EFRAG Shares Revised ESRS Exposure Drafts and Launches 60-Day Public Consultation: FAQ

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I. The ESRS, why are revisions proposed, and what is the timeline?

1. What does the ESRS consist of?

The European Sustainability Reporting Standards (ESRS) are the set of mandatory standards to be used by undertakings in the scope of the Corporate Sustainability Reporting Directive (CSRD), when preparing the sustainability statement to be included in the management report (refer to Section III below for background information on CSRD/Omnibus/EFRAG).

The CSRD's aim is to provide information necessary to understand the undertaking's impacts on sustainability matters, and how sustainability matters affect the undertaking's development, performance and position. Reporting under these two perspectives constitutes the double materiality principle.

The CSRD and the ESRS establish transparency obligations. They do not set behavioural requirements with respect to sustainability matters, which are addressed by the Corporate Sustainability Due Diligence Directive (CSDDD) and other EU legislations.

The ESRS adopted by the European Commission in 2023[1] consists of 12 Standards:

- 2 cross-cutting standards: ESRS 1, *General requirements*; ESRS 2, *General disclosures*;
- 10 topicals standards: addressing areas relating to the environment (ESRS E1 *Climate Change*; ESRS E2 *Pollution*; ESRS E3 *Water and marine resources*; ESRS E4 *Biodiversity and ecosystems*; ESRS E5 *Resource use and circular economy*); social (ESRS S1 *Own workforce*, ESRS S2 *Workers in the value chain*, ESRS S3 *Affected communities*, ESRS S4 *Consumers and end users*), and governance (ESRS G1 *Business conduct*).

ESRS require an undertaking to report information on its material impacts and its material sustainability related financial risks and opportunities (collectively referred to as 'impacts, risks and opportunities' – 'IROs') that relate to environmental, social and governance topics.

Beyond the undertaking's own operations, the reported information also covers material IROs connected with the undertaking's direct and indirect business relationships in the upstream and/or downstream value chain ('value chain information').

With respect to an undertaking's general purpose sustainability information and the related topics and material IROs, a sustainability statement focuses on information relating to the undertaking's governance, its business model and strategy, the management of its IROs through policies, actions and targets, as well as to performance metrics.

2. Why is there a need to revise the ESRS?

The European Commission's (EC) Omnibus initiative aims to reduce the administrative and reporting burden of companies, while still meeting the core policy objectives of the European Green Deal. See further information on Omnibus and EFRAG at Section III below. As part of that, a significant reduction of the ESRS datapoints has been proposed. EFRAG was requested by the EC in March 2025[2] to elaborate its technical advice for revisions of the ESRS by the end of November 2025 (initial timeline was 31 October but the EC gave an additional month in July 2025[3] to facilitate a consultation period of two months).

3. What is the timeline for the Amendments to become effective?

In accordance with the Omnibus proposals, the EC aims to adopt an Amended ESRS Delegated Act4 six months, at the latest, after the entry into force of the proposed amendments to the CSRD reporting framework. This will follow the European Union (EU) legislative process, i.e., as adopted by the EU co-legislators (Parliament and Council). This process includes the development of a proposal for the amendments of the ESRS Delegated Act 2023/2772, once EFRAG has given its technical advice to the Commission (scheduled for end of November 2025). This will normally be subject to a 4-week consultation period. Once adopted by the EC, the amended Delegated Act will be subject to a scrutiny period of two months by the co-legislators.

[1] Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

[2] Commissioner Albuquerque Letter to EFRAG March 2025.pdf

[3] Letter EC on ESRS progress report 1 July 2025.pdf

[4] I.e., a Delegated Act modifying the Delegated Act (EU) 2023/2722

Once the Delegated Act, which will amend the ESRS, is published in the Official Journal of the European Union, the amendments will become applicable throughout the Member States of the Union in those jurisdictions that have transposed the CSRD, without need of transposition by them (as it is a EC's Delegated Act). The effective date of the proposed amendments (and possible transitional reliefs) is not yet known.
In addressing the EFRAG Sustainability Reporting Board (SRB) at its public meeting of 25 July 2025, the Commissioner Albuquerque indicated that she was hoping to finalise the amendments to the ESRS Delegated Act before the end of the first semester 2026, depending on the Omnibus legislative developments. This means that until the Amended ESRS Delegated Act becomes effective, current ESRS reporters in the scope of the Corporate Sustainability Reporting Directive (CSRD) continue to report using the ESRS as adopted in 2023, with consideration to the additional reliefs that the EC granted in April and July 2025, as part of the 'stop-the-clock" and "quick fix" legislative acts5. Questions relating to this topic are within the remit of the EC and the national authorities.

II. What are the proposed amendments to the ESRS?

4. What is the overall assessment about the outcome of the simplification performed?

Five key takeaways on which the public consultation is expected to provide feedback:

1. Radical reduction in the disclosure requirements (datapoints) and length of the standards, that have been reduced by around 60%

This has been done mainly by reducing the details that were required in the narrative disclosure and its accompanying guidance. The Standards still cover the same reporting areas and topics, but with a less prescriptive and more flexible approach. In particular, the Standards do not specify anymore the details of what to disclose when describing the company's strategy, business model, value chain or governance, as well as what is expected to be relevant to report when describing the implemented policies, actions and targets to address a given sustainability topic. While this is expected to support a more focused reporting, there is also a possibility that the result may lead to more generic information that could be less comparable.

The datapoint reduction has been implemented while respecting the integrity of the data which is needed by investors to meet their Sustainable Financial Disclosure Regulation (SFDR) obligations. This has been done with a pragmatic approach, by scrutinising the indicators and amending them when necessary, to promote more relevant information.

2. More efficient general requirements

A radical reduction of the disclosure requirements would not be sufficient to achieve a significant simplification, unless it is accompanied by critically important general simplification features.

Thanks to the lessons learnt on the field with the 2024 reporting, EFRAG has done significant Amendments in this direction, such as to simplify the process for materiality assessment, to emphasise the role of fair presentation, and to reinforce that only information that is relevant for users has to be included. The Amendments promote less granular and more focused reporting: companies can report at topical level, going down to the level of impacts, risks and opportunities only when this is what is done in the management approach. Similarly, they can report on their adopted policies, actions and targets in a way that reflects their effective structure, for example when the same policy covers several topics or covers only one single aspect of a topic.

3. Comprehensive restructuring of the content of the standards in order to foster enhanced understandability and clarity

All the voluntary disclosures have been deleted. Language has been streamlined. The Standards are easier to read and redundancies have been eliminated. As a result, the effort required to understand and implement the Standards has been radically reduced and this will bring great advantage for the companies that will apply

[5] See Directive - EU - 2025/794 - EN - EUR-Lex and Commission adopts "quick fix" for companies already conducting corporate sustainability reporting

the standard in the future. This is also to the continuing advantage to those that have already applied the Standards. However, the changes do not disrupt the investments already made, as the core aspects of the Standards stay unchanged.

4.Greater flexibility in how to present the information and introduction of several new reliefs

Companies can structure