ESRS E3-3 (Targets) explains how the specification regarding areas with water stress are implicitly covered when referencing to geographic areas under the general provisions for Targets in draft Amended ESRS 2 GRD-T; this ensures consistency with the requirements on areas with water stress in policies and actions, as suggested particularly by auditors, and references relevant disclosures already present in cross-cutting, therefore reinforcing the internal consistency of ESRS and avoiding redundancies between its sections.
378. Voluntary mitigation hierarchy disclosures were moved from the topical level (including in all ESRS E2 to ESRS E5 standards) to draft Amended ESRS 2 GDR-A paragraph AR 38, which applies to all environmental actions. Although a minority of users preferred to keep them, they were deleted because they were illustrative best practice examples, which topical draft Amended ESRS no longer include (and are to be considered as future non-mandatory guidance).

379. The term ‘areas with water stress’ replaced ‘areas at water risk, including areas of high-water stress’ throughout the Standard (DRs, ARs) and in Glossary. This change reflects improvements to the definition of ‘areas at water risk’ in Annex II of ESRS E3 as enacted in 2023. The concept of areas at water risk was complex to be used as an operational disclosure concept, as water-related risk may depend on a wide range of factors, including company-specific circumstances. For this reason, water risk considerations remain relevant at the level of the DMA to determine whether an undertaking faces material water-related risks, but the concept is not used in connection with location-specific disclosure. One SR TEG member expressed a generic reservation over the redrafted definition of water stress. A new AR (para. AR 1) was added to explain the connection between water stress, water risk, and water scarcity. One SR TEG member expressed reservation regarding the components of quality and availability not being sufficiently highlighted in the assessment of areas with water stress. Additionally, para. AR 2, developed from the definition of ‘areas of high-water stress’ in Annex II of ESRS E3 as enacted in 2023, was included to provide methodological guidance on the assessment of areas with water stress. A set of indicators was provided, linked to datasets to make the provision tool-agnostic, overcoming the challenges encountered with embedding a reference to the WRI Aqueduct tool in the definition of ‘areas of high-water stress’ in Annex II of ESRS as enacted in 2023. One SR TEG member expressed reservation over the threshold chosen (‘high’) for areas with water stress, particularly for the WEI+ indicator. Flexibility in the assessment is enhanced: the indicators list is not exhaustive, focuses on water scarcity (recognised as only one component of water stress) in alignment with major water standards (CDP, GRI, TNFD), and allows undertakings to apply tailored methodologies suited to their context. These revisions address stakeholder requests for clearer terminology, stronger interoperability and reduced implementation challenges.
380. Regarding water-related targets, References to EU Taxonomy criteria (substantial contribution and Do No Significant Harm (DNSH)) in para. AR 27 of ESRS E3 as enacted in 2023 were deleted for burden reduction purposes. EFRAG considered stakeholder suggestions to reassess the requirements on ecological thresholds, including whether to make them voluntary or remove them, and finally moved the related methodological guidance from the topical standard to draft Amended ESRS 2 GDR-T.

E3-4 Water metrics

381. The revised disclosure requirement retains mandatory disclosures for total water consumption, water recycled and reused (SFDR-derived datapoint and present in other water standards like GRI and CD) and water stored, although changes in water storage was deleted for simplification purposes, as users can easily calculate it themselves based on the retained metric on water stored.
382. ‘Water recycled and reused’ is now defined as a single term and concept in Amended Annex II, resolving ambiguity over the need to disclose separately or alternatively the two metrics. One SR TEG member expressed reservation regarding the possible confusion of water recycled and reused with water withdrawal from third party sources, especially given the lack of mandatory provisions for a breakdown of withdrawal by source.
383. Importantly, total water withdrawal and total water discharge, previously optional and found in AR, have been moved to mandatory disclosures. Addressing water withdrawals as part of sustainable water management is critical to enhance adaptation to climate change and water security. Water discharges serve as an additional indicator of resource pressure, complementing the disclosure on water withdrawals. Both datapoints are relevant for the calculation of water consumption and, therefore, their elevation to a mandatory disclosure does not represent a significant burden increase to preparers. In draft Amended ESRS E3, the focus is on the volume of water discharges, while issues related to discharge quality

and pollution are addressed under draft Amended ESRS E2. The introduction of previous 'may' data points as 'shall' was subject to split views: while some stakeholders agreed with this move due to the relevance of withdrawals and discharges to good water management, other stakeholders were against changing previous 'may' datapoints into 'shall' as contrary to the principle of simplification. One SRB member expressed a reservation regarding the mandatory nature of the two metrics of water withdrawal and water discharge. More detailed explanation can be found in Section Other key simplifications of this Basis for Conclusions.

- 384. The metric on water intensity was removed, as some stakeholders considered this information to have limited decision-usefulness and also because it can be derived from other reported data.
- 385. The requirement of total water consumption in specific areas has been maintained, but the focus adjusted from 'areas at water risk, including of high-water stress' to 'areas with water stress, as explained above'.
- 386. Guidance was introduced in para. AR 4 and AR 5 to calculate water consumption (outlining the basic water balance equation) and on the units to report water metrics. Para. AR 1 and AR 2 previously mentioned apply also to draft Amended ESRS E3-4. These changes respond to stakeholder requests for consistent water-consumption methods while allowing flexibility for diverse industrial contexts.
- 387. Contextual disclosures, such as water source type, basin water quality, and seasonal variability, were removed aligning with the overall simplification and burden reduction objective.
- 388. Metrics have been maintained with a focus on 'water', although one SRB member expressed reservation, preferring a narrower focus on 'freshwater'; the member noted that in his opinion the focus on total water is not decision useful, and that undertakings might be required to additionally report anyways freshwater metrics as in his opinion those represent more relevant KPIs.
- 389. The provision of additional non-mandatory guidance related to water metrics, as requested by stakeholders, will be considered in the future.

E3-5 Anticipated financial effects from material water-related risks and opportunities:

- 390. In line with the amendments made across the environmental standards and in ESRS 2, this DR has been deleted in its entirety from draft Amended ESRS E3, but the corresponding requirement is still valid as part of draft Amended ESRS 2 SBM 3.

Glossary definitions

- 391. Glossary definitions now address only the concepts themselves ('water stress', 'water scarcity'), instead of encompassing criteria for assessment – in Annex II of ESRS as enacted in 2023 the definition of 'areas of high-water stress' was linked to a specific tool and threshold. Definitions of 'surface water' and 'groundwater' were expanded with an alternative formulation from other relevant standards (CDP, GRI). Other changes include : terminology inconsistencies within the definitions of 'water withdrawal', 'water discharge' and 'water consumption' were addressed by adopting a single designation, 'the undertaking', for all references to the reporting entity; 'water recycled and reused' is now defined as one single concept; 'water storage' has been changed to 'water stored' – which is now the term used in the Standard. The term 'discharge' was removed, while leaving only 'water discharges' - as used in the Standard.

ESRS E4 – Biodiversity and Ecosystems

392. The revised Standard represents a 78% reduction in the number of datapoints and an overall word count reduction of 76%.

General

393. **Objectives and interactions with other ESRS:** These sections have been streamlined in alignment with the changes made across the topical Standards. In addition, references to 'marine ecosystems' have been made more explicit. The legal references have been updated. Despite the disagreement from some preparers and business associations expressed through the public consultation, a new paragraph was introduced to explicitly address the potential relevance of location-specific impacts on biodiversity and ecosystems. This was considered an important aspect to maintain given the local nature of environmental impacts and the related disaggregation requirements in ESRS 1 *General requirements, section 3.3.2*. The paragraph, in any case, does not introduce any new obligations in relation to draft Amended ESRS 1 nor to the ESRS as enacted in 2023.

Former E4 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model:

394. The topical SBM-3-related section has been removed from E4 and its content edited and moved to other sections, including to the ARs. Former SBM-3 related disclosures related to biodiversity-sensitive areas and disaggregation by locations (also under E4 IRO-1) have been consolidated under the metrics section (E4-5).
395. Provisions addressing impacts related to land degradation or threatened species, which informed previous data points related to SFDR, but were deemed as selecting some biodiversity-related issues over others, have been relocated to the AR section.

Former E4 IRO-1 - Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities:

396. This section has been removed from ESRS E4 in alignment with EFRAG's approach of listing IRO-1 DRs under ESRS 2 only and outside of the topical Standards. Disclosure specifications concerning the undertaking's process for identifying material biodiversity-related IROs, such as descriptions of consultations with affected communities in relation to impacts of raw material use or on ecosystem services or the consideration of systemic risks have been removed.
397. For reduction purposes, the guidance formerly contained in the AR on how the different phases of the LEAP approach can inform the materiality assessment of biodiversity and ecosystems, and its disclosure, has been deleted. The LEAP approach is, furthermore, mentioned only in ESRS 1 AR15.
398. Scenario analysis, already an optional DR in ESRS as enacted in 2023, has been moved to the AR section and formerly optional disclosure specifications deleted.
399. The concept of affected communities is now addressed under the broader category of affected stakeholders in AR 21 ESRS 1 to ensure applicability across sectors, including to financial institutions.
400. Site-related disclosure specifications addressing biodiversity-sensitive areas have been consolidated under the metrics section (E4-5) to allow for one streamlined location-based disclosure requirement. Tables formerly included in ESRS 4 AR 10 providing guidance on the materiality assessment of sites or the disclosure on raw materials have been deleted and are to be considered for future non-mandatory guidance.

E4-1 – Biodiversity and ecosystems transition plan

401. The revised E4-1 focuses solely on the transition plan and removes the provisions related to the resilience of the undertaking's strategy in relation to biodiversity and ecosystems. The latter aspect is now addressed exclusively under ESRS 2 *General Disclosures* SBM-3 to avoid a perceived redundancy between the requirements at the cross-cutting and the topical levels and for reduction purposes. Some stakeholders nevertheless suggested reintroducing this provision to ensure that related insights into nature-specific risks and dependencies are sufficiently disclosed.
402. The DR has been made mandatory due to the relevance for users to access information on the topic, but its application, besides being subject to materiality, is conditional on whether a plan exists and if key features of it have been made public previously. The latter points recognise the current limited maturity in the implementation and disclosure of biodiversity transition plans, highlighted by stakeholders. The DR contains also only one datapoint, therefore avoiding excessive standardization and providing flexibility to preparers in its disclosure.
403. One significantly amended AR (AR 1) highlights that biodiversity does not need to be addressed in a stand-alone transition plan but can be a part of a broader transition plan e.g. addressing climate mitigation and outlines elements that may be covered in the plan; formerly more detailed voluntary specifications on the latter have been deleted.
404. A glossary definition of 'biodiversity and ecosystems transition plan' is introduced, consistent with the climate transition plan definition and aligned with TNFD's language.
405. The AR and the definition were included to respond to stakeholder's demands for more guidance on biodiversity transition plans, though other stakeholders suggested the deletion of any explicit reference to the interconnection between biodiversity and climate mitigation transition plans. Further guidance was not included due to the approach followed by EFRAG of limiting the AR particularly to methodological requirements and is to be considered for future non-mandatory guidance.
406. Not implemented was the recommendation of stakeholders, including one TEG member, to delete the conditionality 'has made public', perceived as inconsistent with the principle of transparency and the need to avoid double reporting. This conditionality was included to address the concern of preparers and some SRB members in relation to the lack of mature methodology and guidance to develop biodiversity transition plans and that preparers could feel pressed to disclose information on transition plans not considered mature enough. Another SRB member expressed reservation to the conditionality related to having made the transition plan public, which according to the member would require auditors to verify plans without having the adequate biodiversity transition-plan-related methodologies to do so.

E4-2 – Policies related to biodiversity and ecosystems

407. Former requirements were almost entirely removed in alignment with EFRAG's approach of significantly reducing the content specifications for policies in the topical Standards and mostly limiting them to a reference to the related DR under ESRS 2 *General Disclosures* GDR-P.
408. The objective paragraph was deleted from this section in line with changes made across topical Standards. E4 maintains two topical specifications in relation to policies, which were identified as particularly relevant by SR TEG and SRB members during the review process to provide decision-useful information in relation to biodiversity and ecosystems and not explicitly addressed under draft Amended ESRS 2 GDR-P, one on traceability and one related to the coverage of sites near BSAs.

409. During the review, EFRAG considered a proposal from a financial institution to clarify in the AR that traceability requirements apply only to physical products, not financial products. EFRAG ultimately decided the clarification was unnecessary, as the Glossary already defines 'products' as physical goods. Adding it was also seen, particularly by several SR TEG members, as potentially misleading, by implying that financial institutions would be exempt from disclosing material nature-related IROs related to their portfolios or financial products.
410. Other topical disclosure specifications and connected ARs, related for instance to how policies address social consequences of biodiversity and ecosystems-related impacts, including on the access of genetic resources and the fair sharing of benefits arising from its use, have been deleted for reduction purposes. These provisions, while still considered relevant by many, were not prioritized by SR TEG and SRB to be maintained in the context of the ESRS simplification process and are implicitly addressed by draft Amended ESRS 1 provisions on entity-specific disclosures or some of them implicitly by draft Amended ESRS S3.
411. Voluntary mitigation hierarchy disclosures were removed from the topical level (similar to all ESRS E2 to ESRS E5 standards). Although a minority of users preferred to keep them, they were deleted because they were illustrative best practice examples, which topical draft Amended ESRS no longer include (and are to be considered as future non-mandatory guidance).
412. Requirements to explicitly disclose whether policies cover certain topics such as agriculture, oceans or deforestation and which inform SFDR disclosures, have been streamlined under ESRS 4 AR3, as the undertaking is expected to disclose this type of information in any case, if material, and a dedicated requirement was not deemed as necessary. While some stakeholders suggested the deletion of this AR, among others because it was perceived as introducing new topics like deforestation that may not be material to all undertakings, EFRAG decided to keep it due to its connection to SFDR and in view that the disclosure on topics not assessed as material is, in any case, not required by the ESRS.
413. Formerly optional disclosure requirements on the use of biodiversity and ecosystem scenario analysis have been moved to ESRS 4 AR 4 and amended, for reduction purposes and following EFRAG's approach of deleting voluntary datapoints. The reference to biodiversity scenario analysis was kept in AR 4 due to its relevance, despite methodological immaturity, in assessing risks.
414. Formerly voluntary disclosure specifications related to the reference in policies of third-party standards of conduct or how the policies connect to the mitigation hierarchy have been deleted and are to be considered for future non-mandatory guidance.
415. ESRS E4-2 AR 5 was added to specify the notion of 'near' a biodiversity-sensitive area, addressing stakeholders demands for more guidance to support consistent application. The added methodological reference to the application of buffer zones was included in a way that addresses preparers' requests to allow for flexibility and individual judgement when defining 'near'. One SRB member expressed a reservation on the reference to buffer distances, perceived as implying a burdensome assessment of different buffer distances for each individual site. One SR TEG member expressed reservation to the use of the term 'near' and also, together with another SRB member, considered that the AR prejudices the outcomes of the materiality assessment.
416. The suggestion by several business associations and preparers to delete or make the provisions of ESRS E4-2 paragraph 12 voluntary to reduce compliance burden for preparers was not implemented, due to the relevance of the information.

E4-3 – Actions and resources related to biodiversity and ecosystems

417. Former disclosure requirements were removed or streamlined in alignment with EFRAG's approach of significantly reducing the content specifications for actions in the topical Standards and mostly limiting them to a reference to the related DR under ESRS 2 General disclosures GDR-A.
418. The objective paragraph was deleted from this section, in line with changes made across topical Standards.
419. On actions, E4 *Biodiversity and Ecosystems* maintains one specification addressing the use of biodiversity offsets in actions plans and consolidating into one paragraph most of the formerly connected disclosure specifications. A definition of biodiversity offsets adapted from IUCN has been added to the Glossary, including a brief reference on how it relates to the mitigation hierarchy, following requests by stakeholders to provide further guidance on offsets.
420. Voluntary mitigation hierarchy disclosures were removed from the topical level (in all ESRS E2 to ESRS E5 standards). Although a minority of users preferred to keep them, they were deleted because they were illustrative best practice examples, which topical ESRS no longer include and are to be considered as future non-mandatory guidance.
421. All the formerly voluntary disclosure specifications on actions located in the AR, including on the need for consultations and how the actions contribute to alter the drivers of ecosystems change, have been deleted. Specifications related to indigenous peoples' knowledge have been deleted.
422. An AR (AR 6) referencing the importance of considering the right to free, prior and informed consent of indigenous peoples (FPIC) was amended, reflecting as per stakeholder feedback that it is not a disclosure requirement, and moved from E4-4 to E4-3, reflecting stakeholders input stating that this AR is more relevant in connection with actions. Some SR TEG members supported the separate mentioning of FPIC but expressed reservations against the deletion of the reference to 'local communities.'

E4-4 – Targets related to biodiversity and ecosystems

423. Former requirements were almost entirely removed in alignment with EFRAG's approach of significantly reducing the content specifications for targets in the topical Standards and mostly limiting them to a reference to ESRS 2 General disclosures GDR-T. The objective paragraph was deleted from this section in line with changes made across topical Standards.
424. On targets, E4 *Biodiversity and ecosystems* maintains one topical specification only, addressing the use of biodiversity offsets in setting targets. A definition of biodiversity offsets adapted from IUCN has been added to the Glossary, including a brief reference on how it related to the mitigation hierarchy, following requests by stakeholders to provide further guidance on offsets.
425. Requirements on how ecological thresholds are applied were deleted at topical level (similar to ESRS E2 to ESRS E5 standards), simplified and consolidated into ESRS 2, AR 48 reflecting the limited methodological maturity in some environmental topics. Connected disclosure specifications on the type of ecological thresholds identified and the methodologies applied were deleted, as well as other disclosure specifications related to targets, such as their allocation to the layers of the mitigation hierarchy.
426. Former ARs have been mostly deleted, e.g. in relation to providing guidance on what targets may express, illustrative tables on how to present targets or the connection to the EU taxonomy regulation.

427. Building on the input received through the consultation (particularly the dedicated survey Question 30) requesting further guidance on biodiversity target-setting and disclosure, AR 7 now substitutes former AR guiding undertakings on the type and scope of biodiversity-related targets. A reference to the Kunming-Montreal Global Biodiversity Framework (GBF) was kept but not to other frameworks or methodologies such as SBTN, as suggested by many stakeholders and discouraged by others, in alignment with EFRAG's generic approach to avoid referencing third-party frameworks. Two SR TEG members expressed a reservation on the perceived excessive conditionalities in the language of the AR. This was also noted as one of the reasons for dissent by another SR TEG member in SR TEG.

E4-5 – Metrics related to biodiversity and ecosystems

428. Site-specific provisions previously placed in various E4 sections (SBM-3, IRO-1, and E4-5 paragraphs as enacted in 2023) have been streamlined and consolidated under the revised metrics section (E4-5 paragraph 18), keeping the focus on own operations only. The term 'location' in place of 'site' is used to allow for a more appropriate aggregation of the reported information where relevant, providing more flexibility in the disclosures to preparers and stronger reliance on their judgement and assessment. At the same time the defined term 'geography' used in ESRS 1 and ESRS 2 is not used in this DR, as some SRB and SR TEG members considered that it could lead to an inappropriate level of aggregation of reported information in relation to impacts on biodiversity and ecosystems (e.g. aggregation by country could be inappropriate); hence this requirement addresses impacts on biodiversity and ecosystems in specific locations. The requirement to disclose specific metrics related to material impacts, in accordance with draft Amended ESRS 1, is addressed in a separate datapoint under draft Amended ESRS E4-5 (see below). Requirements to disclose material information related to the value chain, both on specific locations or on metrics, are subject to the provisions in draft Amended ESRS 1. An AR (AR 8) was added highlighting the relevance of biodiversity-sensitive areas when considering locations to disclose information on and highlighting, as per request of preparers, that undertakings are not necessarily expected to disclose information for each of its individual sites, which may obscure material information and add unnecessary burden to preparers, but can aggregate as relevant e.g. by group of sites.
429. The recommendation raised by some stakeholders to delete requirements connected to biodiversity-sensitive areas due to methodological challenges in assessing how these are affected by the undertakings activities was not included, as this location-specific information is considered decision-useful by many stakeholders. On the other hand, the inclusion of site-specific disclosure requirements in relation to the value chain suggested by other stakeholders was not implemented by EFRAG, neither. Some SRB and SR TEG members expressed reservations on the agreed approach to reporting on locations, perceived as too flexible and potentially leading to companies obscuring site-specific information on material negative impacts. One SRB and one SR TEG member questioned the usefulness of this location-specific requirement, also in view of the absence of sufficient guidance, and rather suggested the inclusion of some specific metrics.
430. Specifications to disclose metrics, previously addressed through several paragraphs showing indicators or metrics (mostly optional) on E4 sub-topics, have been consolidated into one generic paragraph (paragraph 19) requiring the disclosure of material metrics on biodiversity and ecosystems and maintaining the flexibility for the preparers to choose the adequate ones. The reduction led to the complete removal of indicators that guided undertakings in the identification of metrics to disclose throughout the various E4 sub-topics.
431. This reduction was also made to address stakeholder input, particularly by preparers, related to the difficulty of prescribing metrics that lack reporting practice, methodological maturity or guidance. The recommendation, in this context, by some stakeholders to make

biodiversity metrics completely voluntary was not pursued, in view of the decision-usefulness of these disclosures. The reporting on metrics is, in any case, subject to the reliefs as well as to the provisions related to entity-specific information included in draft Amended ESRS 1.

432. On the other hand, other stakeholders' suggestions to include specific mandatory metrics, e.g. related to land-use change, or explicitly reference frameworks containing metrics were not implemented. The reason was to avoid adding metrics not covered in the Delegated Act and keeping flexibility in the choice also in view of the fast-evolving methodological landscape related to, for instance, the establishment of metrics on the state of nature. Some SR TEG members expressed reservations – for one this was one of the reasons to dissent - with the revised standard due to the lack of specific metrics.
433. An AR (AR 10) was added to highlight the connection of biodiversity metrics with the E4 sub-topics. One SRB and one SR TEG member expressed reservations, perceiving the reference to metrics on ecosystem services an extension of the Delegated Act. The suggestion by stakeholders to provide additional methodological guidance on metrics is to be pursued in future non-mandatory guidance and seeking to align with the work of relevant frameworks.
434. Almost all related ARs covering methodological and contextual specifications to be considered or disclosed when identifying and describing the chosen metrics have been deleted, including how metrics integrate ecological thresholds or the specification to align the metric's baseline with the baseline of the connected target (if existent). Overall contextual and methodological specifications related to metrics are, furthermore, mostly addressed in a streamlined way under ESRS 2 *General Disclosures*. Provisions maintained as AR in E4 refer to the frequency of monitoring and the baseline condition and year of the metrics, considered relevant by stakeholders.
435. An AR (AR 11) highlighting the usefulness of primary data on the state of nature to help determine material impacts on biodiversity was added, based on survey input and building on former AR.

E4-6 – Anticipated financial effects from material biodiversity and ecosystem-related risks and opportunities

436. In line with the amendments made across the environmental standards and in ESRS 2, this DR has been deleted from E4 *Biodiversity and Ecosystems*, but the corresponding requirement is still valid as part of ESRS 2 SBM 3.

Glossary definitions

437. Definitions of 'biodiversity and ecosystems transition plan', 'biodiversity offsets' and of 'threatened ecosystems' (as part of the definition of 'threatened species and ecosystems') have been added to the Glossary for further clarity and completion, as requested by stakeholders.

ESRS E5 – Resource Use and Circular Economy

438. The revised Standard represents 64% reduction in the number of mandatory datapoints and an overall word count reduction of 69%.

General

439. **Objectives and Interactions with other ESRS:** These sections have been streamlined to reflect the revisions made across the topical Standards. Legal references have also been updated to include the Eco-design for Sustainable Products Regulation (Regulation (EU) 2024/1781) and the Critical Raw Materials Act (Regulation (EU) 2024/1252). The

description of interactions with other ESRS has been refined to strengthen and clarify the links between environmental and social standards, with explicit additions highlighting the interconnections with ESRS S4.

440. **Former E5 IRO-1 - Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities:** This section has been removed from ESRS E5 in alignment with EFRAG's approach of listing IRO-1 DRs only under ESRS 2 and outside of the topical Standards. For reduction purposes, the guidance formerly contained in the AR on how the different phases of the LEAP approach can inform the materiality assessment of biodiversity and ecosystems, and its disclosure, has been deleted. The LEAP approach is, furthermore, only mentioned in ESRS 1 AR 15.

E5-1, E5-2, E5-3 Topical, narrative DRs

441. Topical requirements and datapoints on resource use and circular economy-related policies, actions and targets have been mostly deleted for reduction purposes and to avoid redundancies with ESRS 2. Likewise, the paragraphs stating the objective of the DRs were deleted. An exception was made in DR E5-1, where a reference to circular economy principles and eco-design requirements was introduced. This resulted from the evolution of the discussion relative to the former paragraph 35 requiring a description 'of key products and materials that come out of the undertaking's production process and that are design along circular principles, including durability, reusability, repairability (...) or optimisation of the use of the product or material through other circular business models. Overall, it was considered that this would be better positioned within E5-1.

E5-4 Metrics related to resource inflows

442. Building on feedback from the public call and the public consultation, the disclosures on resource inflows have been simplified so it is clear that a full material-flow accounting exercise is not being requested, namely that there is no particular requirement to account for building stock, office equipment and other non-relevant materials stock.
443. Undertakings are required to report only on their 'key materials' (a term newly defined in the Glossary) identified through a structured managerial assessment. Critical and strategic raw materials that constitute or are part of key materials, need to be included when describing key materials, as per ESRS as enacted in 2023. The revised Standard requires disclosure of both the total weight of key materials and a breakdown (weight or percentage) of that total. The overall total weight of products and technical and biological materials used has been deleted. In this way, undertakings can only focus on the physical materials that are most important to them, decreasing accounting and reporting of non-relevant data. While generally in agreement, one SR TEG member continued to express concerns about introducing the term 'key'. In addition, several SRB and SR TGE members raised residual concerns regarding the proposed additional disclosure of breakdowns per key material, considering it too granular and business sensitive. Meanwhile, some SRB members, though also in agreement, still had remaining concerns about reintroducing 'total weight' in place of 'circular inflow'.
444. Additionally, the requirement on secondary resources have been streamlined to reflect the feedback received during the public consultation and the datapoints on weight of recycled components and sustainably sourced biological materials has been removed. The weight of recycled components was redundant to weight of secondary resources (as this includes recycling). The suggestion to characterize recycled content as part of the output, was not adopted, as it was considered as a new datapoint by several stakeholders. As to sustainably sourced biological materials, this was poorly reported during first year of reporting and the reference to 'sustainably sourced' and certification schemes was considered too vague in need of further specification, which could not be done with the time available. EFRAG added a more specific provision in G1 for environmental and social consideration in the

supply chain. This aspect for biological material can be included under this DR. Furthermore, aspects related with sustainable sourcing/supplier engagement are also already covered in ESRS E4-2 paragraph 12 (a) (traceability of products, components and raw materials in value chain) and ESRS G1-2 paragraph 8 (a)(i) (accounting for ESG performance factors in supplier selection). While in agreement, one SRB member still had remaining concerns on 'biological materials' now moved to ESRS G1.

E5-5 Metrics related to resource outflows

445. Disclosure on resource outflows has retained its previous structure, except for renaming the sub-topic 'products and materials' to simply 'products', to better reflect the content of the Standard.
446. Durability and reparability of products can now be disclosed either narratively or quantitatively. In response to feedback from the public consultation, references to industry averages for durability and to established reparability rating systems have been removed, as such guidance is not available across all sectors. In recognition that quantitative figures on durability and repairability are still methodologically challenging, the requirement was made more flexible by allowing narrative disclosures. There were split views with members of SRB and SR TEG questioning if narrative disclosures could be meaningful on these aspects, while other members were asking for the deletion of the requirement based on the quantitative methodological challenges. Examples of ESRS as enacted in 2023 showed that there are meaningful ways of disclosing in narrative format on durability and reparability and which can be used to illustrate good practices.
447. The rate of recyclable content has been renamed 'designed recyclability rate' to ensure closer alignment with externally recognised standards. AR 3 sets out the equation for calculating this rate for both products and packaging. While in agreement, one SR TEG member still had remaining concerns on the inclusion of the 'designed recyclability rate'. In addition, one SRB member raised concerns on the deletion of 'recycled content of materials'.
448. Overall, the disclosures on waste have not undergone major changes, they have primarily been streamlined to ensure better alignment with the Waste Framework Directive. However, one aspect was heavily debated: the inclusion of waste incineration with energy recovery, as a 'other recovery operation'. It was explained that this decision derived from the rules in the Waste Framework Directive and that considerable amount of support to it was received in the public consultation. Consequently, text was added to AR 6 (that specifies how to treat incineration with energy recovery) to paragraph 16 (c)(iii) of DR E5-5 to explain how undertakings should make such disclosures, namely by specifying if relevant, what these 'other recovery operations' are.
449. A new datapoint has been introduced for waste where the final destination is unknown. This addition enables a complete mass balance of waste flow without requiring undertakings to make unreasonable efforts to determine the waste's 'last stop'; instead, they may report the figures they have and can reasonably substantiate. In line with new AR 6, waste data must reflect the material's weight in its original state. Based on feedback from the consultation, a new AR has been added to guide disclosures related to 'recovery operations' (incineration).

E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities

450. In line with the amendments made across the environmental standards and in ESRS 2 *General Disclosures*, this DR has been deleted from ESRS E5, but the corresponding requirement is still valid as part of ESRS 2 SBM 3.

Glossary definitions

451. Definitions of ‘biological materials’, ‘critical raw materials’, ‘designed recyclability rate’, ‘eco-design requirements’, ‘key products’, ‘key materials’, ‘packaging’, ‘resource inflows’, ‘resource outflows’, ‘secondary resources’ and of ‘strategic raw materials’ have been amended. While the definitions of ‘circularity’, ‘circular economy principles’, ‘circular economy services’, ‘durability’, ‘product’, ‘renewable materials’, ‘repairable’, ‘resource use’, and of ‘technical material’ have been added to the Glossary.

ESRS S1 – Own Workforce, ESRS S2 – Workers in the Value Chain, ESRS S3 – Affected Communities and ESRS S4 – Consumers and End-users

452. The overall simplification approach for the social standards has been threefold. Firstly, significant reduction (>70%) of narrative disclosures and move towards a principles-based system for the common disclosures across ESRS S1-S4 (i.e. DR 1 to 4). Secondly, reduction of granularity (e.g. breakdowns), prioritisation of datapoints that led to the deletion of datapoints on metrics in ESRS S1 *Own Workforce* and increased flexibility for preparers to use standardised tables or narrative text to disclose quantitative information. Thirdly, enhanced clarity in definitions and methodologies for ESRS S1 *Own Workforce* metrics, including the addition of standardised formulas. This exercise was also accompanied by the consolidation and, in a few cases, reformulation of SFDR PAIs across all the social standards. One SRB member noted as one of the issues for dissent the overall simplification on ESRS S1 that led to the deletion of datapoints and gender breakdowns whilst another SRB member had a reservation on the granularity of ESRS S1 and lack of consistency of approach with environmental standards for aggregation or disaggregation of information. In addition, one SRB member noted as one of the reasons to dissent the lack of clarity about how to apply the revised aggregation of sub-topics in ESRS S1. The revised S1 *Own Workforce* Standard reduces the number of datapoints by 56.7% and the word count by 66%.

453. The revised S2 *Workers in the Value Chain* Standard reduces the number of datapoints by 68.1% and the word count by 72%.

454. The revised S3 *Affected Communities* Standard reduces the number of datapoints by 71.1% and the word count by 75%.

455. The revised S4 *Consumers and End-users* Standard reduces the number of datapoints by 72.7% and the word count by 77%.

Amendments to Disclosure Requirements related to ESRS 2 SBM-2 and 3 and DR1 – DR5 for the Social standards

456. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the Value Chain*, ESRS S3 *Affected Communities* and S4 *Consumers and End-users* currently consist of four narrative disclosure requirements (these were five in ESRS as enacted in 2023) that cover key stakeholder-specific aspects of PATs as well as key elements of sustainability due diligence, such as stakeholder engagement or grievance mechanisms. They are largely the same across these four standards, although they take the specificity of those affected stakeholders into account, too.

457. The disclosures related to ESRS 2 *General Disclosures* SBM-2 and SBM-3 were deleted from ESRS S1 *Own Workforce*/ESRS S2 *Workers in the Value Chain*/ESRS S3 *Affected Communities*/ESRS S4 *Consumers and End users* in accordance with EFRAG’s decision to simplify the materiality assessment and architecture between cross-cutting and topical standards. The deletion of these specifications related to the outcome of the materiality assessment is driven by the principles-based approach followed which, if not correctly applied, might lead to more generic information. The exception to these deletions were the datapoints regarding the undertaking’s exposure to forced or compulsory labour and child labour because they were considered relevant and kept in ESRS 2 IRO-2. The deletion of these specifications related to the outcome of the materiality assessment is driven by

the principles-based approach followed which, if not correctly applied, might lead to more generic information.

458. The majority of datapoints and accompanying application requirements in ESRS S1-S4 as enacted in 2023 DRs 1 -5 were deleted because they overlap with corresponding GDRs (called MDRs in ESRS as enacted in 2023) in ESRS 2 *General Disclosures* or because the information required was more granular and detailed and was not prioritised in the simplification exercise. The goal of this exercise was simplification and reducing the number of required datapoints, while maintaining useful reporting content and specifications for ESRS S1-S4. A minimal number of datapoints about due diligence main steps were kept.
459. DR 1 (Policies) was substantially reduced by consolidating human rights policies datapoints in ESRS 2 GDR-P and by deleting narrative specifications across the topical standards. The datapoints related to whether the policy covers specific groups or addressed specific issues relevant to ESRS S1, S2, S3, S4 topics have been maintained.
460. The disclosure requirement on whether undertakings have a workplace accident prevention policy or management system was deleted from ESRS S1-1 as enacted in 2023 because the outcome-based metric in ESRS S1-13 on coverage of the health and safety management system is more relevant and decision-useful. In draft Amended ESRS S3-1, the datapoint on policies for preventing and addressing impacts on indigenous people has been kept and it is sourced from the UN Declaration on the rights of Indigenous People DR 2 (Processes for engaging on impacts) and DR 3 (Processes to remediate negative impacts and channels to raise concerns) from ESRS S1-S4 enacted in 2023 were consolidated to simplify reporting about the undertakings' engagement with affected stakeholders and their concerns. Besides, the connections that exist between engagement, channels for raising concerns or needs and remedy, as provided in international instruments (UNGPs or OECD MNE) justify this consolidation.
461. The disclosure about the undertaking's general approach to remedy was moved after the datapoints on 'channels for raising concerns' for better alignment with the international instruments. The definition of 'channels' was amended to make it explicit that the same channels can also serve to provide or cooperate in remediation for actual impacts. In the case of ESRS S3-2, the datapoint on how the undertaking takes into account and ensures respect of the rights of indigenous people has been kept as topical specification. The number of Application Requirements in DR 2 was also reduced by moving key concepts to the glossary. Some of the specifications in ESRS S1-S4 enacted in 2023 could be used to develop future guidance.
462. DR 3 (Actions and resources) in the draft Amended ESRS is the result of deleting several datapoints and ARs from ESRS S1-S4 DR 4 (Taking actions on impacts and approaches to manage risks and opportunities and effectiveness of those actions) enacted in 2023. The deleted datapoints include those requiring granular reporting on actions and resources and on whether and how the undertaking ensures that its own practices do not cause or contribute to material negative impacts. The remaining datapoints in DR 3 follow the same logic as ESRS 2 GDR-A (General Disclosure Requirement for actions and resources), but also require undertakings to describe their approach if tensions arise between these actions and business pressures as well as how they assess the effectiveness of these actions. Some respondents to the public consultation and some SR TEG members had reservations about the latter requirement, but it was kept because it supports the tracking of actions, which is a step of the due diligence. In ESRS S2-S4, the datapoint on human rights incidents was amended to ensure alignment with ESRS S1-16. This clarifies that human rights incidents shall only be reported for material sub-topics. Moreover, a new AR gives undertakings more flexibility for how to disclose these incidents; one SRB member had reservations about the

clarifications of the definitions in ESRS S2-S4 for incidents as considered potentially misleading.

463. The remaining ARs from ESRS DR 4 enacted in 2023 have been deleted with the exception of one focused on 'key actions' that lays out the involvement framework and one focused on 'climate transition' with examples tailored for the relevant topical standards.
464. Amended DR 4 (Targets) is the result of deleting several datapoints and ARs from ESRS DR 5 (Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities) enacted in 2023 to simplify reporting and better connect targets and metrics with the tracking and assessment of the effectiveness of actions. The amended DR 4 only refers to ESRS 2 GDR-T (General Disclosure Requirement for targets) and includes no other datapoints. The accompanying AR has been amended to clarify that engagement can inform the tracking and assessment of the effectiveness of actions, including the development of metrics and targets, as well as the tracking of performance against those metrics and targets. This approach is better aligned with international standards, in particular the UNGPs, in relation to tracking progress on actions. It also connects DR 4 more clearly with ESRS 2 GDR-T and DR 3 (Actions).
465. A new section about 'Interaction with other topical standards' was included across ESRS S1-S4 to ensure consistency with the Environmental standards where such interactions with ESRS S1-S4 are made explicit and illustrated with examples, as requested by the public consultation. This section also explains the relationship between the four social standards.

[Amendments to Disclosure Requirements 5 to 16 of ESRS S1 \(metrics\)](#)

[Disclosure Requirement S1-5 Characteristics of the undertaking's employees](#)

466. Following a number of comments received, paragraph 1 in the Objective was amended to clarify that this DR is to be fulfilled when its own workforce is material and that the filter of materiality of information remains applicable. A significant number of datapoints were deleted from ESRS S1-6 enacted in 2023 to reduce the reporting effort and prioritise the information to be reported, such as the gender breakdown of non-guaranteed hours employees, the total number of employees who have left the undertaking and the voluntary datapoints on the breakdown by region of contract types or the number of full-time and part-time employees. These and other deletions in draft Amended ESRS S1-6 led one SRB board member to note as one of the reasons for dissent that the simplification was not sufficient whereas another SRB member explained that too many datapoints were cut. The requirements that undertakings describe their methodologies and assumptions for compiling the data and provide contextual information that is necessary to understand the data have also been deleted to avoid duplication with ESRS 2 GDR-M (General Disclosure Requirement for metrics) paragraph 49. The new AR 8 of draft Amended ESRS S1 includes a reference to ESRS 2 and example of contextual information (i.e. being the numbers at the end of the reporting period or as an average).
467. One of the key changes in draft Amended ESRS S1 was the change of the threshold for significant employment to the ten largest countries in terms of employee numbers instead of those countries whose employees represent 10% of the undertaking's own workforce whilst keeping the de minimis to 50 or more employees. The minimum of 50 employees remains unchanged to align with the Information and Consultation of Employees Directive, although some SRB members argued for a higher de minimis. Given its relevance, a specific question was added in the public consultation on this point and the results were that more than half of those that responded agreed with this change. The key argument in favour was that the new threshold improves transparency, given that the previous threshold often resulted in limited country-level information, and that the information is already available. Others argued that the new threshold increases reporting burden, potentially increasing

the number of countries undertakings have to report on, which may result in information that is not decision useful as expressed by one SRB member that noted the new threshold as one of the reasons for dissent .

468. In some cases, stakeholder feedback requested to clarify which type of contracts are included in the calculation of employee turnover. The methodology has not been amended or limited to specific contract types as draft Amended ESRS S1 paragraph 18 (c) includes all employees who have left the undertaking voluntarily or due to dismissal, retirement or death in the employee turnover rate; although practices observed in the 2024 ESRS reports show a diversity of practice with transparency on what types of contracts are included in the ratio and this could be an area for further research in the future. The definition of contract types, as explained in amended AR 7 has not been modified and is based on AR 56 from ESRS S1 enacted in 2023, specifying that the definitions of permanent, temporary and non-guaranteed hours employees differ among countries, which needs to be taken into account for the disclosure in paragraph 18 (b). Other amendments to reduce the reporting burden include flexibility in using the tabular formats or reporting in a narrative format instead (in amended AR 9 and AR 10) as well as a modification of the tables to allow for multi-year reporting.

Disclosure Requirement S1-6 Characteristics of non-employees in the undertaking's own workforce

469. Following frequent requests to reduce non-employee reporting due to data limitations in particular, all voluntary or conditional disclosures about non-employees were deleted, leaving only the total number of non-employees. To emphasise the concept of materiality of information and guide preparers, a new AR in ESRS S1 states that the DR is only material if non-employees are connected to material impacts, risks and opportunities. For example, if they are critical to the undertaking's business model or if the use of non-employees is connected to material negative impacts, which may occur if non-employees make up a substantial proportion of the undertaking's own workforce. On this basis, a new provision in paragraph 1 of the Objective has been introduced about ESRS S1-6 being disclosed when non-employees in the undertaking's workforce are connected to material impacts, risks and opportunities and that this DR remains subject to materiality of information.
470. A couple of technical points were debated at EFRAG. Firstly, whether an explicit mention to the use of estimates for this DR; however, there were opposite views on this regard as this information is also subject to the new reliefs in ESRS 1 Chapter 7. Secondly, a methodological clarification was made in amended AR 13 to explain that the number of people could either be reported in terms of headcount or full-time equivalent and end of the year or as average to seek further alignment with draft Amended ESRS S1-5. Some respondents would have liked to remove non-employee reporting entirely or make it completely voluntary. However, it was decided to keep it because, in its revised form, the amended DR strikes an appropriate balance between reporting effort and information needs of users.

Disclosure Requirement S1-7 Collective bargaining coverage and social dialogue

471. The threshold for 'significant employment' that was introduced for own employee headcount numbers under draft Amended ESRS S1-5 (50 or more employees and 10 largest countries in terms of employee numbers) was mirrored in ESRS S1-7 with SRB members expressing same views as in S1-5 with the revised threshold. Amended paragraph 22(b) specifies that the EEA countries that shall be disclosed are the EEA countries included in the ten largest countries from the significant employment breakdown already reported in draft Amended ESRS S1-5. Outside the EEA, this threshold does not apply, as the breakdown is by region. The draft Amended ESRS have not introduced a specific definition for 'region', undertakings have flexibility in defining 'region'.

472. The voluntary disclosures concerning working conditions for employees that are not covered by collective bargaining agreements and for non-employees were deleted. In line with the changes in amended ESRS S1-5, the tables in draft Amended ESRS S1-7 are no longer mandatory (the disclosures can also be presented in narrative format) and the tables have also been modified to allow for multi-year reporting.
473. The request to clarify the definitions of social dialogue and collective bargaining further was rejected so as not to be overly prescriptive and allow flexibility for national differences.

Disclosure Requirement S1-8 Diversity metrics

474. The requirement to disclose the age distribution of the undertaking's employees was deleted during the simplification exercise performed for the Exposure Draft ESRS. Although, some respondents to the public consultation and a minority of SRB members advocated for keeping this datapoint.
475. The request to grant undertakings the option to use their own definitions was declined because while the only remaining disclosure, i.e. gender distribution at top management level provides a definition for 'top management' it also allows undertakings to use their own definitions and describe those. These two options were maintained to allow undertakings flexibility in choosing either the ESRS definition or their own.

Disclosure Requirement S1-9 Adequate wages

476. The method for assessing the wage adequacy was changed to improve comparability, verifiability and understandability. In the draft Amended ESRS the 'adequacy' needs to be confirmed by a calculation in line with the ILO principles for estimating a living wage, which were issued in March 2024. The new methodology provides flexibility to undertakings by removing the hierarchy from the ESRS as enacted in 2023. The method for employees in the EU was also amended to reflect the fact that the EU Adequate Minimum Wage Directive is now applicable. The transitional provision in the current ESRS S1 was deleted.
477. The Exposure Draft ESRS S1-9 included an amended methodology for determining the wage adequacy benchmark for non-EU countries and amended hierarchy from ESRS S1-10 as enacted in 2023, which was in turn based on a joint proposal between the ILO, the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC). The proposed text in July 2025 followed the tripartite agreement on wage policies, including living wages by the ILO Governing Body from March 2024. The public consultation questionnaire included a question on this change in methodology, and EFRAG conducted a field test of the revised methodology with a sample of 20 undertakings.
478. The public consultation included similar feedback. Overall, about a third of respondents agreed with the proposed changes to the methodology for non-EU countries, a third partially agreed and a third disagreed which demonstrates the split views for this DR. Specific concerns included the first step of the hierarchy which referred to the ILO wage-setting principles. Some respondents from civil society organisations commented that statutory adequate wages are in many cases not considered 'adequate' wages and should not be included, without relevant benchmark criteria. The reference to the ILO wage-setting principles was also criticised, respondents found this requirement too burdensome and difficult to implement. Respondents also did not agree with the inclusion of the specific requirement of statutory minimum wages being periodically adjusted every two years. Most preparers requested a publicly available database to ensure the feasibility of this disclosure although it was recognised that it was not under the role of EFRAG to provide such a database. Such databases are currently made available by certain data providers, and it was noted that the 'undue cost and effort' proportionality mechanism as well as the possibility to use the relief on metrics and report partially due to lack of necessary data quality are also available for this disclosure. Besides requests for a database, respondents focused mainly on the adequacy of the benchmarks listed in draft Amended ESRS S1-9.

Some respondents suggested to prioritise living wage estimates over statutory minimum wages or to ensure that statutory minimum wage had to be assessed against the ILO Principles on Estimating a Living Wage, although preparers and business organisation had different views on this matter. Noting that draft Amended ESRS S1-9 did not mandate a disclosure on methodology, several respondents recommended to introduce a disclosure on the methodology used to improve comparability.

479. Taking account of stakeholder feedback from field test and public consultation, the methodology for non-EU countries was revised. AR 20 specifies the methodology for non-EU countries and no longer has the so-called 'adequate wage hierarchy' that was in AR 73(b) of ESRS S1 enacted in 2023, but the following two alternatives based on the ILO Principles of estimating a living wage: These are on the one hand, the use of local minimum wages as their wage adequacy benchmark, provided that those minimum wages comply with the ILO Principles on estimating a living wage. Alternatively, any living wage estimate, including estimates produced by institutions mandated by public authorities, provided that it takes into account the ILO Principles on estimating a living wage. An additional datapoint was introduced, requiring undertakings to disclose the benchmarks they used for the assessment. This is effectively the same requirement as in ESRS 2 GDR-M, but it has been made explicit in ESRS S1-9 and categorised as a new datapoint to err on the side of caution. One SRB and one SR TEG member noted as one of the reasons for dissent the revised adequate wages methodologies and some SR TEG members had reservations about the new obligation on undertakings to test the adequacy of the wage benchmarks.

Disclosure Requirement S1-10 Social protection

480. In response to feedback received, EFRAG reduced the scope of this DR in two ways. First, by eliminating retirement from the list of life events against which social protection can be offered and by changing 'parental leave' to 'maternity leave'; different views were obtained from the public consultation and a minority of SRB members about which life events were to be prioritised. Second, by eliminating the requirement to disclose the types of employees that do not enjoy social protection. There were also editorial enhancements, for example making it clearer that the 'lack of social protection' refers to the countries of operation where these major life events are not covered by existing social protection programmes. The lack of social protection through public programmes or through benefits offered by the undertaking is assessed for each of the major life events listed in paragraph 30. Undertakings have to report on the countries that lack social protection coverage for their employees for any of the major life events.
481. More far-reaching feedback to remove completely this DR or make it voluntary were rejected because of the importance of topic and the need to strike a balance between preparers' concerns and users' information needs.

Disclosure Requirement S1-11 Persons with disabilities

482. The voluntary datapoint to disclose the percentage of employees with disabilities broken down by gender was deleted. In response to concerns that data collection for this DR might breach privacy laws we strengthened the already existing clause that restricted data collection only to when it is legally possible by adding another paragraph in AR that makes this principle even more explicit, specifying that undertakings only have to report data that can be lawfully collected. The new AR recognises that the definition of 'persons with disabilities' is principles-based and that specific legal definitions may vary in different countries. To simplify data collection for this datapoint, AR 21 specifies that undertakings can use one common definition across the group for reporting purposes.
483. Legal concerns were also the reason why some respondents demanded that this DR be made voluntary or reduced even further, but this solution addresses the concerns that also satisfies the information needs of users.

Disclosure Requirement S1-12 Training and skills development metrics

484. The gender breakdown for the disclosures on the percentage of employees who had participated in performance reviews and the gender breakdown for the average number of training hours were deleted. The voluntary datapoints to disclose these metrics broken down by employee category and for non-employees were also deleted.
485. In response to stakeholder feedback, the datapoint on performance and career development reviews was changed to 'formalised' performance and career development reviews, instead of 'regular', since the definition in AR 22 already specifies that it typically occurs at least once per year.
486. Taking account of stakeholder feedback and frequent questions from the Q&A online platform, further guidance may address eligibility criteria for these disclosures, for example whether inactive employees can be excluded from the calculations. Furthermore, the definition of training could be revisited in the future to specify the types of training to include (for example, on-the-job training, internal or external training).

Disclosure Requirement S1-13 Health and safety metrics

487. In response to frequent questions EFRAG eliminated from the 'days lost' datapoint the days lost to fatalities, so that now the disclosure only requires days lost due to accidents and ill health. In response to complaints about the difficulty of collecting the relevant data, fatalities due to ill health among non-employees and workers who worked on the undertaking's sites were excluded from the total number of fatalities. Several ARs that provided guidance about what counts as work-related injury or ill health were deleted.
488. In relation to non-employee reporting, a clause that states that health and safety metrics for non-employees are only mandatory if ESRS S1-6 (Characteristics of non-employees in the undertaking's own workforce) is material for the undertaking was added. In addition, the materiality of information filter was made explicit for the breakdown of health and safety metrics between employees and non-employees that are to be provided when relevant and decision useful.
489. Various changes were made in the definitions in response to complaints about overlapping Glossary definitions of terms used in ESRS S1-13. The term 'incidents' is no longer used to avoid confusion with 'incidents of discrimination/corruption' and 'injuries' was deleted because it overlapped with 'accidents'. The definition of 'recordable work-related accidents' was aligned with EU Regulation (EC) No 1338/2008, and 'recordable work-related ill health' was aligned with EU OSHA guidance. Preparers can now also use national definitions if those diverge from the ESRS definition. A definition of 'occupational safety and health management system' that follows the ILO definition it was added; it replaces the term 'health and safety management system'.

Disclosure Requirement S1-14 Work-life balance metrics

490. While the requirement to disclose the percentage of employees who are entitled to family-related leave was maintained, the datapoint on the percentage of entitled employees who actually took such leave was deleted; albeit opposing views were observed in the public consultation and a minority of SRB members requested to keep this datapoint. The definitions of maternity leave, paternity leave etc. were moved to amended Annex II (*Aggregated acronyms and glossary of terms*).
491. In response to stakeholder feedback, the DR was amended slightly to specify that 'family-related leave' includes maternity leave, paternity leave, parental leave and carers' leave. In case undertakings only provide one or two of these four types of leave (excluding maternity and paternity leave, to which only female and male employees are entitled to), this could be explained as contextual information in line with draft Amended ESRS 2 GDR-M. Therefore, undertakings can still report on this disclosure, even if they do not offer all four

types of family-related leaves to their employees or operate in jurisdictions where family-related leave entitlements are available to their employees.

Disclosure Requirement S1-15 Remuneration metrics

492. The general approach of deleting voluntary datapoint led to the deletion of the adjusted gender pay gap by employee category or country/segment. Given the debate held within the SRB prior to the release of the Exposure Draft in July 2025, it was decided to add a specific question in the public consultation questionnaire on this. Respondents in the public consultation emphasised that the unadjusted gender pay gap and the adjusted gender pay gap serve two different purposes. A number of respondents argued that the adjusted gender pay gap is more useful as an entity-specific disclosure and provides more meaningful information on pay equity than the unadjusted gender pay gap. Many also pointed out that undertakings could continue to report on the adjusted gender pay gap as additional contextual information to the unadjusted gender pay gap but this was not made mandatory for all ESRS reporters by changing the methodology and adding datapoints to disclose. The unadjusted gender pay gap has therefore been maintained in the ESRS; hence, no changes in methodology or increase in datapoints for preparers that benefited from the flexibility to provide an adjusted gender pay gap by employee category or location or both. AR 33 explains the differences between the unadjusted and adjusted gender pay gap and points out that the adjusted gender pay gap could be disclosed as entity-specific information, as contextual information to the mandatory datapoint of the unadjusted gender pay gap. This conclusion had some opposing minority views from SRB members who favoured the move to adjusted gender pay gap and deletion of the unadjusted gender pay gap as, in their view, the unadjusted gender pay gap did not provide relevant information.
493. In response to stakeholder feedback, a new AR has been added to highlight the differences in the definitions of 'pay' and 'remuneration.' The definition of 'pay' is based on EU law and is also aligned with the Pay Transparency Directive. AR 35 lays out the components of 'remuneration' and includes examples of remuneration components that have to be included in the calculation of the remuneration ratio, if they are included in the undertaking's remuneration policies.
494. The option of disclosing the total annual remuneration ratio adjusted for purchasing power differences was deleted. Former AR 100 mandating undertakings to disclose the gender pay gap for the current reporting period and, if reported in previous reports, for the previous two reporting periods was deleted as well. The various requirements or options to disclose relevant context information for interpreting the metrics were merged into one very simple AR.

Disclosure Requirement S1-16 Incidents of discrimination and other human rights incidents

495. Half of the datapoints in ESRS S1-17 enacted in 2023 were deleted and those that have been kept are amended. A significant number of respondents noted that the concept of 'severe human rights incidents' caused confusion with 'severe human rights impacts'. Therefore, the term 'severe' was deleted and several filters were added to restrict the human rights and discrimination incidents that shall be disclosed.
496. This DR exclusively covers 'human rights incidents', 'incidents of discrimination' and the related fines, penalties and compensation for damages. ARs 36-38 specifically support preparers in assessing the human rights incidents and incidents of discrimination to disclose as part of ESRS S1-16. The filters included are summarised below: (i) the incidents are only to be disclosed for material sub-topics as per new sub-paragraph 42; (ii) subject to legal restrictions from paragraph 42; (iii) the scope of human rights whose incidents are to be reported is limited to CSRD Article 29 b (2); (iii) as per new AR 36; (iv) only those incidents that are registered by the undertaking and/ or initiated by judicial and non-judicial proceedings against the undertaking as per AR 36 and 37; (v) incidents that are

substantiated as per AR 36 and 37; and (vi) subject to materiality of information which is primarily based on the severity of the impacts on the affected stakeholders according to the new AR 38. The new AR 38 allows for an emphasis to be placed on the notion of severity of impact in alignment with international standards (such as UNGPs) and consistently with the use of this term across ESRS. In order to enhance the connectivity with the ESRS S1-2 on the channels to raise concerns or needs and their effectiveness and availability, AR 39 has been amended. Despite of the amendments made to clarify the concept of 'severe', one SRB member noted as one of the reasons for dissent the use of term-initiated cases; given that filter (iv) described above is either for those cases registered by the undertaking or with a proceeding in place, the concern is mitigated. The glossary has been amended and a definition of human rights incidents and incidents of discrimination.

497. In relation to the datapoint on fines, penalties and compensation for damages, further connectivity has been sought by clarifying that it relates to those balances and transactions recognised in the financial statements and that the provisions of draft Amended ESRS 1 paragraphs 115 and 116 apply.
498. The changes made in datapoints and ARs for ESRS S1 are reflected, with the necessary relevant adjustments across draft Amended ESRS S2, S3, S4. The new ARs in ESRS S2-S4 allow for a better connection with the effectiveness and availability of channels to raise concerns or needs. They also reflect a different granularity in the reporting of incidents than for ESRS S1-16 where the undertaking is not expected to disclose a list of each human rights incident, but rather can aggregate the information provided according to different criteria provided in the AR.

ESRS G1 – Business Conduct

499. The revised Standard represents a 57% reduction in the number of datapoints and an overall word count reduction of 52%.
500. The DRs in G1-1: Business conduct policies and corporate culture, G1-2: Management of relationship with suppliers and G1-3: Prevention and detection of corruption and bribery of the ESRS as enacted in 2023, were critically reviewed and either removed or reorganized according to the new structure. The revised ESRS G1 *Business Conduct* renamed and restructured G1-1, G1-2 and G1-3 as follows:
- a) G1-1: *Policies related to business conduct*
 - b) G1-2: *Actions related to business conduct*
 - c) G1- 3: *Targets related to business conduct*
501. The topical requirements also interact more clearly with the provisions GDR-P (Policies), GDR-A (Actions), and GDR-T (Targets) in ESRS 2 General disclosures.
502. It must be noted that G1 *Business Conduct* and the ESRS 2 *General disclosures* GOV chapter both address 'governance' requirements. However, the angle is different. The G1 *Business conduct* topical standard focuses on business conduct matters, while the ESRS 2 *General disclosures* GOV provisions focus on the administrative, management and supervisory bodies in their capacity of managing and overseeing material topics/IRO's.
503. This streamlining results in a significant simplification, avoids duplication and ensures consistency across topical Standards, an issue raised in the ESRS Q&A platform as well as in the public call and targeted interviews.

ESRS G1-1 Policies related to Business Conduct

504. G1-1 was streamlined, focusing on the SFDR DPs on anti-corruption, anti-bribery, and whistleblower policies, and the functions and roles at risk of corruption or bribery.

505. Stakeholders requested clearer guidance on which definitions to use for corruption and bribery, as well as on identifying corruption-prone areas when determining 'functions-at-risk'. In response, the Application Requirements in G1-1 were revised. AR 1 specifies which definition of corruption and bribery should be applied across the Standard, and AR 3 provides further explanation of the 'functions-at-risk' concept.

ESRS G1-2 Actions related to Business Conduct

506. As a result of the new Policy-Action-Targets (PAT) architecture, DR G1-2 now incorporates content from both DR G1-2 of the ESRS as enacted in 2023, which addressed the management of relationships with suppliers, and DR G1-3 of the Delegated Act, which addressed the prevention and detection of corruption and bribery.
507. Key information regarding the management of supplier relationships is retained, but the requirements have been simplified to focus on the most relevant aspects such as the ESG selection criteria of suppliers, the undertaking's engagement with suppliers to improve ESG performance and the ESG training of the undertaking's procurement team.
508. To address feedback on the possible overlap of information in G1-2 on suppliers and ESRS S2 *Workers in the Value Chain*, AR 4 was added. It states that undertakings can also cross-reference the 'Supplier Code of Conduct', which is incorporated in ESRS S2 as a datapoint aligned with SFDR.
509. In a similar spirit, key provisions have been kept regarding the prevention and detection of allegations or incidents of corruption and bribery, including the related SFDR DP as well as a DP on training provided to key actors.

ESRS G1-4 Metrics related to corruption or bribery

510. Voluntary datapoints ('may') on confirmed incidents of corruption or bribery were deleted.
511. In the ED ESRS, two DPs on the number and nature of confirmed incidents of corruption or bribery were moved to mandatory. However, in the draft Amended ESRS these DPs were removed due to concerns from the Public Consultation regarding legal and self-incrimination risk, leaving only SFDR metrics on convictions and fines. The SR TEG argued that corruption metrics should go beyond criminal convictions, as many cases are resolved through non-trial resolutions. To address this gap, G1-4 expands the scope of the metrics on convictions and fines to include sanctions, covering final decisions from administrative or regulatory authorities for the violation of anti-corruption and anti-bribery laws. While decisions from these bodies were already partly in scope through the disclosure of fines, including the sanctions ensures a more comprehensive coverage. This change improves transparency, completeness, and consistency without requiring disclosure of sensitive or self-incriminatory information.
512. AR 5 and AR 6 were introduced to provide interpretive guidance on legal thresholds (convictions, fines and sanctions), ensuring consistency and comparability across undertakings. This refinement reflects insights gained from stakeholder consultations. The interpretation for conviction in AR 5 is aligned with the concept of a 'conviction' under the European Criminal Records Information System (ECRIS). To address concerns on the status of convictions outside the EU, AR 5 specifies that in these cases, the equivalent register or record of the jurisdiction concerned should be considered.
513. While in agreement, one SRB member had a remaining concern regarding the expansion of the scope of the DRs to sanctions. In contrast, while also in agreement, some SR TEG members had remaining concerns that the scope of reporting is still too narrow (expressed more in Appendix 1 and 2).

ESRS G1-5 Metrics related to political influence, including lobbying activities

514. Several datapoints were deleted to reduce complexity. Following stakeholder input during the ESRS revision process, DR G1-5, which focuses on metrics related to political influence through political contribution and lobbying activities, was refined to enhance clarity and ensure relevance.

ESRS G1-6 Metrics related to payment practices

515. DR G1-6, which addresses payment practices toward suppliers, especially for small medium enterprises (SMEs), was simplified to address stakeholder concerns with respect to data collection, administrative burden and limited comparability. The DP on the average time to pay an invoice was deleted. DR G1-6 now focuses on core metrics, namely standard payment terms and legal proceedings.
516. The feasibility of introducing a standardised metric on late payment was extensively discussed. The CSRD identifies this as a specific governance factor to be covered in the ESRS. Feedback from the business community indicated that this would be contrary to the simplification intent of this exercise. As a compromise, the draft Amended ESRS do not include a standardised metric but emphasise the importance of disclosing a metric defined by the undertaking itself (entity-specific) when material, to preserve the necessary information. EFRAG suggests considering in the future, from a public policy perspective, the priorities between the two objectives, i.e. transparency of late payments to SMEs and reporting simplification.
517. The public consultation included a specific question to assess whether the remaining DPs were sufficient to meet the CSRD objectives on the protection of SMEs. The feedback received was contradicting, with some respondents arguing that the remaining DPs don't meet the objectives, and others stating that the requirements are still too burdensome in terms of data collection and calculation.
518. To address these concerns, the specification for SMEs, which was deleted in the July ED, was reintroduced to the sub-topic of payment practices. In terms of the metrics, efforts were made to find a metric that addresses both sides of the feedback, but no suitable standardised metric was found. Therefore, an AR was added, emphasizing the provisions of draft Amended ESRS 1, that if late payment to SMEs is material, it should be addressed through an entity-specific metric.
519. Additionally, a specification was added to the paragraph on standard payment terms requiring SME specific payment terms to be reported only when they differ from those generally applied.
520. While in agreement, two SRB members still had reservations on the reporting burden of the remaining DPs. In contrast, while also in agreement, several SR TEG members had concerns that the current provisions do not fully meet the CSRD objectives.

Most recurring suggestions not implemented

521. The suggestion to relocate the topic of animal welfare from G1-1 to ESRS E4 (Biodiversity and Ecosystems) was ultimately not adopted. As clarified in Q&A ID 1137, the scope of ESRS E4 *Biodiversity and ecosystems* is specifically centred on the impacts of the undertaking on biodiversity and ecosystems, particularly regarding species not directly controlled by the entity. This includes organisms that are affected indirectly through land use change, habitat degradation, pollution, or similar ecological disruptions. Given this thematic orientation, issues pertaining to animal welfare especially those involving animals under the direct ownership, care, or operational control of the undertaking do not fall within the ambit of ESRS E4. Instead, such matters are appropriately covered by ESRS G1, which addresses business conduct, integrity policies, and responsible practices, including the treatment of

animals within settings such as agriculture, research facilities, or supply chains where control is exercised.

522. The recommendation to broaden the scope of items for which the omission of sensitive or potentially unfavourable information would be allowed was not taken forward, in consideration of the expected relief for prejudicial information in CSRD level 1.
523. Taxation has not been incorporated as a new topic in the revised ESRS. This omission is attributable to the fact that this subject matter does not currently fall within the scope of the CSRD. As such, any decision to formally include tax as a topic would require amendment at CSRD Level 1 of the legislative hierarchy.
524. Cybersecurity has likewise not been introduced as a standalone topic in the ESRS. Still, it constitutes a key sustainability issue and may be reported, depending on the undertaking's circumstances, through existing sub-topics, such as data privacy in the Social topical standards, or via entity-specific disclosures.
525. On the G1 sub-topics, the recurring suggestion to have 'corruption and bribery' as a standalone sub-topic, and not just as a part of corporate culture, was not implemented. The suggestion argued that this separation would better reflect the importance of corruption and bribery, however, the naming and structure of sub-topics are based on the wording of the CSRD.
526. On G1-5, the suggestions to 'simplify' the reporting or to narrow the scope of the reporting were also not implemented. One recurring suggestion was to limit the reporting on lobbying activities to the information logged in the transparency register. Another was to narrow down the geographical scope of G1-5 to EU activities because non-EU jurisdictions may not require by law the mandatory disclosure of lobbying activities. The former suggestion was not retained, as ESRS's scope of reporting goes much beyond the Transparency Register's requirements. The latter is not acceptable, as the lack of legal frameworks outside the EU should not deter reporting under the ESRS.
527. For G1-6 on payment terms, efforts were made to implement the suggestions as much as possible while balancing two opposing perspectives (also mentioned in the section of G1-6): (a) reducing requirements to avoid overburdening preparers, and (b) strengthening requirements to protect SMEs. Stakeholders in group (a) frequently suggested deleting G1-6 or introducing greater flexibility, particularly regarding disaggregation of payments to SMEs. The recurring suggestions from stakeholders in group (b) focus on reinstating the former paragraph 33(a) on average time to pay an invoice or introducing an alternative metric. These suggestions were partly implemented, (a) standard payment terms are not required to be disaggregated for SMEs unless they are different, and (b) AR was added reinforcing that, if the late payment to SMEs is material, it will have to be addressed by entity-specific metrics.

Appendix 1 – Summary of rationale for SRB members expressing a dissenting vote

The following is a verbatim account of the rationale provided by SRB members on their reasons for dissenting as required by EFRAG's Due Process.

ESRS 1 General Requirements

1. The following 5 SRB members expressed a **dissenting vote** and provided the following rationale:
 - **Kerstin Lopatta (DRSC)** on the definition of materiality of information for other users (referring to 'informed assessment')¹, on AR 23 to paragraph 43², in relation to geographies, the need for clarification of impact materiality on the gross vs net basis. In addition, general objections to the inclusion of any new datapoint or datapoints that go beyond the Delegated Act.
 - **Cristina Saporetti (BusinessEurope), Marcello Bianchi (OIC) and Luc Vansteenkiste (EuropeanIssuers)** on the introduction of the fair presentation principle, which is considered not compatible with the CSRD, being expected to be subject to different interpretations across countries and triggering additional responsibilities and legal risks for preparers, as well as additional auditing efforts, particularly in the absence of clear audit standards, due to the different level of maturity of sustainability reporting compared to financial reporting. This combined with an insufficient reduction of datapoints versus SET 1 endangers the ambition of the Omnibus simplification objective. Cristina Saporetti also expressed a reservation concerning the extensive focus on geography in the materiality process requirements, especially for paragraph 33, which addresses both own operations and the value chain, which can be extremely burdensome and lead to discussion with auditors.
 - **Isabelle Schömann (ETUC)** on (i) excessive cuts in data points and excessive reliefs without time limits which result in the danger that much information that users need and expect will not be reported³ (ii) on paragraph 30, which limits reporting by companies to sub-topics that they identify as 'material'⁴; (iii) on the excessive phase-ins granted for Anticipated Financial Effects⁵ and (iv) the deletion of 'governments' from the list of users in paragraph 4b⁶.

¹ This results in a very vague understanding of the decision-usefulness-concept and the 'materiality of information' concept

² Perceived as prescribing behaviour and not disclosure.

³ In particular, the reliefs granted due to 'undue cost or effort' leave too much to the discretion of management and are open to abuse. The exemption of reporting on activities which do not contribute materially to IROs is open to abuse. At a minimum, the ETUC cannot accept these reliefs without any sort of time limits.

⁴ The ETUC believes that this paragraph will lead to even fewer 'own workforce' metrics being reported. The promise to add an ambiguous sentence to paragraph 30 and to provide guidance in the future is not enough to meet this concern.

⁵ In particular the granting of three years of relief for the 'non-wave 2' undertakings – on top of the delays they have been granted through the Omnibus initiative – is not justifiable.

⁶ In particular, government agencies will play a crucial role as supervisory authorities for CSDDD and will rely on information on Human Rights Due Diligence from the sustainability statements.

ESRS 2 General Disclosures

2. The following 3 SRB members expressed a **dissenting vote** and provided the following rationale:
- **Cristina Saporetti (BusinessEurope), Marcello Bianchi (OIC) and Luc Vansteenkiste (EuropeanIssuers)** on the requirement to report quantitative information about anticipated financial effects, which despite the reliefs introduced, is highly unpredictable and commercially sensitive and /or endangering the competitive positioning of the company, therefore still too challenging to apply for undertakings, especially due to lack of mature methodologies. In addition, the speculative nature of anticipated financial effects, that are not (or are not yet) reflected in financial statements, could also lead to legal exposure, particularly if disclosures are challenged for reliability or comparability.

ESRS E1 Climate Change

3. The following SRB member expressed a **dissenting vote** and provided the following rationale:
- **Cristina Saporetti (BusinessEurope)** on the anticipated financial effect disclosure (E1-11) which reduces interoperability with ISSB, as ESRS require more specific disclosures compared to ISSB S2, in particular on the excessive burden for companies when reporting the information prescribed by paragraphs 38 and 39.

ESRS E2 Pollution

4. The following SRB member expressed a **dissenting vote** and provided the following rationale:
- **Cristina Saporetti (BusinessEurope)** on the disclosure concerning secondary microplastics⁷, on the quantification of substances of concern (SoC)⁸ and substances of very high concern (SVHC)⁹ and on the fact that requirements on pollution are still highly critical as, even though it refers to only material pollutants, it requires undertakings to consider not only the E-PRTR list but also other pollutants that the undertaking measures or monitors (an addition compared to ESRS as enacted in 2023).

ESRS S1 Own Workforce

5. The following 2 SRB members expressed a **dissenting vote** and provided the following rationale:
- **Cristina Saporetti (BusinessEurope)** on the lack of clarity of how to apply the materiality of information filter to the requirements in S1-5 and S1-6, and the materiality assessment to the sub-topics that include a list in brackets versus those without a list in brackets; privacy and adequate housing should be removed from other labour-related human rights; on the revised significant employment threshold (i.e. top ten countries), which is considered not decision-useful and does not follow a principles-based approach; on the lack of options given to the reporting undertaking between disclosing the unadjusted or the adjusted gender pay gap; on the inclusion of human rights incidents that have been initiated and not only the confirmed ones (AR 37 added from set 1); on the need for further

⁷ Perceived as an addition compared to Set 1; might impose a high administrative burden due to the possible involvement of multiple layers down the value chain; unlikely to provide decision-useful information to stakeholders given the high uncertainty of this information.

⁸ SoC-related data is still difficult to prepare and SoC are not clearly identifiable.

⁹ Total weight of SVHC released to the environment is a new requirement compared to Set 1 (substances leaving facilities as part of products).

guidance to apply the adequacy test, according to the new references to the ILO principles, for the adequate wages disclosure, there is a need for a free reference/database to ease the burden on companies.

- **Isabelle Schömann (ETUC)** on the significant cut of datapoints in this Standard. In particular, the datapoints on: age distribution; gender breakdowns in training and employee contract types; social protection for retirement; % of employees that took family-related leave; contextual info and methodological info on employee characteristics and gender pay gap. In addition, on the deletion of voluntary data points, particularly on part-time employees and non-employee workers as these relate to the precarious workforce; the removal of these data points reduce alignment with GRI and will likely lead to unstandardized entity-specific disclosures on these issues.

Appendix 2 – Summary of rationale for SRB members expressing approval with specific reservations

ESRS 1 General Requirements

1. The following 9 SRB members **approved with specific reservations**:
 - **Susana Penarrubia (EFFAS), Mariyan Nikolov (BetterFinance)** on the reliefs without time limits and phase-ins offered, which risk undermining comparability and delaying decision-useful disclosures for users.
 - **Filip Gregor (FrankBold) and Ruben Zandvliet (Shift)** on the narrowed definition of users, on the lack of guardrails in Chapter 3 on materiality assessment, and on the combined effects of reliefs and phase ins (in particular those for Anticipated Financial Effects and Substances of Concern phase-in).
 - **Laurence Rivat (ANC)** on the ‘net approach’ in paragraph 44(b), and the resulting introduction of paragraph 44 (c), which makes the materiality assessment principles confused, subject to interpretations, and likely to increase discussions and liability risks in relation to the judgement on the effectiveness of implemented policies and actions; on section 3.3.2 as there is not sufficient guidance to help preparers and auditors understand when it is appropriate to aggregate or disaggregate information with respect to geographies and to subsidiaries.
 - **Maria Dolores Urrea Sandoval (ICAC)** on the consistent application of fair presentation.
 - **Thomas Roulland (EFAMA)** on the absence of an exception to exclude from the scope of reporting the Assets under Management managed on behalf of clients.
 - **Gregoire de Montchalin (Insurance Europe)** on the concept of ‘informed assessment’ in ESRS 1 par. 23 (b) which creates interpretative difficulties and risks impairing the definition of ‘materiality of information’.
 - **Kristian Koktvedgaard (Danish Funding Mechanism)** on the lack of phasing-in for wave 2 and new reporters, and on the word ‘all’ in the objective of paragraph 3 which might drive detailed documentation exercises without adding value and could seem to ignore fair presentation. An additional reservation was expressed on the lack of clarity on what is the minimum requirement to meet the objective of CSRD and what is considered good practice to meet the broad scope of companies.
 - **Filip Gregor (FrankBold), Ruben Zandvliet (Shift) and Mariyan Nikolov (BetterFinance)** also expressed a general reservation on the level of reduction in mandatory datapoints: datapoint cuts are excessive. In a context where existing cuts and reliefs already create a significant risk on a balanced and fair presentation, further cuts would endanger the overall quality of the ESRS reporting system. As users, these SRB members are concerned this may weaken consistency, reduce comparability across companies, result in loss of decision-useful information that was previously available or expected under earlier drafts and ultimately impair fair presentation.

ESRS 2 General Disclosures

2. The following 5 SRB members **approved with specific reservations**:
 - **Maria Dolores Urrea Sandoval (ICAC)** on the methodology of anticipated financial effects.

- **Mariyan Nikolov (BetterFinance)** on the absence of a principle-based illustrative example guiding when climate may be deemed non-material under paragraph 37(b), given that for most undertakings climate is expected to be material.
- **Susana Penarrubia (EFFAS), Filip Gregor (FrankBold) and Ruben Zandvliet (Shift), Mariyan Nikolov (Better Finance)** on the accumulation of reliefs for Anticipated Financial Effects in SBM-3 under ESRS 2 and for the special phase-in for reporting quantitative information on Anticipated Financial Effects under ESRS 1.

ESRS E1 Climate Change

3. The following 10 members **approved with specific reservations**:

- **Marcello Bianchi (OIC) and Luc Vansteenkiste (EuropeanIssuers)** on Anticipated Financial Effects in E1-11 being too granular (this in addition to the dissent on AFE see Appendix 1 reason for dissent).
- **Maria Dolores Urrea Sandoval (ICAC)** on AFE in E1-11 being too granular (see reservation for ESRS 2).
- **Kerstin Lopatta (DRSC)** concerning E1-3 and E1-8, as they go beyond the Delegated Act.
- **Monika Brom (AFRAC), Mariyan Nikolov (BetterFinance) and Susana Penarrubia (EFFAS)** on AR 13 for paragraph 23 concerning the financial institutions exemption (absolute values for GHG emissions targets), which can create an unlevel playing field and weaken comparability, as intensity-only targets do not show whether absolute financed emissions are decreasing.
- **Susanna Penarrubia (EFFAS)** on E1-11, for the deletion of general gross approach which represents a major loss of information to users and investors, and on the elimination of the location of key assets.
- **Luc Vansteenkiste (EuropeanIssuers)** on the fact that referring to the 1.5 degree compatibility is not realistic because of lack of official methodology, and on the financial institution exemption (absolute values for GHG emissions targets) which should be extended to all preparers.
- **Filip Gregor (FrankBold) and Ruben Zandvliet (Shift)** on climate risk assessment, due to the non-mandatory nature of scenario analysis, and on the reduction of information in E1-11 on Anticipated Financial Effects.
- **Isabelle Schömann (ETUC)** on the non-mandatory language on scenarios for climate risk assessment.

ESRS E2 Pollution

4. The following 6 SRB members **approved with specific reservations**:

- **Laurence Rivat (ANC)** on the granularity of the information for substances of concerns (SoCs) required by ESRS E2 *Pollution*, paragraph 17, which is excessive and extremely burdensome to prepare for the actors concerned.
- **Luc Vansteenkiste (EuropeanIssuers)** on secondary microplastics¹⁰, on pollutant transfers¹¹ as well as on the SoC quantification as they are sector specific requirements and not clearly defined even in REACH. Actually, reliability and consistency are not guaranteed neither agreed, due to lack of standardized methodologies.

¹⁰ Even qualitative information can be difficult to obtain given the current lack of a mature methodology.

¹¹ Only the own operations is the appropriate approach to consider, as in the absence of production there are no emissions. Also, treatment plants are to be considered suppliers, not a downstream VC element.

- **Isabelle Schömann (ETUC), Filip Gregor (FrankBold) and Ruben Zandvliet (Shift)** on the phasing-in for reporting substances of Concern (SoC)¹².
- **Kerstin Lopatta (DRSC)** on the PRTR thresholds¹³ and transfer of water pollutants¹⁴ to external treatment plants in E2-4; on E2-5 on the new requirement to disclose the complete REACH lists; on the fact that a large part of E2-5 now becomes sector-specific requirements.

ESRS E3 Water

5. The following SRB member **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on the removal of ‘freshwater’ from E3-4 *Water Metrics*. As such companies will have not only to report on the total water metrics which are now more compared to Set 1, but report all of them twice as they will also need to report with a freshwater breakdown as these are the material KPIs.

ESRS E4 Biodiversity

6. The following 5 SRB members **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on the introduction of a mandatory biodiversity transition plan; the concept of the buffer distance, suggesting that can be specific for every site, which would be extremely burdensome;
- **Laurence Rivat (ANC)** on the fact that there is not sufficient guidance on how the local dimensions shall be reported, for the metrics in *ESRS Biodiversity and ecosystems* E4-5, paragraph 18, which will not provide the most relevant information.
- **Kerstin Lopatta (DRSC)** on granularity of the Double Materiality Assessment
- **Luc Vansteenkiste (EuropeanIssuers)** on the transition plan in AR 1, formally made public, as they will be subject to verification by auditors with no methodologies defined at the moment.
- **Filip Gregor (FrankBold)** on the flexible approach to reporting on locations with negative impacts on biodiversity and ecosystems.

ESRS E5 Resource Use and Circular Economy

7. The following 2 SRB members **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on resource inflow and resource outflow, respectively on providing a qualitative explanation as well as the introduction of the term ‘key’ which add significant uncertainty; and on the new metric ‘designed recyclability rate’.
- **Kerstin Lopatta (DRSC)** on resource inflow, in particular on the additional ‘breakdown per key material’.

ESRS S1 Own Workforce

8. The following 6 SRB members **approved with specific reservations**:

- **Laurence Rivat (ANC)** on the missed further simplification of the Standard and remaining excessive granularity overall (for example, significant threshold de minimis for country disaggregation not raised to 100 employees, gender

¹² This phase-in is considered excessive.

¹³ E-PRTR thresholds apply only to releases, not to facilities, so unchanged.

¹⁴ Transfers of water pollutants to external treatment plants are still to be considered pollution.

breakdowns by type of contract, number of events covered by social protection events not limited to two such as unemployment and retirement; unadjusted gender pay gap metric of limited relevance, adjusted pay gap by employee category and at country or geographical level would be more relevant instead.

- **Kristian Koktvedgaard (Danish Funding Mechanism)** on the granularity of S1 overall linked to the lack of consistency on and approach to aggregation/disaggregation with environmental standards; and the lack of focus on material IROs in the objective section of the Standard.
- **Luc Vansteenkiste (EuropeanIssuers)** on the gender pay gap, requesting flexibility between the two options or only the adjusted gender pay gap, highlighting that the Pay Transparency Directive will mandate reporting in 2027; on health and safety metrics which need further clarifications and specifications and on training and skills development metrics to be updated to present reality.
- **Kerstin Lopatta (DRSC)** on the additional datapoint concerning the benchmark used in the adequate wages disclosure.
- **Filip Gregor (FrankBold) and Ruben Zandvliet (Shift)** on the removal of ill-health fatalities for non-employees and the percentage of employees that took family-related leave; and on the removal of all voluntary datapoints for non-employees reduces interoperability with GRI.

ESRS S2 Workers in the Value Chain

9. The following 2 SRB members **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on the human rights incidents to be disclosed as the undertaking is to collect all the cases that were initiated, not only those confirmed as incidents, which could be misleading and burdensome.
- **Luc Vansteenkiste (EuropeanIssuers)** on the topic of health and safety which should be occupational health and safety; and the burden from the collection of data.

ESRS S3 Affected Communities

10. The following 2 SRB members **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on initiated human rights incidents (see S2 above).
- **Luc Vansteenkiste (EuropeanIssuers)** on the burden from the collection of data.

ESRS S4 Consumers and End-Users

11. The following 2 SRB members **approved with specific reservations**:

- **Cristina Saporetti (BusinessEurope)** on initiated human rights incidents (see S2 above)
- **Luc Vansteenkiste (EuropeanIssuers)** on the burden from the collection of data.

ESRS G1 Business Conduct

12. The following 2 SRB members **approved with reservations**:

- **Cristina Saporetti (BusinessEurope)** on the complexity of the indicator in G1-6 on percentage of payments aligned with standard terms; on the addition of sanctions in G1-4, which is an extension of the ESRS.

Luc Vansteenkiste (EuropeanIssuers) on the disaggregation for 'main suppliers' as payment terms are not based on company size and on the data requested in relation to percentage of payments aligned G1-6 b) for multinationals, which is not relevant.

13. Please note that **Salvador Marin (EFAA for SMEs)** has expressed comments (which are not reservations) concerning ESRS 1 *General Requirements*, ESRS 2 *General Disclosures* and S1 *Own Workforce*. See footnotes¹⁵.

Comments received from some SRB observers:

- Observers representing the ESAs and the ECB, while broadly supporting the simplification efforts by EFRAG, have expressed some concerns that the balance may not be sufficient in the draft revised ESRS between the proposed relief measures (including phase-ins and permanent reliefs) and the level of disclosure deemed necessary to preserve transparency for of investors and other financial market participants, and the availability of information for adequate financial risk management and financial stability purposes. Most notably, these concerns pertain to the accumulation of reliefs, their permanent rather than temporary nature and the proposed expanded application of the 'undue cost or effort' relief, also in light of the knock-on effects of this expansion on the interoperability with international standards.
 - ECB also highlighted that quantitative information on anticipated financial effects is needed for a proper assessment and management of the financial impact of ESG risks, for informed decision-making by investors, and is the foundation of the financial materiality perspective at the core of the CSRD. They consider that existing phase-ins in Set 1 and the quick-fix are sufficiently generous, and that further postponing the start of data collection efforts will not be conducive to the CSRD goal of enabling the creation of a reliable data ecosystem that allows for benchmarking and risk differentiation. Similar observations on anticipated financial effects were expressed by the EBA. Finally, regarding the new exemption for financial institutions in E1-6, they considered that complementing the disclosure of an intensity target with information on the associated absolute figure as per Set 1 is necessary to achieve a fair presentation, and to prevent misleading users, and hence should apply regardless of the sector.
14. In addition to the reservations described above, there were two SRB members with an overall reservation. Laurence Rivat and Kristian Koktvedgaard commented on the granularity of this Standard.

¹⁵ On Amended ESRS 1: the articulation and consistent application of fair presentation, we need time and experience (firstly with compliance following the last version and in 2/3 years fair presentation)
- On Amended ESRS 2: the methodology for financial effects (we need methods and time too, phase in) , and
- On Amended ESRS S1: the definition and scope of non-employees.

Appendix 3 – Overview of the SR TEG vote on the Amended ESRS on 24 November 2025

1. The EFRAG TEG approved the Amended ESRS on the 24 November 2025. 26 of the 28 members participated to the vote. ESRS 1, ESRS 2, ESRS E1, ESRS E4, ESRS E5, ESRS S1 and ESRS G1 were approved by a qualified majority. The other standards were approved on a consensual basis. The number of members dissenting per each standard is as follows: 7 members for ESRS 1; 4 members for ESRS 2; 6 members for ESRS E1; 1 member for ESRS E4, E5, S1 and ESRS G1.
2. While approving the standards, some members expressed reservations on specific aspects of the requirements. In particular: 14 members for ESRS 1; 12 members for ESRS 2; 16 members for ESRS E1; 9 members for ESRS E2; 2 members for ESRS E3; 9 members for ESRS E4 ; 7 members for ESRS E5; 6 members for ESRS S1; 1 member for ESRS S4; 7 members for ESRS G1.
3. Critical comments were provided by the observers on the accumulation of reliefs without time limits and on excessive phasing-in.

The following is a verbatim of detailed explanations provided by SR TEG members on their dissenting votes or specific reservations⁷.

Rationale for SR TEG members expressing a dissenting vote

4. Unless differently specified, the arguments supporting the dissent on the provisions indicated below are the same as presented in the previous 2 appendices.

ESRS 1 General Requirements

5. The following 7 SR TEG members expressed a **dissenting vote** and provided the following rationale:
 - **Pier Mario Barzaghi (liaison member for Italy)** on fair presentation¹⁶.
 - **Roberta Ceccon (preparer)** on fair presentation and materiality of information (which should not include ‘informed assessment’);
 - **Kati Beiesrdorf (liaison member for Germany)** on (i) materiality of information (which should not include ‘informed assessment’), (ii) still complex gross-net provisions¹⁷, and (iii) excessive focus on geography for DMA and disaggregation which leads to an expectation gap regarding the level of ‘geography’ at which DMA is conducted and at which disaggregation is required.
 - **Julia Zicke (preparer)** on materiality of information (which should not include ‘informed assessment’) and on excessive focus on geography for DMA and disaggregation.
 - **Guillaume Bône**, on (i) excessive reliefs without time limits and accumulated with phasing-in that result in loss of information and (ii) on insufficient precision regarding the definition of geographies for DMA and disaggregation, impacting topical disclosures; (iii) Paragraph. 27 (top-down approach) should not allow to conclude on non-materiality of IROs and should not have a hierarchy between strategy and business model and other factors.

¹⁶ Disagreement stems from the stronger emphasis on this principle given the different level of maturity of sustainability reporting compared to financial reporting, the risks associated with this principle in terms of significantly increase the responsibilities for the Board members on one side and for auditors on the other and this concept, while it is clear in the Accounting Directive for financial reporting, it is not equally stated in CSRD for the sustainability reporting.

¹⁷ How to consider the effects of prevention, mitigation and remediation policies and actions when assessing impacts.

- **Piotr Biernacki (preparer)** on (i) general weakness of the standard after the simplification (ii) excessive reliefs without time limits and accumulated with phasing-ins which will result in loss of information; (iii) insufficient focus on geography for DMA and disaggregation; (iv) top down approach to DMA which should not subordinate the other factors to strategy and business model; (v) analysts, academics and governments should be included in the list of users.
- **Sandra Atler (consultancy)** cumulative from a variety of concerns: (i) excessive and accumulated reliefs with no time limit and phase-ins; top-down approach should not allow to conclude on non-material IROs; (iii) not sufficient focus on geographies; (iv) on paragraph 30, which limits reporting by companies to sub-topics that they identify as 'material'.

ESRS 2 General Disclosures

6. The following 4 SR TEG members expressed a **dissenting vote** justified by their concerns about the quantification of AFEs, noting that the area remains complex and not yet mature, particularly given the lack of established methodologies and practices.
- **Pier Mario Barzaghi (liaison member for Italy);**
 - **Roberta Ceccon (preparer);**
 - **Kati Beiesdorf (liaison member for Germany)** – she added: and the lack of clarity of the requirements in the ESRS;
 - **Julia Zicke (preparer).**

ESRS E1 Climate Change

7. The following 6 SR TEG members expressed a **dissenting vote** and provided the following rationale:
- **Kati Beiesdorf (liaison member for Germany)** on (i) effects of current and planned investments (E1-3 on resilience) seen an extension of the Delegated Act; (ii) excessive granularity of E1-11 also in case of phasing-in, (iii) inappropriate inclusion of the operational control boundary in GHG emissions and (iv) important to clarify in ESRS that scenario analysis are not mandatory, including not prescribing the types of scenarios used.
 - **Julia Zicke (preparer)** on concerns about AFE valid also for E1-11.
 - **Guillaume Bône (NGO)**, on (i) the exception for financial institutions to reporting absolute values for intensity targets of GHG emissions, (ii) on biogenic emissions currently limited to direct CO₂ emissions while they should cover every scope to be aligned with GHG protocol, (iii) on the voluntary nature of scenario analysis.
 - **Piotr Biernacki (preparer)** on (i) the exception for financial institutions to reporting absolute values for intensity targets of GHG emissions and (ii) on the voluntary nature of scenario analysis.
 - **Thierry Langrenay (NGO)** on the exception for financial institutions to reporting absolute values for intensity targets of GHG emissions.
 - **Luca Bonaccorsi (consultancy)** on (i) the exemption for financial institutions to reporting absolute values for intensity targets of GHG emissions, (ii) excessive phasing-in for E1-11, and (iii) the voluntary nature of scenario analysis.

ESRS E4 Biodiversity and Ecosystems

- **Guillaume Bône (NGO)** dissented due to excessive conditionalities in the language on target-setting, and the lack of standardised metrics.

ESRS E5 Resource Use and Circular Economy

- **Piotr Biernacki (preparer)** dissented on (i) biological materials now moved to ESRS G1 as it deletes an important part of the circular economy; (ii) weights reintroduced in E5-4 which will not be reported by companies because they will use the relief on prejudicial information noting that weights are more burdensome to report than circular inflow metric; (iii) the DP on recycled materials was deleted.

ESRS S1 Own Workforce

- **Kati Beiersdorf (German liaison member)** dissented as she considers the standard not aligned with the mandate of simplification, for (i) S1-9 Adequate wages due to the requirement for undertakings to calculate a living wage benchmark and due to the requirement to check against ILO principles of estimating a living wage; (ii) S1-5 and S1-7, as the new thresholds expand the reporting.

ESRS G1 Business Conduct

- **Piotr Biernacki (preparer)** dissented on the lack of a standardised metric on late payments for SMEs failing to meet CSRD requirements in art. 29b, 2c (v) and recital 50.

Rationale for SR TEG members expressing approval with reservations

8. The vote assumes the incorporation of some recommended changes to selected provisions, which addressed some of the initial reservations. Those reservations are not included below, as they have been solved before the issuance of the Amended ESRS. They will be described in the Basis for Conclusions.

ESRS 1 General Requirements

9. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):
 - Fair presentation (**Jose Moneva – liaison member for Spain**).
 - Materiality of information, that should not include ‘informed assessment’ in para. 23 (**Julia Kolzer - preparer, Jannik Leiendecker – consultancy**).
 - Analysts, academics and governments to be maintained in list of users (**Sandra Atler – consultancy, Signe Andreassen Lysgaard – at large, Vanya Rusinova - preparer, Christoph Töpfer – user**).
 - Paragraph. 27 (top-down approach) should not allow to conclude on non-materiality of IROs (**Signe Andreassen Lysgaard – at large**).
 - Paragraph. 27 (top-down approach) should not have a hierarchy between strategy/business model and other factors (**Vanya Rusinova – preparer; Signe Andreassen Lysgaard – at large**).
 - Delete paragraph 30 as it triggers underreporting on metrics for own workforce (**Sigurt Vitols – trade unions**).¹⁸

¹⁸ Reservation and request for deletion of this para due to concerns that this will reduce reporting on S1 metrics, as it can be read as a step back or a contradiction in relation to ID-177. As a matter of fact, ID-177 list provides a good basis for the 'core' S1 metrics that trade unions and workers' reps look for when they read a sustainability statement, also to

- Add to paragraph 30 that interlinkages between different sub-topics are to be considered in the DMA (**Signe Andreassen Lysgaard – at large**).
- Gross versus net provisions¹⁹ still complex and unclear (**Julia Kolzer – preparer, Eric Duvaud – liaison member ANC**).
- AR 26 should allow companies to rely more on internal risk management (**Vanja Rusinova – preparer**).
- Excessive focus on geography and local considerations as a driver of DMA and of reporting disaggregation (**Julia Kolzer – preparer, Belen Varela Nieto - preparer, Eric Duvaud – French liaison member**);
- Excessive reliefs without time limits and cumulated with phasing-in result in loss of information (**Christoph Töpfer – user, Signe Andreassen Lysgaard – at large, Vanya Rusinova - preparer, Sigurt Vitols – trade unions, Jean François Coppenolle - investor**).
- Relief on metrics (paragraph 92) should be also applicable to GHG emissions (**Belen Varela Nieto – preparer**).
- Paragraphs 94 and 95: the undue cost or effort mechanism should not be available for information that is already required by other European Regulation (**Thierry Langreny – NGO**).
- Wave 2 companies²⁰ and other new reporters for future years should not have the same phasing in that was available to Wave 1 (**Luca Bonaccorsi – consultancy, Luis Piacenza – SMP, Sigurt Vitol – trade unions, Christoph Töpfer – user**).
- Excessive phasing- in for E1-11 and paragraphs 38 (a) and (b) and 39 (a) and (b) of ESRS E1-11 should not be subject to phasing in (**Olivier Scherer – audit**).

ESRS 2 General Disclosures

10. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):
- Quantification of AFE remains complex and not yet mature, particularly given the lack of established methodologies (**Belen Varela - preparer, Jose Moneva – liaison member Spain, Per Tornqvist - preparer**).
 - Excessive of reliefs and long phasing in for quantitative AFE (**Christoph Töpfer - user, Guillaume Bône - NGO, Luca Bonaccorsi - consultancy, Piotr Biernacki - preparer, Signe Andreassen Lysgaard – at large, Vanya Rusinova - preparer, Sigurt Vitols – trade union, Jean-Francois Coppenolle – investor, Thierry Langreny - NGO**).
 - Excessive reliefs for quantitative AFE particularly on skills (**Piotr Biernacki – preparer**).
 - IRO-1 AR 26 implies that a full DMA is not needed every year and this contradicts ESRS 1 (**Piotr Biernacki – preparer**).

compare their undertaking with other undertakings in the sector. When this information is not presented in the sustainability statement, and no explanation is provided for why this is missing, these users feel that the purpose of sustainability reporting has not been fulfilled. For instance, many undertakings do not identify collective bargaining as a material issue but are still reporting S1-8 collective bargaining + social dialogue. Par 30 will legitimate not reporting on this for many undertakings. Similarly, many undertakings do not identify health & safety as a material topic, particularly in the financial sector - but health & safety performance is a key topic to get information on. Even if e.g. the accident rate is low, this is still decision-useful information for trade unions, since they will know that they should focus on other areas covered by their rights.

¹⁹ How to consider the effects of prevention, mitigation and remediation policies and actions when assessing impacts.

²⁰ Wave 2 are companies that are subject to the ESRS reporting obligations from 2025 onward

- Reinstate the datapoint requiring to disclose reasons not to implement PAT on material IROs (**Thierry Langrenney – NGO**).

ESRS E1 Climate Change

11. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- General concerns on AFE, replicated for E1-11 (**Jose Moneva – liaison member for Spain, Belen Varela Nieto – Preparer, Roberta Ceccon – preparer, Pier Mario Barzaghi – liaison member for Italy**).
- E1-6: There should be no exception for financial institutions on requirement to report absolute values for intensity targets (**Christoph Töpfer – user, Luis Piacenza – SMP, Sandra Adler – consultancy, Signe Andreassen Lysgaard – at large**).
- E1-6: The exception on requirement to report absolute values for intensity targets for category 15 should be available to all sectors (**Olivier Scherer, auditor**).
- E1-6: past reduction targets need to be introduced and defined, E1-6 target years should reintroduce the 5 years periods for comparability reasons; (**Christoph Töpfer – user, Eric Duvaud – liaison member for France**)
- E1-11 Require gross amounts for paras. 38 (c) (revenues at physical risk), 39 (a) (assets at transition risk), 39 (e) (net revenue at transition risk), delete AR 30 (**Christoph Töpfer – user**).
- E1-11 excessively granular (**Eric Duvaud – liaison member for France**).
- E1-2 scenario analysis should be mandatory (**Sigurt Vitols – trade union, Jean-Francois Coppenolle - investor, Sandra Adler - consultancy, Signe Andreassen Lysgaard – at large, Vanya Rusinova – preparer, Luis Piacenza – SMP, Per Anders - preparer**).
- Lack of clarity on how to treat category 15 for asset managers (**Luca Bonaccorsi – consultancy, Thierry Langrenney – NGO, Olivier Scherer - audit**).
- E1-8: 30/AR20(e) biogenic emissions limited, currently limited to direct CO2 emissions. Disclosure should be required for every scope to be aligned with GHGP (**Sandra Adler – consultancy, Olivier Scherer – audit**).
- E1-8: expand operational control to scope 3 (**Eric Duvaud – liaison member for France**)
- The standard fails to address 1.5°C definition (**Luis Piacenza – SMP**).

ESRS E2 Pollution

12. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- Aggregate disclosures omitting site specific issues would not allow a fair presentation – need more precise language around sites (**Luca Bonaccorsi – consultancy - strong reservation, Jean-François Coppenolle - investor, Guillaume Bône - NGO, Sandra Adler - consultancy, Sigurt Vitols – trade unions, Piotr Biernacki - preparer**).
- Excessive focus on location-based considerations and disaggregation (**Kati Beiersdorf – liaison member for Germany**).
- E-PRTR reference (including thresholds) should be mandatory to increase comparability across reporting. It was already in Set 1 and would be a good starting

point for materiality assessment (companies would not have to disclose on the full list) **(Christoph Töpfer – user, Piotr Biernacki - preparer)**.

- E-PRTR reference: not clear if the facility thresholds in E-PRTR can be used to assess materiality **(Kati Beiersdorf – liaison member for Germany)**.
- Pollutant transfers: transfers of water pollutants to treatment plants should not be considered pollution **(Kati Beiersdorf – liaison member for Germany)**.
- Secondary microplastics: emissions of secondary microplastics represent a large part of pollution coming from companies. Noting that the difficulty in measurement and the need for better data in time, the purpose of having the optional quantitative elements would be to get companies to at least start working on the issue **(Guillaume Bône – NGO)**.
- Against the phasing-in for SoC: proportionality was already built into this disclosure as it was already deleted from the requirements to users - moving the requirement to 2030 seems excessive **(Christoph Töpfer - user, Luca Bonaccorsi - consultancy, Guillaume Bône - NGO, Sandra Adler – consultancy, Sigurt Vitols – trade unions)**.
- Disclosure of SoC is impracticable as scope of substances too broad, frequent changes in suppliers and product references, and the dynamic nature of the lists ('moving targets') **(Eric Duvaud – liaison member for France)**.

ESRS E3 Water and Marine Resources

13. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- Generic reservation over redrafting of definitions, explicitly over 'water risk' **(Luis Piacenza – SMP)**.
- Focus on quantitative aspect of water stress, not enough mention to qualitative aspect of water stress **(Luis Piacenza – SMP)**.
- Indicator thresholds for water stress Indicators are only set on 'high' threshold (e.g. WEI+ threshold 20% is already water stress, 40%, which was chosen, is severe water stress). Suggest either refer explicitly to 'high-water stress' or change thresholds in indicators **(Christoph Töpfer – user)**.
- Need for clarification on sources of water for metrics, particularly related to withdrawal (not meaningful to mix freshwater with seawater; withdrawals also mean reclaimed water from third-parties which can be confused with water recycled and reused) **(Christoph Töpfer – user)**.

ESRS E4 Biodiversity and Ecosystems

14. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- E4-1: Disagree with conditionality of the transition plan already being published elsewhere. This is against the principle of avoiding double-reporting **(Christoph Töpfer – user)**.
- E4-2 para 12b: Sites 'in or near' BSA: Reservation with reintroduction of 'in or near', it was more appropriate to refer to impacts. AR 5: prejudgement of the DMA; E4-5 para. AR 11: to our understanding this is an extension of the delegated act because of metrics on ecosystem services **(Kati Beiersdorf – liaison member for Germany)**.
- AR 6: Agree with separating FPIC, but not with deletion of reference to local communities/affected communities, which should be kept. **(Signe Andreassen Lysgaard, Sandra Adler - consultancy, Piotr Biernacki - preparer)**.

- AR 7: Target-setting: Language is too conditional; undertakings should adhere to methodological quality criteria when setting targets (**Sandra Adler - consultancy**).
- E4-5 para. 18: Location-specific disclosures: Instead of this specific disclosure we support consolidated metrics or information such as ‘% of area significantly negatively affected by own operations activities’ or ‘qualitative information on the changes in biodiversity and ecosystem state per ecosystem type and business activity to provide an understanding of the undertaking’s contribution to biodiversity loss or restoration in own operation and in value chain’ (**Eric Duvaud - liaison member for France**).
- E4-5 para. 19: Lack of standardised metric (**Piotr Biernacki - preparer, Luis Piacenza - SMP, Sandra Adler - consultancy, Sigurt Vitols – trade union**)
- Need more precise language around sites (**Jean-François Coppenolle – investor**).

ESRS E5 Resource Use and Circular Economy

15. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- Replace weight with circular inflow as this would be more relevant (**Christoph Töpfer – user, Eric Duvaud – liaison member for France, Olivier Scherer – audit, Guillaume Bone – NGO, Luca Bonaccorsi – consultancy**)
- Breakdown of key materials by weight is too granular, business sensitive and the information in 12, in particular the breakdowns, is an extension beyond the Delegated Act (**Kati Beiersdorf, liaison member for Germany**).
- (i) biological materials now moved to ESRS G1 as it deletes an important part of the circular economy; (ii) weights reintroduced in E5-4 which will not be reported by companies because they will use the relief on prejudicial information noting that weights are more burdensome to report than circular inflow metric; (iii) the DP on recycled materials was deleted (**Sandra Adler – consultancy**)

ESRS S1 Own Workforce

16. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- Paragraph 38d), effectiveness of actions as it’s not a simplification or is not needed (**Belen Varela Nieto – preparer, Eric Duvaud – liaison member for France**).
- Excessive granularity of specific datapoints and missed further simplification: (i) Characteristics of employees - significant threshold de minimis for country disaggregation not raised to 100 employees, gender breakdowns by type of contract; (ii) social protection – number of events covered by social protection events not limited to two such as unemployment and retirement (**Eric Duvaud – liaison member for France**).
- Adequate wages AR20 (b) is contrary to simplification, as asks preparers to get the information on a global basis and the burden of proof that wage level is consistent with ILO is on preparers (**Jannik Leiendecker – consultancy, Julia Zicke - preparer**).
- Paragraph 39 (a): unadjusted gender pay gap should be replaced by adjusted by employee category and at country or geographical level (**Eric Duvaud -liaison member for France; Thierry Lengreny – NGO**).
- Paragraph 39 (a): preparers should have an option to choose disclosing unadjusted or adjusted gender pay gap (**Roberta Ceccon – preparer**).

ESRS S2 Workers in the Value Chain

17. No reservations for this Standard.

ESRS S3 Affected Communities

18. No reservations for this Standard.

ESRS S4 Consumers and End-Users

19. The following reservations were indicated by a SR TEG member while approving the standard (excluding reservations finally resolved by changes in the standards):

- Lack of a requirement on disclosing class actions(**Thierry Langrenney – NGO**).

ESRS G1 Business Conduct

20. The following reservations were indicated by SR TEG members while approving the standard (excluding reservations finally resolved by changes in the standards):

- G1- 6: lack of a standardised metric on late payments for SMEs failing to meet CSRD requirements in art. 29b, 2c (v) and recital 50 (**Signe Andreassen Lysgaard – at large, Sigurt Vitols – trade unions, Olivier Scherer – audit, Luca Bonaccorsi – consultancy, Vanya Rusinova – preparer, Robert Adamczyk - investor, Thierry Langrenney - NGO**).
- G1-4 on incidents of corruption or bribery should reflect the impact of appeals, since they may lead to no final outcome (**Robert Adamczyk - investor**).
- Sanctions related to any breach of international applicable laws should be included as disclosure in G1 (**Thierry Langrenney – NGO**).

Appendix 4 – Statistics on number of datapoints

Table 1: Reductions per standard – ‘shall’ datapoints

	ESRS as enacted in 2023 *	Amendments through ESRS Revision 2025							Reduction
	Total ‘shall’ DPs (excl. tables)	Deleted [-]	Moved to ARs (no DPs) [-]	Deleted from mandatory guidance and included as illustration in NMIG [-]	Moved to ‘may’ (from ‘shall’) [+]	Moved to ‘shall’ (from ‘may’) [-]	New [+]	Total ‘shall’ DPs after reduction	Reduction of Total ‘shall’ DPs
ESRS 2	134	55	7	9	0	0	0	63	-53.0%
ESRS E1	197	100	9	4	0	0	1	85	-56.9%
ESRS E2	44	20	0	8	0	0	0	16	-63.6%
ESRS E3	27	13	0	8	0	2	0	8	-70.4%
ESRS E4	54	33	5	5	0	1	0	12	-77.8%
ESRS E5	42	28	0	0	0	0	1	15	-64.3%
ESRS S1	127	53	11	7	0	0	1	57	-55.1%
ESRS S2	47	23	5	4	0	0	0	15	-68.1%
ESRS S3	45	23	5	4	0	0	0	13	-71.1%
ESRS S4	44	24	4	4	0	0	0	12	-72.7%
ESRS G1	42	23	0	1	0	0	0	18	-57.1%
Total	803	395	46	54	0	3	3	314	-60.9%

* Including IG3 addendum and 7 DP related to BP-2 paragraph 17 phasing-in, excluding datapoints with ‘Table’ and ‘MDR’ data types

Table 2: Reductions per standard – ‘may’ datapoints

	ESRS as enacted in 2023 *	Amendments through ESRS Revision 2025							Reduction
	Total ‘may’ DPs (excl. tables)	Deleted [-]	Moved to ARs (no DPs) [-]	Deleted from mandatory guidance and included as illustration in NMIG [-]	Moved to ‘may’ (from ‘shall’) [+]	Moved to ‘shall’ (from ‘may’) [-]	New [+]	Total ‘may’ DPs after reduction	Reduction of Total ‘may’ DPs
ESRS 2	12	12	0	0	0	0	0	0	-100.0%
ESRS E1	15	8	0	7	0	0	0	0	-100.0%
ESRS E2	20	16	0	4	0	0	0	0	-100.0%
ESRS E3	18	13	0	3	0	2	0	0	-100.0%
ESRS E4	65	32	1	31	0	1	0	0	-100.0%
ESRS E5	19	19	0	0	0	0	0	0	-100.0%
ESRS S1	55	46	1	8	0	0	0	0	-100.0%
ESRS S2	18	6	2	10	0	0	0	0	-100.0%
ESRS S3	18	5	3	10	0	0	0	0	-100.0%
ESRS S4	19	7	2	10	0	0	0	0	-100.0%
ESRS G1	11	8	1	2	0	0	0	0	-100.0%
Total	270	172	10	85	0	3	0	0	-100.0%

* Including IG3 addendum and 7 DP related to BP-2 paragraph 17 phasing-in, excluding datapoints with ‘Table’ and ‘MDR’ data types

Appendix 5 – EU datapoints (Appendix B of ESRS 2 Delegated Act – now Appendix A of draft Amended ESRS 2)

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Moved to AR	Calculation methodology moved in AR	ESRS 2 GOV-1 AR 5
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Maintained		ESRS 2 GOV-1 para. 12 (a)
ESRS 2 GOV-4 Statement on due diligence paragraph 32	Indicator number 10 Table #3 of Annex 1				Maintained	Small amendment to meet better the users' needs	ESRS 2 GOV-3 para. 16
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation	Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Small amendment to meet better the users' needs	ESRS 2 SBM-1 para. 20 (d) i

²¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).

²² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation 'CRR').

²³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

²⁴ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
		(EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk					
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (c) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Maintained	ESRS 2 SBM-1 para. 20 (d) ii
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (c) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 ²⁶ , Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Maintained	ESRS 2 SBM-1 para. 20 (d) iii
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated		Maintained	Maintained	ESRS 2 SBM-1 para. 20 (d) iv

²⁵ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p.1.).

²⁶ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
			Regulation (EU) 2020/1816, Annex II				
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Maintained	Maintained	ESRS E1-1 para. 11
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12.1 (d) to (g), and Article 12.2		Deleted	Datapoint on EU Paris-aligned Benchmarks has been deleted as considered burdensome	N/A
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Maintained	Maintained	ESRS E1-6 para. 23

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #2 of Annex 1				Maintained	Disaggregated information on fossil energy was considered relevant information to maintain. High climate impact sectors shall report it if needed under fair presentation.	ESRS E1-7 para. 26
ESRS E1-5 Energy consumption and mix paragraph 37 (a)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Maintained	Maintained	ESRS E1-7 para.25 (a)
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Deleted	Deleted as users can already find the information or calculate the ratio. Indicator can still be derived.	N/A
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Maintained	Scope 1, 2 and 3 emissions maintained. The data points on total emissions have been deleted as information can be derived from reported figures by users (as well as the SFDR carbon footprint, SFDR Indicator 2 of Table 1).	ESRS E1-8 para. 29

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Deleted	Deleted as users can already find the information or calculate the ratio. Indicator can still be derived from E1-8 and the financial statement	N/A
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Maintained	Maintained	ESRS E1-9 para. 32 and 33
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Maintained	ESRS E1-11 para. 38
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Deleted	The disaggregation between acute and chronic physical risk has been deleted to be in line with the latest development on Pillar 3 disclosure requirements. The exposure at physical risk has been kept.	n/a

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).					Moved to AR	Kept location of significant assets at material physical risk, where relevant as considered too granular by respondents of the public consultation.	ESRS E1-11 para. 40 and AR 32
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2024/31; Template 2: Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Maintained	Maintained	ESRS E1-11 para. 39 (c)
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Maintained	Maintained	ESRS E1-11 para. 41
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator				Maintained	Previously, DR E2-4 referred to the pollutants listed in the E-PRTR Regulation. This reference was moved in the amended ESRS E2 to the application requirements, and a generic requirement on	ESRS E2-4 para. 14 and AR 2

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
	number 3 Table #2 of Annex 1					amounts of material pollutants emitted to air, water and soil was maintained to support reporting at non-EU locations. This is still in alignment with the originally mapped SFDR PAIs: emissions to water (#8, Table 1); emissions of inorganic pollutants (#1 Table 2); emissions of air pollutants (#2 Table 2); emissions of ozone-depleting substances (#3 Table 2). The disaggregation by sectors, geographical area, type of source, and site location is no longer a characterisation of the related datapoints in IG 3. 3 ESRS datapoints address 4 PAIs (as indicated in the SFDR reference column).	
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				Maintained	Users can derive information from disclosures on Policies on the topic 'Water'.	ESRS E3-1 para. 9
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table #2 of Annex 1				Maintained	Disclosure requirement simplified, but SFDR-	ESRS E3-1 para. 10

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						related information kept.	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				Deleted	Removed for reduction purposes following EFRAG's approach of reducing the content provisions related to PAT under topical Standards and because the topic of marine resources is furthermore not addressed under ESRS E3. E4 AR 4 addresses policies on oceans. No information loss.	N/A
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Maintained	Maintained from ESRS E3 as enacted in 2023 due to the high relevance of the datapoint, and for interoperability with other water standards/frameworks.	ESRS E3-4 para. 15 (e)
ESRS E3-4 Total water consumption in m ³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Deleted	Intensity ratio can be derived from other reported information and not significant for every sector (evidence from the public call, Q&As as well as public call, outreach events, preparers, SR TEG/SRB discussion).	N/A

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS E4 paragraph 16 (a) i Activities negatively affecting biodiversity-sensitive areas	Indicator number 7 Table #1 of Annex 1				Maintained	Considered decision – useful information by EFRAG and other stakeholders.	ESRS E4-2 para. 12 (b)
ESRS E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Moved to AR	Moved from former E4 SBM-3 DR to AR under metrics (E4-5), as per EFRAG's decision not to include SBM-3 sections at the topical level anymore. Edited to reflect that AR 9 in amended ESRS E4 shows specifications of content that the undertaking will provide in connection with ESRS 2 SBM-3 disclosures when material and which do not require a specific disclosure requirement. At the same time, the connection to SFDR datapoints is maintained.	ESRS E4-5 para. AR 9
ESRS E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Moved to AR	Moved to AR Moved from former E4 SBM-3 DR to AR under metrics (E4-5), as per EFRAG's decision not to include SBM-3 sections at the topical level anymore. Edited to	ESRS E4-5 AR 9

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						reflect that AR 9 in amended ESRS E4 shows specifications of content that the undertaking will provide in connection with ESRS 2 SBM-3 disclosures when material and which do not require a specific disclosure requirement. At the same time, the connection to SFDR datapoints is maintained.	
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Moved to AR	ESRS E4 paragraphs 24 (b) (c) and (d) as enacted in 2023 were streamlined and moved into one AR as considered by EFRAG of limited decision usefulness in its current form ('whether or not') and following EFRAG's approach of reducing topical specifications under PATs. Edited to reflect that this AR does not require disclosure of additional DPs, but that if undertaking identified these topics as material and discloses policies	ESRS E4-2 AR 3

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						on them, it needs to make these topics recognizable.	
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Moved to AR	ESRS E4 paragraphs 24 (b) (c) and (d) as enacted in 2023 were streamlined and moved into one AR as considered by EFRAG of limited decision usefulness in its current form ('whether or not') and following EFRAG's approach of reducing topical specifications under PATs. Edited to reflect that this AR does not require disclosure of additional DPs, but that if undertaking identified these topics as material and discloses policies on them, it needs to make these topics recognizable.	ESRS E4-2 AR 3
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Moved to AR	ESRS E4 paragraphs 24 (b) (c) and (d) as enacted in 2023 were streamlined and moved into one AR as considered by EFRAG of limited decision usefulness in its current	ESRS E4-2 AR 3

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						form ('whether or not') and following EFRAG's approach of reducing topical specifications under PATs. Edited to reflect that this AR does not require disclosure of additional DPs, but that if undertaking identified these topics as material and discloses policies on them, it needs to make these topics recognizable.	
ESRS E5-5 Percentage and total weight of non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Maintained	percentages can be calculated with information requested in new paragraph 16.	ESRS E5-5 para. 16
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				Maintained	Maintained from ESRS as enacted in 2023 (para. 37 and 39).	ESRS E5-5 para. 16 (c), (d) and para. 17
ESRS 2 SBM-3 in ESRS S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1				Moved to ESRS 2	Moved to ESRS 2, in line with the EFRAG decision to move ESRS 2 related DRs to ESRS 2 and merged with the corresponding ESRS S1 and S2 datapoint. No loss of content.	ESRS 2 IRO-2 para. 37 (f)

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS 2 SBM-3 in ESRS S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex 1				Moved to ESRS 2	Moved to ESRS 2, in line with the EFRAG decision to move ESRS 2 related DRs to ESRS 2 and merged with the corresponding ESRS S1 and S2 datapoint. No loss of content.	ESRS 2 IRO-2 para. 37 (f)
ESRS S1-1 Human rights policy commitment paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Moved from ESRS S1-S4 to ESRS 2	In line with feedback received in the outreach, the disclosure on the human rights policy commitments has been moved from each Social Standard to ESRS 2 as the policy could be overarching and cover more than one Social standard so it is disclosed once only. No loss of content. The grievance mechanism datapoint is included in ESRS S1-2.	ESRS 2 GDR-P para. 43
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Moved to ESRS 2 and merged	Moved to ESRS 2 and merged with SFDR Indicator number 10 Table #3 on 'Lack of due diligence'	ESRS 2 GOV-3 paragraph 16
ESRS S1-1	Indicator number 11 Table #3 of Annex I				Maintained	Maintained.	ESRS S1-1 para. 10

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
Processes and measures for preventing trafficking in human beings paragraph 22							
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				Deleted	The outcome-based metric in ESRS S1-13 in relation to coverage of the occupational health and safety management system already covers this sub-topic and it is considered more decision-useful.	ESRS S1-13 para. 36 (a)
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 and number 11 Table #1 of Annex I				Maintained and reference to Indicator number 11 Table #1 added	Indicator number 11 includes both the policies to monitor compliance with UNGC or OECD or grievance mechanism. The latter element has been mapped to this DR.	ESRS S1-2 para. 13
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Maintained.	ESRS S1-13 para. 36 (c)
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				Amended	Days lost to fatalities deleted as per feedback from the Q&A process related to the lack of methodology in the ESRS to count days lost to fatalities.	ESRS S1-13 para. 36 (e)

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Maintained	Unchanged.	ESRS S1-15 para. 40 (a)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				Maintained	Unchanged.	ESRS S1-15 para. 40 (b)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				Maintained	Unchanged.	ESRS S1-16 para. 42 (a)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Addressed in the datapoint on 'Human rights incidents' in ESRS S1-16	Retained in the footnote reference for the indicator on human rights incidents. Specific datapoint on cases of non-respect deleted, due to overlap with the datapoint on severe human rights incidents and unclarity overall on how to measure cases of non-respect of principle-based frameworks, such as the UNGPs and OECD Guidelines, which outline the due diligence process.	ESRS S1-16 para. 42 (b)
ESRS 2 SBM-3 in ESRS S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				Moved to ESRS 2	No SBM-3 specificities in topical Standards and hence the move to ESRS 2.	ESRS 2 IRO-2 para. 37 (f)

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Moved from ESRS S1-S4 to ESRS 2	In line with feedback received in the outreach, the disclosure on the human rights policy commitments has been moved from each Social Standard to ESRS 2 as the policy could be overarching and cover more than one Social standard so it is disclosed once only. No loss of content. The grievance mechanism datapoint, to which Indicator number 11 Table #1 has been mapped, is included in DR 2 of S1-S4.	ESRS 2 GDR-P para. 43
ESRS S2-1 Policies related to value chain workers (i.e. human trafficking and supplier code of conduct) paragraph 18	Indicator number 11 and number 4 Table #3 of Annex 1				Maintained	Unchanged	ESRS S2-1 para. 10 and 11
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Merged with #14 Table 3	Retained in the footnote reference for the indicator on human rights incidents. Specific datapoint on cases of non-respect deleted, due to overlap with the datapoint on severe human rights incidents and unclarity overall on how to	ESRS S2-3 para. 18

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						measure cases of non-respect of principle-based frameworks, such as the UNGPs and OECD Guidelines, which outline the due diligence process.	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Moved to ESRS 2 and merged	Moved to ESRS 2 and merged with SFDR Indicator number 10 Table #3 on 'Lack of due diligence'	ESRS 2 GOV-3 paragraph 16
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1 and Indicator number 10 table #1 of Annex 1				Maintained and merged	Added reference to Indicator number 10 Table #1 of Annex 1, since the datapoint on cases of non-respect in ESRS S2-1 has been deleted.	ESRS S2-3 para. 18
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Moved from ESRS S1-S4 to ESRS 2	In line with feedback received in the outreach, the disclosure on the human rights policy commitments has been moved from each Social Standard to ESRS 2 as the policy could be overarching and cover more than one Social standard so it is disclosed once only. No	ESRS 2 GDR-P para. 43

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
						loss of content. The grievance mechanism datapoint, to which Indicator number 11 Table #1 has been mapped, is included in DR 2 of S1-S4.	
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Merged with #14 Table 3	Retained in the footnote reference for the indicator on human rights incidents. Specific datapoint on cases of non-respect deleted, due to overlap with the datapoint on severe human rights incidents and unclarity overall on how to measure cases of non-respect of principle-based frameworks, such as the UNGPs and OECD Guidelines, which outline the due diligence process.	ESRS S3-3 para. 16
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1 and Indicator number 10 Table #1 Annex 1				Maintained and merged	Added reference to Indicator number 10 Table #1 of Annex 1, since the datapoint on cases of non-respect in S3-1 has been deleted.	ESRS S3-3 para. 16
ESRS S4-1 Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number				Moved from ESRS S1-S4 to ESRS 2	In line with feedback received in the outreach, the	ESRS 2 GDR-P para. 43

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
	11 Table #1 of Annex 1					disclosure on the human rights policy commitments has been moved from each Social Standard to ESRS 2 as the policy could be overarching and cover more than one Social standard so it is disclosed once only. No loss of content. The grievance mechanism datapoint, to which Indicator number 11 Table #1 has been mapped, is included in DR 2 of S1-S4.	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Merged with #14 Table 3	Retained in the footnote reference for the indicator on human rights incidents. Specific datapoint on cases of non-respect deleted, due to overlap with the datapoint on severe human rights incidents and unclarity overall on how to measure cases of non-respect of principle-based frameworks, such as the UNGPs and OECD Guidelines, which outline the due diligence process.	ESRS S4-3 para. 14

Disclosure Requirement and related datapoint in ESRS as enacted in 2023	SFDR ²¹ reference	Pillar 3 ²² reference	Benchmark Regulation ²³ reference	EU Climate Law ²⁴ reference	Action	Reasoning	Technical Advice - Amended ESRS
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1, Indicator number 10 Table #1 of Annex 1				Maintained and merged	Added reference to Indicator number 10 Table #1 of Annex 1, since the datapoint on cases of non-respect in S4-1 has been deleted.	ESRS S4-3 para. 14
ESRS G1-1 Policies consistent with United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Maintained	Unchanged.	ESRS G1-1 para. 6 (a)
ESRS G1-1 Policies on the protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Maintained	Unchanged.	ESRS G1-1 para. 6 (b)
ESRS G1-4 Convictions and fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Maintained	Small amendment to meet better the users' needs.	ESRS G1-4 para. 11
ESRS G1-4 Actions to address breaches of Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Maintained	Unchanged	ESRS G1-2 para. 8 (b) ii

Appendix 6 – How frequent questions gathered in the ESRS Q&A platform have been addressed in the Amendments

1. The analysis of the Q&A feedback has been used as an input to the simplification process across the ESRS standards.
2. This table provides an overview of how the most frequent provisions requiring clarification have been addressed in the amended ESRS.

ESRS standard	Q&A suggestion for changes
ESRS 1	<ul style="list-style-type: none"> • The definition of own operations is now provided. • Treatment of non-EU subsidiaries is clarified as part of the boundary. • Dealing with subsidiaries with different year ends has been addressed. • New guidance is introduced on how to consider implemented actions when assessing impacts for materiality ('Gross versus Net'). • Clarification has been provided on when an impact is positive. • Disclosure Requirements (DRs) if information is not available are addressed through reliefs. • Presentation of non-material information required by rating agencies or similar third parties have been clarified. • Relationship of impacts, risks and opportunities (IROs) with 'topic' / 'sub-topic' has been clarified; the term 'matter' is not used anymore to provide clarity. • The need to assess all components of severity has been clarified (practical considerations). • How to run DMA in groups and dealing with subsidiaries that do / do not contribute to material IROs has been clarified. • Consideration of assets held by an employee pension fund in sustainability statement has been clarified. • Consideration of leasing in sustainability statements has been clarified. • Acquisitions and divestments of subsidiaries during the reporting period have been covered by a relief granted for their inclusion respectively exclusion in the sustainability statement in the year of acquisition or disposal. • The use of operational control as a modification to the reporting boundary has been curtailed to reduce complexity.
ESRS 2	<ul style="list-style-type: none"> • Interaction with topical Standards has been clarified (including for variable remuneration and financial effects in ESRS E1). • Dealing with target setting.

ESRS standard	Q&A suggestion for changes
	<ul style="list-style-type: none"> • Clarified better how the DRs in ESRS 2 are prepared with the appropriate level of aggregation (as described in ESRS 1). • Also better clarified the interaction of PATs with IROs to avoid duplications. • Streamlined DPs such as publicly available policies and senior accountability, issues that often appeared in Q&A. • Better clarified financial resources for actions.
E1	<ul style="list-style-type: none"> • The interaction between ESRS E1 and other Standards has been clarified. • Overall, disclosures have been simplified, namely: transition plan for climate change mitigation; scenario analysis; resilience; policies, actions and targets (PATs), disclosures related to CapEx and OpEx; energy consumption and mix; GHG emissions; GHG removals and carbon credits; carbon pricing; and anticipated financial effects. • Application Requirements (ARs) have been simplified and streamlined and are focused on mandatory methodological requirements. Some aspects related to methodological requirements have been removed, such as the reference table to climate hazards and transition events, methodological requirements on target setting; presentation tables. • The following DRs have been removed: alignment with the Paris-aligned benchmarks; GHG intensities on revenue; total GHG emissions; requirements on acute and chronic physical risk exposure and several non-priority datapoints related to anticipated financial effects (AFE) not considered as priority for banks. • The organisational boundaries for GHG emissions inventory have been clarified and aligned with one of the two options in the GHG Protocol organisational boundaries (financial control).
E2	<ul style="list-style-type: none"> • Considerations for disclosure of site-level information clarified as a general principle. • AFE centralised in ESRS 2, including reliefs. • Updated regulatory references, including related definitions of substances of concern and microplastics. • Clarified scope and application of DRs related to: (a) pollutants to air, water and soil (beyond the E-PRTR reference); (b) microplastics in own operations versus upstream/downstream value chain; SoC/SVHC (including in articles). • Added a clarification on pollution transfers to third-party plants.
E3	<ul style="list-style-type: none"> • Included definition of 'water stored'. • Streamlined DRs on contextual information for metrics under ESRS 2 GDR-M. • Deleted disclosure on water intensity.

ESRS standard	Q&A suggestion for changes
E4	<ul style="list-style-type: none"> • Clarified scope of disclosures (own operations versus value chain), including through specifications in ESRS 1 and 2. • Included methodological guidance to define ‘near’ biodiversity sensitive area. • Edited the definition of ‘impact drivers’ to now address the term ‘drivers of ecosystem and biodiversity change’, still based on Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) definitions.
E5	<ul style="list-style-type: none"> • ‘Key materials’ is now well defined • E5 now clarifies whether waste incineration is a disposal operation. • The (explicit) datapoint on non-recycled waste has been removed. • E5 now clarifies the categorisation of waste streams. • Recycling metrics and terms are clarified and aligned with new definitions (added in the Glossary of Terms).
S1	<ul style="list-style-type: none"> • Revision of the adequate wage benchmark hierarchy for non-EU countries in line with ILO proposal. • The calculation methodology for the percentage of employees that participated in regular performance and career development reviews has been clarified. • The SFDR indicator included in amended ESRS S1- 13 on days lost to injuries, accidents, ill health and fatalities has been reduced in scope, by deleting days lost to fatalities, due to the lack of a methodology on how to count days lost to fatalities. • The scope of ‘human rights incidents’ has been clarified in amended ESRS S1-16.
S2	<p>The scope of ‘human rights incidents’ has been clarified in new AR added to amended ESRS S2-3.</p>
S3	<ul style="list-style-type: none"> • The scope of ‘human rights incidents’ has been clarified in new AR added to amended ESRS S3-3.
S4	<ul style="list-style-type: none"> • The scope of ‘human rights incidents’ has been clarified in new AR for amended ESRS S4-3.
G1	<ul style="list-style-type: none"> • PAT structure has been implemented in the G1 topical standard. • The concept of political influence has been clarified. • Additional guidance has been added for functions-at-risk of corruption. • Clarification has been added on which definition of corruption and bribery to apply. • Guidance on convictions and fines has been added.

Appendix 7 – List of EFRAG SRB and SR TEG (March 2025 – December 2025)

Meeting	Meeting date (2025)	Closed / Public Sessions
EFRAG SR TEG	04-Mar	Closed
EFRAG SR TEG	06-Mar	Closed
EFRAG SRB &TEG joint	18-Mar	Closed
EFRAG SRB	19-Mar	Closed
EFRAG SR TEG	20-Mar	Closed
EFRAG SRB	26-Mar	Closed
EFRAG SRB &TEG joint	28-Mar	Closed
EFRAG SR TEG	01-Apr	Closed
EFRAG SR TEG	03-Apr	Public
EFRAG SRB	08-Apr	Public
EFRAG SR TEG	14-Apr	Closed
EFRAG SRB Ad Hoc	15-Apr	Public
EFRAG SRB Ad Hoc	23-Apr	Closed
EFRAG SR TEG	24-Apr	Closed
EFRAG SRB	25-Apr	Public
EFRAG SR TEG	28-Apr	Closed
EFRAG SR TEG	29-Apr	Closed
EFRAG SRB	30-Apr	Closed
EFRAG SRB	06-May	Closed
EFRAG SRB	07-May	Closed
EFRAG SR TEG	12-May	Closed
EFRAG SR TEG	15-May	Closed
EFRAG SRB	21-May	Closed
EFRAG SRB &TEG joint	21-May	Public
EFRAG SRB	22-May	Closed
EFRAG SR TEG	26-May	Closed
EFRAG SR TEG	27-May	Closed
EFRAG SRB	27-May	Closed
EFRAG SRB &TEG joint	28-May	Closed

EFRAG SRB	28-May	Closed
EFRAG SRB	4-Jun	Closed
EFRAG SRB & SR TEG (joint)	4-Jun	Closed
EFRAG SR TEG	10-Jun	Closed
EFRAG SR TEG	12-Jun	Closed
EFRAG SR TEG	17-Jun	Closed
EFRAG SR TEG	18-Jun	Closed
EFRAG SRB	18-Jun	Closed
EFRAG SR TEG	19-Jun	Closed
EFRAG SRB	19-Jun	Public
EFRAG SR TEG	20-Jun	Closed
EFRAG SR TEG	23-Jun	Closed
EFRAG SRB (Ad-Hoc)	25-Jun	Closed
EFRAG SRB (Ad-Hoc)	26-Jun	Closed
EFRAG SR TEG	26-Jun	Closed
EFRAG SRB	02-Jul	Closed
EFRAG SRB (Ad-Hoc)	04-Jul	Closed
EFRAG SRB (Ad-Hoc)	07-Jul	Closed
EFRAG SR TEG	09-Jul	Closed
EFRAG SR TEG	10-Jul	Public
EFRAG SRB	14-Jul	Closed
EFRAG SRB & SR TEG (joint)	15-Jul	Closed
EFRAG SRB	15-Jul	Public
EFRAG SRB	16-Jul	Public
EFRAG SRB	25-Jul	Public
EFRAG SRB	03-Sep	Closed
EFRAG FR TEG & SR TEG (joint)	04-Sep	Closed
EFRAG SR TEG	08-Sep	Closed
EFRAG SR TEG	11-Sep	Closed
EFRAG SRB	16-Sep	Public
EFRAG SR TEG	23-Sep	Closed

EFRAG SRB	29-Sep	Closed
EFRAG SRB & SR TEG (joint)	29-Sep	Public
EFRAG SRB	09-Oct	Public
EFRAG SRB & SR TEG (joint)	09-Oct	Public
EFRAG SRB & SR TEG (joint)	14-Oct	Public
EFRAG SRB	14-Oct	Closed
EFRAG SRB	15-Oct	Closed
EFRAG SRB	20-Oct	Closed
EFRAG SR TEG	21-Oct	Closed
EFRAG SR TEG	22-Oct	Closed
EFRAG SRB	29-Oct	Public
EFRAG SR TEG	03-Nov	Closed
EFRAG SRB	05-Nov	Closed
EFRAG SRB	06-Nov	Closed
EFRAG SRB & SR TEG (joint)	06-Nov	Public
EFRAG SR TEG	06-Nov	Closed
EFRAG SRB	12-Nov	Closed
EFRAG SR TEG	12-Nov	Closed
EFRAG SRB	13-Nov	Closed
EFRAG SRB	14-Nov	Closed
EFRAG SRB	17-Nov	Closed
EFRAG SR TEG	18-Nov	Closed
EFRAG SR TEG	20-Nov	Closed
EFRAG SR TEG	24-Nov	Public
EFRAG SRB	25-Nov	Public

EFRAG SRB	28-Nov	Public
EFRAG SRB	02-Dec	Closed
EFRAG SR TEG	03-Dec	Closed
EFRAG SRB	09-Dec	Closed
EFRAG SRB & SR TEG (joint)	10-Dec	Closed
EFRAG SR TEG	18-Dec	Closed

Appendix 8 – Key messages from the ‘State of Play 2025’ report

1. The most mature and consistent reporting practices were centered on basic information, policy-level, and mandatory quantitative disclosures. For cross-cutting Standards, information based on preparation (ESRS 2 *General Disclosures* BP-1) and the composition and roles of governance bodies (GOV-1) were almost always provided. Governance (G1) reporting was strong, with remarkably high disclosure on anti-corruption policies and near-universal reporting of mandatory metrics like convictions and fines for bribery. E1 *Climate Change* was the most consistently reported environmental topic, with robust disclosure of climate-related policies, GHG emission targets, and energy consumption data. Among Social Standards, S1 *Own Workforce* was consistently deemed material and was well-reported across sectors, particularly its policies and processes for workforce engagement.
2. Practices were still evolving for more nuanced disclosures. An emerging trend, particularly among real economy companies, was the ‘clustering’ of related metrics, such as reporting all age-related diversity data points together in a single table to improve clarity. Also, the strategic use of phase-in provisions was used consistently by financial institutions for specific social disclosures like training and skills development and work-life balance. Companies were experimenting with different presentation formats for governance information, using a mix of narrative text and diagrams to explain their structures.
3. The least reported areas were consistently those that require forward-looking estimates, complex data collection, or explanations for inaction. The most critical and widespread gap was the reporting of anticipated financial effects. This was a major challenge for impacts, risk and opportunities (IROs) under strategy and business management (SBM-3) and was heavily phased-in or omitted across all environmental Standards (E1-E5). E4 *Biodiversity and Ecosystems* was the least-reported environmental standard, with extremely low disclosure on specific impact metrics like ecosystem conditions and a widespread lack of data on ecological thresholds. Disclosures on microplastics (under E2) were also severely underreported. S3 *Affected Communities* was the least-reported social disclosure regarding policies, actions & targets (PATs) particularly in the financial sector.
4. Evolving practices and challenges differ notably between sectors. Financial institutions show mature disclosure on grievance mechanisms for their own workforce (S1) and consumers (S4) and provide detailed methodologies for gender pay gap calculations. However, they frequently deem S3 *Affected Communities* not material. In contrast, real economy companies show remarkably high disclosure rates for policies on their own workforce and actions taken on negative impacts in the value chain (S2).
5. Generally, based on the findings, EFRAG found a key area for improvement for the real economy sectors is moving beyond generic statements on topics like ‘adequate wages’ to provide more specific, contextual data. Across all sectors, there is a need to improve benchmarking outside of the European Economic Area (EEA) and enhance reporting on alignment with international instruments such as the United Nations Guiding Principles (UNGP) or International Labour Organisation (ILO) conventions, particularly for social topics. The analysis indicates that while undertakings are successfully reporting on established governance frameworks and high-level topical commitment for E1 *Climate Change*, S1 *Own Workforce* and G1 *Business Conduct*, practices should now evolve to meet more granular and quantitative requirements, within the boundaries of the ESRS simplification exercise.

Appendix 9 – Mapping of topics and DRs in draft Amended ESRS

Introduction

This mapping articulates the relationship between the sub-topics described in draft Amended ESRS 1 Appendix A (mapping) and the Disclosure Requirements in the topical standards (ESRS E1-E5, ESRS S1-S4 and ESRS G1). It is not intended to be used as a tool to support the assessment of the materiality of topics related to impacts, risks and opportunities (draft Amended ESRS 1 Chapter 3). It explains the linkages between Disclosure Requirements and sub-topics in the topical standards according to amended ESRS 1 paragraph 29. Therefore, it does not capture the entity-specific dimension as described in ESRS 1 Chapter 1.1 and ESRS 2 AR 43.

The content of this mapping is provisory and may change reflecting finalisation of draft Amended ESRS by the European Commission in issuing the Delegated Act in 2026.

The mapping below is to be understood in the context of the provisions of information materiality in accordance with amended ESRS 1 paragraph 23. Therefore, it does not suggest an automatism relating to the conclusion on the materiality of a metric, when the related impact, risk or opportunity is assessed as material. It is possible for the undertaking to conclude that a metric is not material to the undertaking despite it pertaining to a sub-topic related to material impacts, risks and opportunities. Conversely, some metrics may be related to more than one material sub-topic. In some cases, there is no established connection between a sub-topic and a Disclosure Requirement; therefore, the mapping may be different Standard by Standard as these have a different structure. The mapping provides an overview of the connections that exist between topics and Disclosure Requirements; and, in some exceptional cases, between sub-topics and datapoints in ESRS E2 and ESRS E5 (for example, in ESRS E2 microplastics at datapoint level).. This mapping does not capture the interrelation between sub-topics (for example, the just transition nexus between ESRS E1 and ESRS S1).

The disclosures in relation to policies, actions and targets have been presented in separate tables for the environmental, social and governance topical standards to provide a complete picture of all the disclosure requirements. The provisions described in ESRS 2 GDR-P, GDR-A and GDR-T apply, in relation to the disclosure of the policies, actions and targets when these are implemented.

For metrics, which can be either quantitative or qualitative, there is no systematic ‘one-to-one’ relationship between sub-topics (as captured by ESRS 1 Appendix A) and a topical Disclosure Requirement, except for ESRS S1 metrics that can be attributed to particular sub-topics as a general rule.

Environmental standards

It is to be noted that the table below for ESRS E4 has not been split by sub-topic given the way the disclosures of this standard are structured, i.e., metrics are not specific to a sub-topic and apply to any material sub-topic identified.

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirements on policies , actions and targets		
ESRS E1 Climate Change	Any sub-topic	Policies related to ...		
		E1-4	... Climate change	
		E2-1	... Pollution	
		E3-1	... Water	
		E4-2	... Biodiversity and ecosystems	
ESRS E2 Pollution		E5-1	... Resource use and circular economy	
Actions and resources in relation to ...				
E1-5		... Climate change		
E2-2		... Pollution		
E3-2		... Water		
ESRS E4 Biodiversity and ecosystems		E4-3	... Biodiversity and ecosystems	
		E5-2	... Resource use and circular economy	
ESRS E5 Resource use and circular economy		Targets related to ...		
		E1-6	... Climate change	
		E2-3	... Pollution	
	E3-3	... Water		
	E4-4	... Biodiversity and ecosystems		
	E5-3	... Resource use and circular economy		

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirements on Metrics		
E1 - Climate change	Any sub-topic (refer to ESRS 1 Appendix A for the list)	E1-2	Identification of climate-related risks and scenario analysis	
		E1-3	Resilience in relation to climate change	
		E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	
	Climate change mitigation	E1-1	Transition plan for climate change mitigation	E1-7 covers aspects (energy use) linked to climate change mitigation
		E1-7	Energy consumption and mix	
		E1-8	Gross Scopes 1, 2, 3 GHG emissions	
		E1-9	GHG removals and GHG mitigation projects financed through carbon credits	
		E1-10	Internal carbon pricing	
	Energy	E1-7	Energy consumption and mix	
E2 - Pollution	Pollution of air Pollution of water Pollution of soil Microplastics	E2-4	Pollution of air, water and soil	Pollutant emissions to air, water and soil (Amended ESRS E2 paragraph 15) Amounts of microplastics generated, used or released directly to the environment (Amended ESRS E2 paragraph 15)
	Substances of concern including substances of very high concern	E2-5	Substances of concern and substances of very high concern	
E3 – Water	Water use, which include withdrawal, consumption, discharges and storage	E3-4	Water metrics	
E4 Biodiversity and Ecosystems	Any sub-topic (refer to ESRS 1 Appendix A for the list)	E4-1	Transition plan for biodiversity and ecosystems	
		E4-5	Metrics related to biodiversity and ecosystems change	
E5 – Circular Economy	Resources Inflows	E5-4	Resource Inflows	
	Resources outflows related to products and services	E5-5	Resource outflows	Resource outflows (products) (Amended ESRS E5 Paragraph 15)

	Resources outflows related to waste			Resource outflows (waste) (Amended ESRS E5 Paragraph 16)
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Social Standards (S1-S4)

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirements of narrative nature (including, policies, actions and targets)		
ESRS S1 Own Workforce ESRS S2 Workers in the Value Chain ESRS S3 Affected Communities ESRS S4 Consumers and End-users	Any sub-topic (refer to ESRS 1 Appendix A for the list)	Policies related to ...		ESRS 2 GDR-P paragraph 43: human rights policy is now consolidated in CCS.
		S1-1	... own workforce	
		S2-1	... value chain workers	
		S3-1	... affected communities	
		S4-1	... consumers and end-users	
		Engagement with ..., existence of channels for ... to raise concerns or needs and approaches to remedy		
		S1-2	... own workforce (and workers' representatives) ...	
		S2-2	... value chain workers ...	
		S3-2	... affected communities ...	
		S4-2	... consumers and end-users ...	
		Actions and resources related to ...		
		S1-3	... own workforce	
		S2-3	... value chain workers	
		S3-3	... affected communities	
		S4-3	... consumers and end-users	
		Targets related to ...		
		S1-4	... own workforce	
		S2-4	... value chain workers	
		S3-4	... affected communities	
		S4-4	... consumers and end-users	

The topic Own Workforce covers a number of sub-topics related to human rights. Human rights are interrelated, as explained below.

The metrics in ESRS S1 Own Workforce address core principles of the International Labour Organisation (ILO) and relate to the human rights described in the paragraph above: freedom of association and collective bargaining (including social dialogue), adequate wages, social protection, health and safety and

non-discrimination (diversity and persons with disabilities). The metrics that address these core principles are:

- S1-7 Collective bargaining coverage and social dialogue
- S1-9 Adequate wages;
- S1-10 Social protection;
- S1-13 Health and safety metrics; and
- S1-8 Diversity metrics.

S1-11 Persons with disability. ESRS S1 Own workforce – Metrics

List of topics and sub-topics		ESRS		Explanatory note
Topic	Sub-topic	Disclosure Requirements on Metrics		
ESRS S1 Own Workforce	Any sub-topic	S1-5	Characteristics of the undertaking's employees	The undertaking shall apply the DR if it concludes that its Own Workforce is to be reported following the materiality assessment.
		S1-6	Characteristics of non-employee workers in the undertaking's own workforce	The undertaking shall apply the DR if it concludes that non-employees in its own workforce are connected to material impacts, risks or opportunities. Refer to ESRS S1 AR 12.
	Any material sub-topic from the list below	S1-16	Incidents of discrimination and other human rights incidents	The incidents to be disclosed according to paragraph 42 (b) relate to sub-topics to be reported following the materiality assessment.
	Working conditions (including adequate wages, work-life balance, working time, secure employment, social protection)	S1-10	Social protection	
		S1-9	Adequate wages	
		S1-14	Work-life balance	
	Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining	S1-7	Collective bargaining coverage and social dialogue	
	Health and safety	S1-13	Health and safety metrics	Non-employees: If the undertaking assesses ESRS S1-6 to be material, it shall include in the information under 36 (b)(i) and (c) also the cases among the non-employees in its own workforce.
	Training and skills development	S1-12	Training and skills development metrics	
	Diversity and equal treatment (including gender equality,	S1-8	Diversity	
		S1-11	Persons with disabilities	

	equal pay for work of equal value, employment and inclusion of people with disabilities, non-discrimination, anti-harassment)	S1-15	Remuneration metrics (gender pay gap and total annual remuneration ratio)	Incidents of discrimination is a specific datapoint in ESRS S1-16 paragraph 42 (a)
	Other labour-related human rights (including child labour, forced labour, privacy and adequate housing)	S1-16		Incidents in relation to this sub-topic are to be disclosed in accordance with ESRS S1-16 when the sub-topic is material and subject to the provisions defined in ESRS S1 AR 36-38.

Governance Standards

List of topics and sub-topics		ESRS		Explanatory notes
Topic	Sub-topic	Disclosure Requirement		
ESRS G1 Busin ess Condu ct	Corporate Culture, including anti- corruption and bribery, protection of whistle-blowers and animal welfare	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	
		G1-4	Metrics related to corruption or bribery	
	Management of relationships with suppliers, including payment practices, especially late payment to small and medium-sized undertakings (SMEs)	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	
		G1-6	Metrics related to payment practices	
	Political influence, including lobbying	G1-1, G1-2, G1-3	Policies, Actions, and Targets related to business conduct	
		G1-5	Metrics related to political influence, including lobbying activities	

Appendix 10 – ESRE E1 wording changes for enhanced interoperability

IFRS reference	draft Amended ESRS reference	Type of change in Revised ESRS
IFRS S2.22(a) IFRS S2.22(b)	ESRS E1 para. AR 7: The analysis of climate resilience builds upon the identification of climate-related risks reported in ESRS E1-2, paragraph 15. Therefore, the scope of the analysis of climate resilience is aligned with that of the undertaking's material climate-related risks and informed by climate-related scenario analysis if performed. If climate-related scenario analysis is used specifically for the purpose of assessing climate resilience, the undertaking shall disclose the information prescribed under paragraph 16 and 18.	New AR paragraph
IFRS S2.22(b)(i)(2–4) IFRS S2.22(b)(i)(7) IFRS S2.22(b)(ii)	ESRS E1 para. 16: If climate-related scenario analysis is used, the undertaking shall disclose: (a) the ranges of scenarios applied, including (i) whether for physical climate risks at least one high-emission scenario was used, and (ii) whether for climate transition risks at least one scenario in line with limiting global warming to 1.5°C with no or limited overshooting was used, and (iii) the associated global average temperature projection of the scenarios and why they are considered relevant; (b) the scope of operations used (e.g. operating locations, business units); (c) the key assumptions made (e.g. policies, macroeconomic trends, national or regional variables, energy use and mix, technology developments); (d) the time period when it was carried out	Enhancement with IFRS wording
IFRS S2.14(a)(iv)	ESRS E1 para. 11(c): The information about the transition plan for climate change mitigation shall include: (c) Information about key assumptions used and dependencies on which the plan relies;	Enhancement with IFRS wording
IFRS Foundation Educational Material	ESRS E1 para. AR 3: Information on dependencies relate to, for instance, deployment of certain technologies, workforce availability or ability to implement changes in the value chain. If applicable, the undertaking shall include information in line with ESRS 2 GDR-A regarding dependencies of future financial resources and other resources and how these may constrain the actions of the transition plan for climate change mitigation. Information on assumptions relate to, e.g. expectations about regulatory requirements or the ability of an entity to implement planned changes within its value chain.	New AR
IFRS S2.22(a) (i) – (iii)	ESRS E1 para. 18, AR9 and AR10: In addition to the disclosure in ESRS 2 SBM-3, the undertaking shall disclose the following information on the resilience of its strategy and business model to climate-related risks:	Enhancement with IFRS wording

	<p>(a) the results of its analysis of climate resilience in relation to climate-related risks. The undertaking shall explain:</p> <p>(i) the implications of the assessment, if any, on its strategy and business model;</p> <p>(ii) how the effects identified through the climate-related scenario analysis, if used, inform the undertaking's potential response to climate-related risks;</p> <p>(iii) how its transition plan, if existent, and its current and planned mitigation and adaptation actions (ESRS E1-5) contribute to its resilience to climate-related risks;</p> <p>(b) significant areas of uncertainty in the assessment of its climate resilience; and</p> <p>(c) its capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term.</p>	
IFRS S2.22(a) (iii) (1) to (3)	<p>ESRS E1 para. AR 10 and para. 18(c):</p> <p>When disclosing on its capacity to adjust its strategy and business model in accordance with paragraph 18(c), the undertaking shall consider:</p> <p>(a) the availability of, and flexibility in, existing financial resources to manage financial effects of climate-related risks and to capitalise on climate-related opportunities;</p> <p>(b) its ability to redeploy, repurpose, upgrade or decommission existing assets in response to climate-related changes;</p> <p>(c) the effect of current and planned investments in climate change mitigation, adaptation and transition opportunities for climate resilience;</p> <p>(d) cross-referencing to its climate change mitigation and climate change adaptation actions, disclosed in ESRS E1-5.</p>	Enhancement with IFRS wording
IFRS S2.36(a)	<p>ESRS E1 para. 23 (b):</p> <p>The undertaking shall disclose the GHG emission reduction targets it has set, including:</p> <p>(b) if the scope (geography, GHGs covered, entities included) of the GHG emission reduction target diverges from the scope of the GHG inventory (reported under ESRS E1-8), the percentages for scopes 1, 2 and 3 covered by the target, as well as which GHGs are covered;</p>	Enhancement with IFRS wording
IFRS S2.34(a)	<p>ESRS E1 para. AR 17:</p> <p>'Validation through an independent third party, including information on the third party, the methodology/standard applied, and the trajectory used can be valuable inputs to be considered in this explanation.'</p>	Enhancement with IFRS wording
IFRS S2.29(f)	<p>ESRS E1 para. 36:</p> <p>The undertaking shall disclose information related to its use of internal carbon pricing schemes, namely:</p> <p>(a) an explanation of whether and how the undertaking applies carbon pricing in decision-making</p>	Enhancement with IFRS wording

	(for example, investment decisions, transfer pricing and scenario analysis) and the consistency of the prices used versus the prices used in the financial statement for impairment tests; and (b) the average carbon price per metric tonne of GHG emissions for each internal pricing scheme.	
IFRS S2.29(b)	ESRS E1 para. 39 (a): The undertaking shall disclose the anticipated financial effects from material transition risks, including: (a) the carrying amount of assets at material transition risk, including the relevant time horizons, ...	Enhancement with IFRS wording
IFRS S2.29(d)	ESRS E1 para. 41: The undertaking shall disclose the amount of assets or revenue from its business activities related with the identified climate-related opportunities, including their associated time horizons.	Enhancement with IFRS wording
IFRS S2.25(a)(iii).	ESRS 2. paras. 35(a), ESRS E1. paras. 15 and AR 6: The undertaking shall disclose: (a) a concise description of the process and decision-making steps it follows to identify impacts, risks and opportunities and the related topics and to assess their materiality, including the approach to cover its own operations and its upstream and downstream value chain covered, the key methodologies, inputs and assumptions adopted, as well as the qualitative considerations or quantitative thresholds;	Enhancement with IFRS wording
IFRS S2.29(a)(iii)(2)	ESRS 2 para. AR 45: Contextual information about a metric may include: (a) the reasons why the undertaking has chosen a particular measurement approach, as well as the reasons for the inputs and assumptions it uses; and	New AR
IFRS S2.20	ESRS 2 para. 29: The undertaking need not provide quantitative information about the anticipated financial effects of material risks or opportunities if it does not have the skills, capabilities or resources to provide that quantitative information.	Enhancement with IFRS wording
IFRS S2.21(a)-(c)	ESRS 2 para. 31: If the undertaking cannot provide quantitative information about the current financial effects or anticipated financial effects of a risk or opportunity in accordance with paragraphs 28 and 29, it shall: (a) explain why it has not provided quantitative information; (b) provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that risk or opportunity; and (c) provide quantitative information about the combined financial effects of that risk or opportunity with other risks or opportunities and other factors, unless the undertaking determines that quantitative	Enhancement with IFRS wording

	information about the combined financial effects would not be useful.	
IFRS S2.22 (b)	ESRS 2 para 33 and ESRE E1 paras 18, AR 9 and AR 10. The undertaking shall disclose qualitative information about the resilience of its strategy and business model regarding its capacity to manage its material risks as disclosed in accordance with paragraph 24. This information shall include how the analysis was conducted and the time horizons considered.	Enhancement with IFRS wording
IFRS S2.34	ESRS 2 para 49(d). 'significant changes in the performance compared to the previous reporting periods, including informing about the progress made in achieving the targets set by the undertaking, and in case of major acquisitions or disposals, how the transaction affects the progress.'	Enhancement with IFRS wording

Amended ESRS - Exposure Draft 2025 Public Consultation Survey

This document contains the public consultation survey questions. Please note, that the survey itself is provided with an online tool, which should be used to respond to it:

<https://survey.alchemer.eu/s3/90874765/Amended-ESRS-Exposure-Draft-July-2025-Public-Consultation-Survey>

All documents and materials are available on the EFRAG webpage:

<https://www.efrag.org/en/amended-esrs>

INTRODUCTION

Welcome to the EFRAG Survey on the Amended ESRS Exposure Drafts 2025! Please submit your answers by 29th September 2025 by clicking on the 'Submit' button at the bottom of the survey.

Please note that you can save the draft survey, and go back to it at a later time, by clicking on the 'Save and continue later' button in the top right corner of the page. EFRAG will only take into consideration surveys where the 'Submit' button has been used.

For any technical queries regarding the survey, please contact efragsecretariat@efrag.org

INTRODUCTION TO ESRS SIMPLIFICATION:

Building on CSRD 'Wave 1' feedback and based on the mandate from the European Commission, EFRAG is proposing a simplified set of European Sustainability Reporting Standards (ESRS), reducing datapoints by 57% while retaining the core objectives of the EU Green Deal.

IN A NUTSHELL: WHY AND HOW IS EFRAG SIMPLIFYING ESRS REPORTING

1. Combining two policy priorities: reducing the administrative burden and ensuring quality sustainability reporting

In the European Green Deal, the EU set out its ambition to become a decarbonised economy by 2050 and foster sustainable development for European businesses. To support this ambition, several pieces of legislation were adopted, including the Corporate Sustainability Reporting Directive (CSRD) and the related ESRS. Large public interest entities with more than 500 employees, which include publicly listed companies in the EU, were the first to report in line with the CSRD and ESRS for the reporting year 2024. Initial feedback from these companies and from those that will be subject to the CSRD and ESRS in the future, centred around the fact that the information required by the ESRS was too detailed and the reporting processes too complex.

To increase European competitiveness and reduce the administrative burden placed on companies, the European Commission (EC) decided to review European reporting legislation. This initiative, launched on February 26 2025, is also known as the 'Omnibus'. The EC tasked EFRAG, who drafted the initial ESRS, to significantly simplify the ESRS without compromising the objectives of the Green Deal and the much needed quality of reported data.

2. Gathering evidence: capitalising on a wealth of knowledge and experience

During the second quarter of 2025, EFRAG collected feedback to structure its simplification efforts. A survey gathered over 800 responses, many stakeholder events were organised, and interviews were held with a variety of companies, investors, and other stakeholders. The aim was to learn from their experience of implementing the ESRS or using the ESRS as input for decisions. The focus of EFRAG has not only been on datapoint reduction, but on a reduction in efforts required to comply with the CSRD and ESRS.

3. Elaborating simplified standards: levers of simplification and review of datapoints

EFRAG systematically used six 'top-down' levers of simplification to address sources of complexity:

1. Simplification of the Double Materiality Assessment (DMA) – the DMA is the process to prioritise sustainability topics for reporting: the amendments simplify the DMA process and documentation for audit purposes.
2. Better readability and conciseness of the sustainability statements: improved flexibility on how to organise the information, more emphasis on how the company manages its sustainability issues.

3. Elimination of the overlaps between general disclosures and topical standards: deleting most granular narrative requirements in topical standards.
4. Improved understandability, clarity and accessibility of the ESRS standards: voluntary disclosures eliminated, clarified language, various concepts are simplified, text is shortened.
5. Introduction of several burden-reduction reliefs: new flexibilities and reliefs have been included. For example, information does not have to be reported if it requires undue cost or efforts.
6. Enhanced interoperability with global reporting standards: various changes have been implemented to further enhance interoperability with other standards, in particular the IFRS Sustainability Disclosure Standards.

In parallel, EFRAG performed a critical 'bottom-up' review of all datapoints to prioritise direct relevance and usefulness in decision-making, with a focus on core data. This work results in a reduction of 57% in 'mandatory' datapoints (which are all to be reported only if material). In addition, all 'voluntary' datapoints are eliminated. Counting both mandatory and voluntary datapoints, the total number is reduced by 68%. The length of the ESRS is reduced by over 55%.

The simplification will contribute to a significant overall reduction in reporting efforts.

4. Consulting stakeholders on draft simplified standards

As a next step, EFRAG is launching a public consultation today on the draft simplified Standards (exposure drafts) and welcomes your input. The consultation will run until the 29 September, and EFRAG will deliver its technical advice to the EC by the end of November.

INTRODUCTION TO THE QUESTIONNAIRE:

Context

This questionnaire gathers feedback on the 12 Amended ESRS Exposure Drafts ('Amended ESRS' or 'EDs' or 'the Amendments'). In accordance with EFRAG's Due Process Procedures, the purpose of this consultation is to gather feedback and comments from a variety of stakeholders. EFRAG is interested in getting feedback on whether the Amendments proposed in the ED achieve the desired outcomes in terms of simplification and whether EFRAG has appropriately reflected in the Amendments the suggestions collected in the public call for input and outreach program run in April and May 2025.

EFRAG is performing the simplification exercise following a specific mandate from the European Commission (EC) described in the Explanatory Memorandum ('EM') that accompanies the Omnibus proposal. The Amendments assume that the CSRD will be modified according to the Omnibus Proposal issued by the European Commission ('EC') in February 2025. Comments that go beyond the EFRAG simplification mandate, such as questioning the content of the CSRD or asking to modify the ESRS in a way that is not compatible with the simplification mandate, will not be considered.

The EDs are accompanied by a Basis for Conclusions which illustrate the reasoning of the EFRAG Sustainability Reporting Board ('SRB') and EFRAG Sustainability Reporting TEG ('SR TEG') in preparing the Amendments. The rationale for change at paragraph level in the 12 Standards can be found in the 'Log of Amendments per Standard' annex of the Basis for Conclusions ('BfC').

All the Exposure Draft documents and materials are accessible at this link <https://www.efrag.org/en/amended-esrs>

Call for interest in participating to the cost benefit analysis on the simplification exercise

In parallel with the public consultation on the ESRS simplification, EFRAG has launched a cost-benefit analysis ('CBA') conducted by external consultants.

The purpose of this CBA is to assess the potential costs and benefits of the proposed simplifications to the ESRS.

For the analytical purpose of this CBA, in the coming weeks EFRAG will share the external consultants' CBA survey link. We kindly invite you to respond to the CBA survey as your input will be essential for the analysis.

Questionnaire instructions

This invitation to comment includes 30 questions (General feedback), in addition to those necessary to capture the profile of the respondent, and allows the respondent also to provide more detailed comments at level of Disclosure Requirement ('DR') or paragraph of the ED. It is structured in 3 parts:

Part 1. Profile of the respondent (always required)

Part 2. General feedback (respondents can choose the questions to which they reply)

Part 3. Detailed feedback at level of DR or paragraph of the ED (optional).

Each part includes multiple questions. Except for part 1, you can select which questions you want to answer and skip the other questions in each part. Part 3 intends to collect granular feedback and it is optional. You are invited to respond to Part 3 when you intend to comment on the simplifications implemented in a Disclosure Requirement (DR) or even paragraph of the Standards.

Respondents are kindly invited to avoid repeating the same comments in two or more parts/questions.

Each question asks if you AGREE / PARTIALLY AGREE AND PARTIALLY DISAGREE / DISAGREE with the proposals in the ED. In all cases, you are invited in your comments to explain why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any. The length each comment is of 300 words.

Please note that EFRAG only considers the surveys for which the submission procedure is completed and successful. You will receive an email confirming receipt of your response on the submission. We recommend you to check your spam folder when looking for the confirmation email.

EFRAG assumes that you give consent to publish your responses. Please select NO here if you do not want that your responses are made public.

☐ Yes

☐ No

PART 1: Information about the respondent: Q1 – Q10

1) Please enter the following information:*

Name: _____

Surname: _____

Name of organisation: _____

2) Please enter your email*

3) Which of the following stakeholder types do you represent?*

Company (Preparers)

☐ Preparer (non-financial institution preparing a sustainability report)

☐ Business association (other than association of financial institution)

Users

☐ User (analyst, data provider, rating agency, etc.)

☐ National supervisory authority & regulator

☐ User Association

Financial Institutions

☐ Bank

☐ Asset manager/Investor

☐ Insurance

☐ Association of financial institutions

Other stakeholders

☐ Consultant (including software vendor)

☐ Other - please specify (required): _____ *

☐ Auditor

☐ (National) standard setter

☐ NGO

☐ Academia

4) Preparers: Please disclose your company's revenue in EUR below (at group level, if applicable)*

Revenue: _____

5) Preparers: Please disclose your company's total assets in EUR below (at group level, if applicable)*

Total assets: _____

6) Preparers: Please select your company size by employees (at group level, if applicable)*

- ☐ Less than 1000 employees
- ☐ More than 1000 employees and less than 3000
- ☐ More than 3000 employees and less than 5000
- ☐ More than 5000 employees

7) Country of headquarters*

8) Preparers: Is your company in scope for the preparation of ESRS sustainability statements under the CSRD (adopted in 2022)? [Companies in scope: over 250 employees, €50 million in net turnover, or €25 million in total assets]*

- ☐ Yes – but the CSRD has not been transposed in the jurisdiction
- ☐ Yes - from 2024 and the relevant jurisdiction has transposed the CSRD
- ☐ Yes - from 2025 and the relevant jurisdiction has transposed the CSRD
- ☐ Yes - from 2026 and the relevant jurisdiction has transposed the CSRD
- ☐ No
- ☐ No, but it is done/intended to do on voluntary basis

9) Preparers: Did your company prepare a sustainability statement for Financial Year 2024?*

- ☐ Yes, based on the ESRS Delegated Act published in 2023
- ☐ Yes, based on another sustainability standards or (national) legislation
- ☐ No

10) Preparers: Does your company also prepare or intend to prepare a sustainability statement under IFRS S1/S2?*

- ☐ Yes
 - ☐ No
-

PART 2: GENERAL FEEDBACK: (Q10 – Q31)

This part asks questions about:

- (1) the main simplifications implemented,
- (2) specific requirements for which EFRAG SRB members expressed reservations and remaining concerns, in the approval of the Exposure Drafts (EDs),
- (3) overall feedback at standard level and
- (4) any other comments.

The main simplifications implemented are grouped into “Levers” of simplification, as described in the Basis for Conclusions (BfC).

11) Clarifications and simplification of the Double Materiality Assessment (DMA) (ESRS 1 Chapter 3) and materiality of information as the basis for sustainability reporting

Rationale for the changes

The Amendments have clarified **the requirements in ESRS 1 Chapter 3 about** materiality of information and simplified the DMA process. They are described in Lever 1 of simplification in the Basis for Conclusions (see BfC Chapter 4).

Link here to access the [Log of Amendments](#), ESRS 1, Chapter 3 if you would like to review the detailed Amendments and their rationale.

The [Explanatory Memorandum \(EM\)](#) which accompanies the EC Omnibus proposals (page 5) identified the following objective for this lever: *“[the simplification] will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process.”*

Description of the changes

To meet this objective, EFRAG has introduced the following changes which aim to strike a balance between simplification and the necessary robustness of the Double Materiality Assessment (DMA):

1. A new part presenting practical considerations for the DMA has been drafted, including the option of implementing either a bottom-up or top-down approach (Chapter 3.6 of ESRS 1)
2. More prominence has been given to materiality of information as a general filter and all the requirements are subject to it.
3. The relationship of impacts, risks and opportunities, and topics to be reported has been clarified (ESRS 1, paragraph 2 and 22)
4. It has been explicitly allowed to include information about non-material topics (ESRS 1, paragraph 108) if they are presented in a way that avoids obscuring material information
5. Emphasis is put on ESRS being a fair presentation framework, to reinforce the effectiveness of the materiality principle and avoid excessive documentation effort due to a compliance and checklist approach to the list of datapoints (DP); an explicit statement of compliance with ESRS is included in (ESRS 1, Chapter 2)
6. To avoid excessive detail in reported information, it has been clarified that all the disclosures can be produced either at topical level or at impacts, risks and opportunities (IRO) level, depending on the nature of the IROs and on how they are managed
7. The list of topics in AR 16 (now Appendix A) has been streamlined by eliminating the most detailed sub-sub-topic level and has now an illustrative only and non-mandatory status.
8. More emphasis has been put on the aggregation and disaggregation criteria for reporting information at the right level. Explanations have been provided with respect to the consideration of sites for the DMA and reported information, to avoid long lists of sites being included in the sustainability statement.

Please do not comment here in “Gross versus Net” as it is covered by the next question.

Question

If you intend to provide feedback also on Part 3 of this questionnaire (at the level of DR or paragraph), please note that by answering this question, you will not be allowed to include comments on Chapter 3 of ESRS 1 in Part 3, to avoid duplication of input. Your comments on Chapter 3 can only be provided here.

Do you agree that the proposed amendments have sufficiently simplified the DMA process, reinforced the information materiality filter and have succeeded in striking an acceptable balance between simplification and robustness of the DMA? Do you agree that the wording of Chapter 3 of ESRS 1 is sufficiently simplified?
() YES

() PARTIALLY AGREE/PARTIALLY DISAGREE

() NO

[COMMENTS – max 300 words]

12) New guidance in ESRS 1 on how to consider remediation, mitigation and prevention actions in assessing materiality of negative impacts

Rationale for the changes

To address a frequent implementation question and an area of divergence in practice, new guidance has been introduced (ESRS 1 paragraphs 34 to 36 and Appendix C; Basis for Conclusions (BfC) Chapter 8) on how to consider implemented remediation, mitigation and prevention actions in the Double Materiality Assessment (DMA) (the so called “gross versus net” issue). The EFRAG Sustainability Reporting Board (SRB) has prioritised the guidance on impacts, as in financial materiality there is already reporting experience which can be leveraged.

Description of the changes

Appendix C, which has the same authority as other parts of the Standard, illustrates how to perform the assessment, i.e. before or after the actions that have been taken and have reduced the severity of the impact. The new guidance specifies how to treat actions in DMA differentiating ‘actual’ from ‘potential’ impacts. It also differentiates the current reporting period from the future reporting periods (the latter is relevant as impacts of previous years that are material are also to be reported in the current period). For impacts that are assessed as material, the respective actions are reported (which also include policies implemented through actions). Actual impacts are assessed for materiality before the remediation actions in the reporting period when they occur, while in future periods they are not reported if fully remediated. For potential impacts, when the undertaking must maintain significant ongoing actions to contain severity and/or likelihood below the materiality level, the impact is assessed before the actions are reported. This provision has been introduced to deal with cases such as health and safety negative impacts in highly regulated industries.

Key discussion points at EFRAG SRB level

Some of the EFRAG SRB members consider the added guidelines excessively complex. The approach to disregard implemented actions when assessing materiality of potential impacts, if there are significant ongoing actions, has been the source of split views in the EFRAG SRB. The members that supported the inclusion of this provision considered that it would be inappropriate to conclude that due to the high level of prevention and mitigation standards in a sector, a given topic is not reported. On the contrary, other members think that this gross approach to potential impacts will result in excessive reporting.

Question

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by **answering this question, you will not be allowed to include comments on Paragraphs 34 to 36 and Appendix C of ESRS 1, in Part 3 to avoid duplication of input. Your comments on Paragraphs 34 to 36 and Appendix C of ESRS 1 can only be provided here.**

Do you agree that the **new guidelines clarify how to consider remediation, mitigation and prevention implemented actions in the DMA, contributing to more relevant and comparable reporting?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

Call for interest in participating to the field test

To address this complexity of this issue, EFRAG will run a targeted field test and is interested in involving a diversified sample of companies. It will entail participating in dedicated working sessions with EFRAG Secretariat. The company is expected to present how the new guidance will affect the outcome and process of the DMA in each case, after having simulated the application of the revised requirements. A questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8th and 26th September 2025.

To confirm your interest in participating to the field test on 'Gross versus Net' field test, please send an email to this address: grossnetfieldtest@efrag.org by August 18, 2025.

13) Improved readability, conciseness and connectivity of ESRS Sustainability Statements

Rationale for the changes

Starting with the input gathered from the first-time adopters, EFRAG has introduced several changes to support the production of more readable and concise sustainability statements, that are better connected with corporate reporting as a whole. This corresponds to Lever 2 of simplification in the Basis for Conclusions (BfC) Chapter 4).

Description of the changes

EFRAG has clarified the flexibility that preparers have in preparing their statements. The Amendments describe the possibility of including an 'executive summary' at the beginning of the sustainability statement and have put greater emphasis on the use of appendices to separate more detailed information from key messages. The amendments have also clarified the concept of 'connected information, discouraging fragmentation and/or repetition of information (ESRS 1, Chapter 8).

Question

Do you agree that **these proposed Amendments, when combined with the other changes in the Amended ESRS, provide an appropriate level of flexibility to support more relevant and concise reporting, as well as to promote better connectivity with corporate reporting as a whole?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

14) Restructuring of the architecture and interaction between ESRS 2 and Topical Standards

Rationale for the changes

The Amendments have restructured the architecture of ESRS, focusing on the interaction of ESRS 2 and topical Standards. They have also introduced a more principles-based and less prescriptive approach to the requirements in policies, actions and targets (PAT). These Amendments are described as Lever 3 in the Basis for Conclusions (BfC) (Chapter 4).

The [Explanatory Memorandum \(EM\)](#) (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

Description of the changes

To achieve this objective, EFRAG has implemented the following changes, which aim to strike an appropriate balance between (a) prescriptiveness of the requirements and preparation effort and (b) the users' need for relevant, faithful and comparable information:

1. Minimum Disclosure Requirements in ESRS 2 (renamed “General Disclosure Requirements”) have been simplified but retained as ‘shall’ disclose.
2. A drastic reduction of ‘shall’ datapoints PAT has been achieved, sometimes reformulating them as Application Requirements (‘ARs’) to support more consistent application.
3. Topical specifications to GOV, SBM and IRO (Appendix C of ESRS 2) have been deleted, with a few exceptions maintained as separate Disclosure Requirements in topical Standards (e.g. resilience in ESRS E1).
4. The requirement to disclose PAT for material IROs, if adopted, is maintained. But the requirement to disclose whether the undertaking plans to implement a PAT for material topics and timeline has been eliminated. The indication of which material topics are not covered by PAT is maintained.
5. The amendments have improved the connectivity between the disclosure of PAT and the description of IROs (now in ESRS IRO 2) to which they relate. They have also improved the ability to disclose information at a higher aggregation level than the material IROs, if this reflects the way IROs are managed.

Question

Do you agree that these proposed amendments strike an appropriate balance between (1) prescriptiveness of the requirements and preparation effort from the one hand, and (2) need for relevant and comparable information from the other?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

15) Improved understandability, clarity and accessibility of the Standards

Rationale for the changes

The Amendments have reorganised the content of the requirements, clearly separating the mandatory from the non-mandatory ones, and eliminating the “may” disclose provisions, which had a status problematic to understand. These Amendments are described as Lever 4 in the Basis for Conclusions (BfC) (Chapter 4). The [Explanatory Memorandum](#) (EM) (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

Description of the changes

To achieve this objective, EFRAG has implemented the following changes:

1. “May disclose” datapoints have been all eliminated.
2. All the “shall disclose” datapoints are now in the main body of the standard (no more datapoints in AR) and mandatory application requirements are **relocated below the DR to which they belong (and below each Chapter in ESRS 1), covering ‘how to disclose’ guidelines.**
3. Language of the Standards has been improved for understandability, conciseness and consistency of ESRS.

Question

Please focus your considerations only on the mandatory content of the Exposure Drafts. The following question covers the Non-mandatory Illustrative Guidance (‘NMIG’).

If you intend also to provide feedback on **Part 3, when providing your comments, please refrain from duplicating the comments that you will provide at Standard or DR level.**

Do you agree that these proposed amendments achieve the desired level of clarity and accessibility?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

16) Usefulness and status of “Non-Mandatory Illustrative Guidance” (NMIG)

As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to “Non-Mandatory Illustrative Guidance” (‘NMIG’). NMIG does not address all the existing implementation questions on each standard. It simply gathers the content that:

- a) was in the Delegated Act
- b) is now deleted; and
- c) contributes to the overall datapoints reduction.

It contains ‘how to report’ guidelines (methodology) and examples of possible items to cover when disclosing in accordance with a mandatory datapoint, mainly for narrative PAT disclosures. Its content should not be understood as a list of items of information requiring justification when not reported, consistent with the fact that the previous datapoints are deleted. The legal status of the NMIG will be considered by the European Commission (EC) in due course. However, EFRAG recommends that the EC not

include this content in the Delegated Act. On the one hand, NMIG contains helpful support material that may reduce the implementation questions. On the other hand, it could trigger additional efforts of analysis and/or have an ambiguous role as possible additional disclosure with entity-specific relevance if issued within the Delegated Act.

You are invited to provide your comments on the purpose of NMIG, if any.

You can access the NMIG at this [link](#).

Select the NMIG from this dropdown menu of NMIG **guidelines**:

Insert dropdown list of 12 NMIG's and an option to pick 'All'
[COMMENTS – max 300 words]

17) Burden reliefs and other suggested clarifications

Rationale for the changes

The Amendments introduced several horizontal reliefs (i.e. applicable across different requirements) that were suggested in the input gathered from preparers. They are expected to contribute substantially to the reduction in the overall reporting efforts, beyond the datapoints reduction. These Amendments are described as Lever 5 in the Basis for Conclusions (BfC) (Chapter 4).

The [Explanatory Memorandum](#) did not explicitly mention the reliefs, but the letter of the EC dated 5 May 2025 recommended including those foreseen in the ISSB's IFRS sustainability disclosure standards (IFRS S1 and S2). The Explanatory Memorandum nevertheless **included the following objective (page 5): [the simplification] will also make any other modifications that may be considered necessary, considering the experience of the first application of ESRS. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation.**

Description of the changes

EFRAG has implemented the following changes:

1. The relief “undue cost or effort” has been introduced, including for the calculation of metrics.
2. A relief for lack of data quality has been introduced for metrics (ESRS 1 Paragraph 91), allowing to report a partial scope and disclosing actions to improve the coverage in future periods.
3. The systematic preference for direct data as input to the calculation of value chain metrics has been removed and undertakings may use direct data or estimates depending on practicability and reliability (ESRS 1, Paragraph 91).
4. Undertakings may exclude from the calculation of metrics their activities that are not a significant driver of IROs (ESRS 1, Paragraph 90) and may exclude joint operations on which they do not have operational control when calculating environmental metrics other than climate (ESRS 1, paragraph 60).
5. Disclosure about resilience is now limited to risks only and limited to qualitative information only (ESRS 2, Paragraph 24 and ESRS E1, Paragraph 21).
6. When disclosing financial effects, the information on investments and plans is now limited to those that are already announced (ESRS 2, AR 16 Paragraph 23(b)).
7. A new relief for acquisitions (disposals) of subsidiaries has been introduced (ESRS 1, Chapter 5.4) allowing the undertaking to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period.

8. From October 2024 to February 2025, several implementation issues were identified in the EFRAG ESRS Appendix dedicated to the Q&A implementation platform (Chapter of Basis for Conclusions (BfC)). These issues have now been addressed by clarifying the corresponding provisions.

Following the EC representatives' recommendation, EFRAG did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered.

Following the EC representatives' recommendation, EFRAG did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered.

Question

EFRAG considered how to improve consistency with other pieces of regulation. Considering what can be achieved in these Amendments (as opposed to what requires modification by the other regulation) EFRAG gave priority to the SFDR regulation. Please refer to question 28 if you intend to comment on this aspect. Other selected changes to enhance consistency are described in the Log of Amendments for each standard.

Please note that some of the reliefs described above go beyond the ones in IFRS S1 and S2 described in question 21 below. As interoperability with IFRS S1 and S2 is specifically addressed in question 21 should be commented upon there. Please also refrain here from comments on the options proposed for quantitative financial effects, as question 17 is specifically dealing with them.

Do you agree that these proposed Amendments provide sufficient relief and strike an acceptable balance between (a) responding to the stakeholders' demands for burden reliefs and (b) preserving the transparency needed to achieve the objectives of the EU Green Deal, as well as interoperability with the ISSB's IFRS S1 and S2?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

Relief for lack of data quality on metrics (ESRS 1 paragraph 92)

Amended ESRS have introduced the 'undue cost or effort' relief for all the elements of the reporting, from the identification of material IROs to the calculation of metrics (paragraph 89 of ESRS 1), in line with IFRS S1 and S2, extending it to all metrics. In addition, paragraph 92 of ESRS 1 has introduced a provision applicable both to metrics in own operations and in upstream and downstream value chain. This allows an undertaking to report metrics with a partial scope of calculation, when there are no reliable direct or estimated data to be used in the calculation. This relief does not exempt an undertaking from providing a disclosure, but it allows to disclose a calculation that includes only a partial scope. When using this relief, the undertaking shall disclose actions undertaken to improve the coverage of its calculation in next periods. This transparency is expected to provide sufficient incentive to improve the data quality and achieve a more complete scope in the calculation of the metrics. Accordingly, no time limit is included for the use of the relief. On this point, some EFRAG SRB members, while supporting the relief, considered it essential to include a time limit.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 92 of ESRS 1 in Part 3 to avoid duplication of input. Your comments on paragraph 92 of ESRS 1 can only be provided here.

Do you agree that the proposed relief for lack of data quality on metrics strikes an acceptable balance between providing the necessary flexibility for preparers and avoiding undue loss of information?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

19) Relief for anticipated financial effects

Rationale for the changes

Preparers' feedback to the public call for input indicated that disclosing quantitative information for financial effects is particularly challenging. **This includes issues of lack of mature methodologies and being commercially sensitive (refer to Basis for Conclusions (BfC) Chapter 4 Lever 5). Suggested solutions included the IFRS corresponding relief (IFRS S1 paragraph 37), the deletion of the requirement to report quantitative information, or to report them only on a voluntary basis. The EFRAG SRB is specifically seeking input that would support the determination of the most appropriate relief.**

Description of the changes

The Amended ESRS currently includes two possible options, which would apply to all topics, including climate (DR E1-11):

- a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions. Option 1 is substantially aligned with the IFRS relief, despite the fact that it includes some differences compared to it: under Option 1, as in the IFRS relief, the undertaking need not provide quantitative information when it is not able to measure separately the financial effect of a specific topic (or IRO) or when the level of uncertainty is so high that the resulting information would not be useful. Differently from the IFRS relief, Option 1 specifies that the undertaking may use the relief when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects. Different from the IFRS relief, the undertaking cannot omit quantitative information when it does not have the skills, capabilities or resources to provide that quantitative information, as this part of the relief was considered not compatible with the entities that are expected to be in scope of the Amended ESRS.
- b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions. This option is not aligned with the treatment in IFRS S1 and S2.

Some of the EFRAG SRB members noted that **Option 2 would result in undue loss of information important for investors and would fail to provide the correct incentive to build more mature methodologies and reporting practices. Other members, on the contrary, supported the inclusion of Option 2.**

Question

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 23 of ESRS 2 in Part 3 to avoid duplication of input. Your comments on that paragraph can only be provided here.

Please select **from the alternatives below the one that represents your view:**

- ☐ I agree with Option 1
- ☐ I agree with Option 2
- ☐ I disagree with both Options

[IN ALL CASES, PROVIDE THE RATIONALE FOR YOUR PREFERENCE AND SUGGESTIONS FOR IMPROVEMENTS IF ANY]

[COMMENTS – max 300 words]

20) ESRS E1: Disclosures on Anticipated Financial Effects

The content of the disclosure requirements on anticipated financial effects (formerly E1-9 now E1-11) has been significantly reduced. Several datapoints are still included, which are considered necessary for investors and lenders to be able to assess the undertaking's exposure to transition and physical risk, including for lenders to be able to meet either supervisory expectations or sector specific disclosure requirements. This question focuses on paragraphs 40 (a) to (d), 41 (a) to (f) and 42 of ESRS E1 and aims at collecting feedback on the feasibility of the remaining datapoints.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on DR E1-11 or paragraphs 40, 41 and 42 of ESRS E1 in Part 3 to avoid duplication of input. Your comments on those provisions can only be provided here.

Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 **strike an acceptable balance between (i) simplification and reporting effort and (ii) users' needs?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

IF YOU REPLIED NO, SELECT THE PARAGRAPH ON WHICH YOU WANT TO EXPRESS AGREEMENT / DISAGREEMENT [SCROLLING MENU]:

☐ ESRS E1 - 40. (a)

☐ ESRS E1 - 40. (b)

☐ ESRS E1 - 40. (c)

☐ ESRS E1 - 40. (d)

☐ ESRS E1 - 41. (a)

☐ ESRS E1 - 41. (b)

☐ ESRS E1 - 41. (c)

☐ ESRS E1 - 41. (d)

☐ ESRS E1 - 41. (e)

☐ ESRS E1 - 41. (f)

☐ ESRS E1 - 42.

[COMMENTS – max 300 words] – AVAILABLE IN ALL CASES

21) Enhanced interoperability with the ISSB's Standards IFRS S1 and S2

Rationale for the changes

EFRAG has implemented several changes to enhance the level of interoperability with the ISSB's Standards IFRS S1 and S2. These amendments are described in Lever 6 of simplification in the Basis for Conclusions (BfC) (see Chapter 4, Lever 6). At the same time, however, the Amendments implemented for simplification reasons affect the level of interoperability with IFRS S1 and S2, as resulting from the joint EFRAG IFRS interoperability guidelines (May 2024). For example, reliefs beyond those in IFRS S1 and S2, described above, negatively affect interoperability.

One of the [Explanatory Memorandum](#) (page 5) objectives is to further enhance the already very high degree of interoperability with global sustainability reporting Standards. EFRAG prioritised the interoperability with IFRS S1 and S2, following the majority input gathered in the public call for input and outreach.

Description of the changes

To achieve this objective, EFRAG implemented the following changes, which aim to achieve a higher level of interoperability while being compatible with the objectives of the Amendments.

1. In line with IFRS S1, emphasis has been put on ESRS being a fair presentation framework; materiality of information is now as general filter for the reported information.
2. To remove one of the main interoperability differences, the ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR 19), aligned with the financial control approach in the GHG Protocol, while a separate disclosure based on operational control is now required (and aligned with the corresponding disclosure in the GHG protocol) only for entities with more complex ownership structures (ESRS E1, AR 20).
3. The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented, with the exception of the one on omitting commercially sensitive information about opportunities (pending the outcome of Level 1 discussions), the one allowing to omit Scope 3 GHG emissions when impracticable and the one allowing to omit quantitative financial effects when the undertaking does not have the necessary skills (please note that the relief on anticipated financial effects is treated in question 20).
4. The implementation of reliefs that go beyond the ones in IFRS S1 and S2 results in new interoperability differences (see question 16).
5. Language for requirements that are common to ESRS and IFRS S1 and S2 has been aligned whenever possible with the one in IFRS S1 and S2, in ESRS 1, 2 and E1.
6. The reference to IFRS industry-based guidance and SASB Standards as a source of possible ("may consider") disclosure when reporting entity-specific sector information is now a permanent feature (before it was temporary, i.e. until the issuance of ESRS sector standards).
7. The datapoint reduction resulted in the elimination of 7 "shall" datapoints described in Basis for Conclusions (BfC) (Chapter 4, Lever 6).
8. Several changes have been introduced to further advance interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4, Lever 6).

Question

Do you agree that these proposed Amendments achieve an appropriate balance between increasing interoperability and meeting the simplification objectives?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

22) Reduction in the number of mandatory and voluntary datapoints

The Amendments have realised a substantial reduction in the number of mandatory (-57%) and voluntary (-100%) datapoints, described in the Basis for Conclusions (BfC), Appendix 3.

The [Explanatory Memorandum](#) (page 6) specified that “the revision of the Delegated Act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking.”

To achieve this objective, EFRAG undertook a systematic review of the datapoints, to eliminate the least relevant, i.e. those that are not strictly necessary to meet the disclosure objectives. Most of the deleted datapoints stem from the narrative PAT disclosures, where a less prescriptive and more principles-based approach has been implemented. Therefore, most of the deletions refer to narrative datapoints. In the context of such a systematic review, merging two distinct datapoints was not considered as a reduction.

Do you agree that the proposed **reduction in “shall disclose” datapoints (under materiality) strike an acceptable balance between burden reduction and preserving the information that is necessary to fulfil the objectives of the EU Green Deal?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

☐ I BELIEVE SOME OF THE DELETED CONTENT SHOULD BE MAINTAINED (PLEASE SPECIFY IN THE COMMENTS BY INDICATING THE RELEVANT PARAGRAPH IN THE STANDARD)

[COMMENTS – max 300 words]

23) Six datapoints exceptionally moved from “may” to “shall”

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, “may disclose” datapoints have not been transformed into mandatory ones (subject to materiality). In the context of the comprehensive revision of some of the DRs, to provide for more focused and relevant information, 6 datapoints have been moved from “may” to “shall” subject to materiality. These exceptions are in the opinion of EFRAG justified. It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC), Appendix 3).

Datapoint	Rationale for moving from “may” to “shall”
ESRS E3 Water – Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
ESRS E3 Water – Own operations total discharges	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the

(Amended ESRS E3 paragraph 17)	change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
ESRS E4 Biodiversity and ecosystems- Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
ESRS G1 Business conduct– Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of suppliers' relationship for which several other DPs have been deleted.
ESRS G1 Business conduct confirmed incidents (Amended ESRS G1 paragraph 14) (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators. This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

Do you agree that these exceptions to the general rule are appropriate and justified?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

24) Four new mandatory datapoints (exception)

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, no new “shall” datapoints have been added. In the context of the comprehensive revision of some of the DRs, to promote more focused and relevant information, 4 datapoints have been added. These exceptions are in the opinion of EFRAG justified.

It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. **In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter 6).**

Datapoint	Rationale for new datapoints
ESRS 2 General disclosures – BP 1 the undertaking shall state that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product.	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The

Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
E5-4 Percentage of total weight that are critical and strategic raw material Added draft ESRS E5 paragraph 15(c).	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
E5-5 Percentage and/or total weight for which the final destination is unknown. Added in draft ESRS E5 paragraph 18(e).	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

Do you agree that these exceptions to the general rule are appropriate and justified?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

25) Emphasis on ESRS being a “fair presentation” reporting framework

The Amendments clarify that ESRS is a fair presentation reporting framework, as it is for IFRS S1 and S2, with the expectation that this will support a more effective functioning of the materiality filter and reduce the check list mentality associated to the adoption of a compliance approach. Adopting fair presentation is expected to support a reduction in the unnecessary reported information and of the documentation needed to show that omitted datapoints are not material. The majority of the EFRAG SRB members consider that ESRS was already conceived as a fair presentation framework and interpret the CSRD as requiring it. A minority of the EFRAG SRB members think that the CSRD does not require fair presentation. They think that adopting fair presentation is not a simplification, due to the difficulty of exercising judgement of what is needed to fulfil the requirement, in particular for impact materiality where there are less established reporting practices. They think that the Amendments may result in increased legal risks and audit costs.

Do you agree that **explicitly requiring to adopt fair presentation in preparing ESRS sustainability statements will support a more effective functioning of the materiality filter, therefore enabling more relevant reporting and reducing the risk of excessive reported information?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

26) Exception for Financial Institutions' Absolute Climate Reduction Targets

One of the implementation challenges noted by financial institutions relates to the requirement in ESRS E1 paragraph 26(a). This requires, when the undertaking has adopted GHG emissions intensity targets in conjunction with AR12 (“when only setting intensity targets”), to disclose also the associated absolute values” (refer also to Basis for Conclusions (BfC) Chapter 8). EFRAG SRB and SR TEG discussed whether an exception would be needed for insurance, banking and asset management sectors, but they decided that it would be appropriate to receive specific feedback before concluding. Those that support the exception argue that this information is not useful. They think that while for fossil fuel sectors gradual de-commissioning is foreseen, emphasising the role of absolute targets for lenders and investors in all sectors would provide the wrong incentive, as high-emission sectors are those in need of transition financing. They also consider that estimating the absolute targets would require multiple assumptions (such as about the composition of the portfolios, the production capacity, the market shares and the level of emission intensity), making results unreliable and thus not leading to meaningful disclosures. Those who oppose this exception note that complex estimates are common to all sectors. They also note also that both the information types of intensity and absolute targets are needed for a proper understanding of the undertaking’s progress on climate and banks are no exception in this case. Intensity targets, while capturing efficiency, may mask rising emission levels. Absolute targets capture the total impact but fail to take into account the effect of business growth. They finally note that an exception only for financial institutions would result in an unlevel playing position for the other sectors.

☐ I agree that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets (LINK TO TEXT BOX)

☐ I disagree that financial institutions should be exempted from disclosing climate absolute GHG emission values targets when they have only set intensity targets

Explain your reasoning and if you agree, elaborate on how financial institutions will give transparency and foresight to investors about their target setting and the evolution of their emissions [max 300 words].

27) ESRS S1: New Threshold for Reporting Metrics Disaggregated at Country Level

Amended ESRS S1 changes the threshold for the requirement to disaggregate the metrics for Characteristics of the undertaking’s employees, collective bargaining coverage and social dialogue in the European Economic Area (S1-5 and S1-7 of Amended ESRS S1). Refer also to Basis for Conclusions (BfC) Chapter 8). Instead of being defined based on at least 50 employees by head count representing at least 10% of the total number of employees, the requirement is now to disaggregate the metrics for the top 10 largest countries by employee headcount, to the extent that there are more than 50 employees in those countries. A minority of EFRAG SRB members noted that this change could trigger, in some cases, an increase in the number of countries to report on for these two disclosures, and so an increased burden to prepare the information. The majority of EFRAG SRB members supported the change because the current requirement has led to limited information available by country. In addition, the information is usually easily accessible, so the burden to prepare the information per the new requirement is estimated to be limited.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, to avoid duplication of input, you will not be allowed to include comments on DR ESRS S1-5 and ESRS S1-7 in Part 3. Your comments on those provisions will only be provided here.

Do you agree with the change to the **threshold for country-by-country disclosure for the DRs ESRS S1-5 and ESRS S1-7?**

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

28) ESRS S1: Calculation approach to adequate wages outside the European Union (EU)

The Amended ESRS S1 reflects an amended methodology for the calculation of non-EU adequate wages set out in the Application Requirements (ESRS S1 AR 22). This change draws on language from different parts of the agreement on the issue of wage policies, including living wages, adopted by the ILO Governing Body in 2024, after the ESRS Delegated Act was adopted. A minority of EFRAG SRB members flagged three interrelated concerns: (1) the reference to wage-setting principles risks disclosures of minimum wages that fall well-below an adequate wage standard, (2) the hierarchy requires companies to only assess relevant living wage data sets as a last resort, and (3) the DR/AR does not require companies to disclose which prong of the methodology is used, which leads to lack of comparability.

In consideration of the complexity of this issue, EFRAG is running a targeted field test and is interested in involving a diversified sample of companies. This entails participating in dedicated working sessions with EFRAG Secretariat where the company is expected to present how the revised methodology is feasible and relevant in practice (refer to the non-EU hierarchy described in ESRS S1 paragraph AR 22 b) i) to iii) to ensure transparency and comparability on this issue.

A dedicated questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8 and 26 September. To confirm your interest in participating in the field test on adequate wages, please send an email to fieldtestadeqwages@efrag.org by August 18, 2025.

Do you agree with the proposed change to the methodology for the calculation of non-EU adequate wages in ESRS S1?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

29) SFDR and other EU datapoints in Appendix B of Amended ESRS 2

The Omnibus proposals have not changed the general objective of supporting the creation of the data infrastructure necessary for implementing the Sustainable Finance Disclosure Regulation (SFDR). Input from investors confirms the need to implement the correct flow of information from their investee. However evidence also suggests some of the Principal Adverse Indicators (PAI) are not considered relevant in practice. As part of the systematic review of the datapoints for their reduction, EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction.

Appendix 4 in the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now 1) The key changes for Environmental standards (ESRS E1-E5) are :

- a) 8 SFDR PAI sensitive DPs have been deleted but they were either overlapping with other DPs or can be derived from other information (E1-5, para.38, 40-43; E1-6 para44, 53-55; E3-1, para 14; E3-4, para 29; E5-5 para 37 (d) and 39);
- b) 1 SFDR PAI sensitive DPs in Appendix B (indicator number 12 Table #2 of Annex) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical standards. This refers to the topic of marine resources, which is not in scope of ESRS E3.

The key changes for Social Standards (ESRS S1-S4) are:

- a) this was a consolidation exercise. Firstly, for the policies related to human rights and for the alignment with UNGP and OECD MNE Guidelines (two SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1), eight datapoints from the four Social Standards have been merged into a "human rights policy" in ESRS 2 GDPR-P, for the four affected stakeholder groups. Secondly, the indicator in relation to severe human rights cases (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been merged into one and it is maintained across the four Social Standards.
- b) a small number of amendments on the scope has taken place for SFDR PAI Indicator 3 of Table #3 in relation to days lost. Fatalities (ESRS S1-13) has been deleted from its scope. The scope of revised human rights incidents datapoint (ESRS S1-16, S2-3, S3-3, S4-3) is now clarified.

There were no changes in the ESRS G1.

In conclusion, despite the general significant reduction in DPs, the coverage of SFDR PAI has been only marginally reduced and thanks to a limited number of amendments, the relevance of the corresponding information is increased.

Do you agree with the way the SFDR PAI have been incorporated in the Amended ESRS? You are invited to explain the reason why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any.

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

30) ESRS E4 DR E4-4

ESRS E4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets As part of the simplification process, E4-4 (targets) disclosure specifications and application requirements have been mostly removed. In this context, methodological guidance for companies to what biodiversity and ecosystems-related targets can cover would be helpful. ESRS Set 1, E4 AR 26) outlines aspects that targets can address, including in relation to the size of areas protected or restored, the recreation of natural surfaces or the number of company sites whose ecological integrity has been approved. While this AR could be kept in the revised ESRS E4, some stakeholders highlighted that it could be further reviewed to better reflect latest trends in the evolving methodological landscape related to biodiversity and a stronger alignment with relevant content from science-based frameworks such as SBTN.

Do you agree that EFRAG should review AR 26 in Amended ESRS E4? Please provide suggested wording.

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

You are invited to provide suggestions for improvements, if any. [TEXT BOX – 300 words]

31) ESRS S1 DR15: Gender pay gap

Some of the feedback obtained during the public outreach on the Remuneration metrics (ESRS S1-15), which are derived from the SFDR PAI, was to revisit the gender pay gap ratios and consider replacing it by the adjusted gender pay by employee category or, in some cases, by country. The gender pay gap metric in set 1 is aligned with the Pay Transparency Directive, (EU) 2023/970, where the unadjusted ratio is required as a global percentage and the adjusted gender pay gap by employee category is a voluntary ("may") datapoint.

The voluntary datapoint on adjusted gender pay gap by employee ratio has not been included in Amended ESRS S1, following careful analysis and consideration of the EFRAG SRB where the pros and cons of changing the basis for gender pay gap were weighted. The conclusion reached was to maintain the global unadjusted pay gap and delete the adjusted gender pay gap by employee ratio that is a voluntary datapoint in ESRS Set 1. The deletion of the voluntary datapoint aligns with the general approach in the revised architecture.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Do you agree with the deletion of the voluntary datapoint on adjusted gender pay gap?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

32) ESRS G1 DR G1-2 and G1-6: Payment practices

The revision of ESRS G1 have led - amongst others - to the deletion of former paragraphs 14 and 33(a), addressing "payment practices" (within the context of management of relationship with suppliers). These datapoints have been replaced by the PAT provisions and an additional specification for SMEs in paragraph 33(b). However, this deletion may still reduce visibility on how undertakings engage with and support SMEs.

Is the current replacement/formulation sufficient to meet the objectives of the CSRD in respect to the protection of SMEs?

☐ YES

☐ PARTIALLY AGREE/PARTIALLY DISAGREE

☐ NO

[COMMENTS – max 300 words]

33) Overall feedback per standard

The **12 ESRS Standards** have been simplified. The Glossary (Annex II to the 2023 ESRS Delegated Act) has been amended to reflect the changes in the Standards. This includes the reduction of datapoints, the clarification of several provisions that created implementation issues, the enhancement of readability and streamlining of their structure and content. Amendments to the 12 Standards have been designed and implemented to achieve a substantial reduction in reporting efforts, while maintaining the core content that is needed to meet the objectives of the European Green Deal.

Please note the following requirements that were not changed in the Amended ESRS as recommended by the EC representatives, as they are subject to ongoing developments on level 1 regulation:

1. Definition of value chain for financial institutions (**ESRS 1**);
2. Exemption from consolidating subsidiaries by undertakings that are financial holdings (**ESRS 1**);
3. Relief for omission of confidential/sensitive information (**ESRS 1**);
4. Phasing-in provisions (**ESRS 1**);
5. Clarify the meaning of ‘compatibility with 1.5 degrees’ for the Transition Plans disclosure (ESRS E1).

In this question you are allowed to provide your overall opinion on the level of simplifications achieved per each standard. You can choose to reply to one or more of the Standards.

If you intend to comment also at level of single DR in **Part 3 of this questionnaire**, you are kindly invited **not to repeat the same content twice (here and in Part 3)**.

You can access the Exposure Drafts of the Revised ESRS and the amended Glossary at this [link](#).

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments and the markup of the Annex II (Glossary) at this [link](#).

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

	I agree	I PARTIALLY AGREE/PARTIALLY DISAGREE agree	I disagree
ESRS 1	()	()	()
ESRS 2	()	()	()
ESRS E1	()	()	()
ESRS E2	()	()	()
ESRS E3	()	()	()
ESRS E4	()	()	()
ESRS E5	()	()	()
ESRS S1	()	()	()

ESRS S2	()	()	()
ESRS S3	()	()	()
ESRS S4	()	()	()
ESRS G1	()	()	()
Glossary	()	()	()

[IN ALL CASES COMMENTS ALLOWED – each item 300 words]

34) Any other comments

Please provide here any other comments **on the 12 EDs or on the Glossary** [max 300 words]

PART 3: Detailed feedback at level of DR or paragraph of the ED (optional)

In this part (optional) you can select to provide your opinion on the level of simplification achieved for one or more DR (or chapter in case of ESRS 1) and to provide your comments on the corresponding paragraphs of the 12 Amended ESRS Standards.

You can access the Exposure Drafts of the **Amended ESRS** at this link: [Amended ESRS Exposure Draft July 2025 ESRS E1](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this link: [Log of Amendments of the ESRS Exposure Draft July 2025 ESRS E1](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

When responding on Part 3 you will have the possibility to provide comments at paragraph level, in addition to commenting at DR (Chapter of ESRS 1) level. If you intend to provide comments at paragraph level, you are invited to do so by using the [provided Excel Template](#) (XLSX file). Please upload the filled in Excel Template in the designated box at the end of the survey. Be aware that comments provided in a different format than the provided template will create technical issues and EFRAG may not be able to process them.

[PLEASE NOTE THAT THERE WILL BE AN INTERACTIVE MENU, SO IN THE DIGITAL VERSION OF THE SURVEY THE RESPONDENT WILL SELECT THE TOPIC AND THEN CHOOSE IF THEY WOULD LIKE TO PROVIDE COMMENTS ON THE CORRESPONDING DR.]

	I agree	I PARTIALLY AGREE/PARTIALLY DISAGREE agree	I disagree	I would like to provide detailed comments on the DR	I would like to provide detailed comments on the paragraphs (via the Excel Template)
Disclosure Requirement E1-1 - Transition plan for climate change mitigation	()	()	()	()	()
Disclosure Requirement E1-2 - Climate-related risks and scenario analysis	()	()	()	()	()
Disclosure Requirement E1-3 - Resilience in relation to climate change	()	()	()	()	()
Disclosure Requirement E1-4 - Policies related to climate change	()	()	()	()	()

Disclosure Requirement E1-5 - Actions and resources in relation to climate change	()	()	()	()	()
Disclosure Requirement E1-6 - Targets related to climate change	()	()	()	()	()
Disclosure Requirement E1-7 - Energy consumption and mix	()	()	()	()	()
Disclosure Requirement E1-8 - Gross Scopes 1, 2, 3 emissions	()	()	()	()	()
Disclosure Requirement E1-9 - GHG removals and GHG mitigation projects financed through carbon credits	()	()	()	()	()
Disclosure Requirement E1-10 - Internal carbon pricing	()	()	()	()	()
Disclosure Requirement E1-11 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	()	()	()	()	()

Providing detailed comments on paragraph level using the Excel Template Excel Template upload

If the respondent wishes to provide comments and suggestions at paragraph level it can do so via an Excel Template, EFRAG recommends to do so by downloading the Template from [here](#). The filled in Excel Workbook

can then be uploaded as part of this survey. Please note that submissions of any other file that is not based on the Excel Template will not be processed and considered.

Preview of the downloadable Excel Template:

ESRS ED 2025 Chapter or Disclosure Requirement	Paragraph	Do you agree?	Comments/Suggestion	Validation
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft
				Please select a chapter or DR or the Exposure Draft

Please upload the Excel Template with detailed comments on paragraphs using the Browse button.

End of the survey

This page concludes and submits the survey. Kindly ensure that all questions you intended to answer have been completed before clicking the submit button.

Thank You!

Thank you for taking our survey. Your contribution is very important to us.

You will receive an email with your submission in a few minutes. **Please, check also your spam folder.**

Appendix



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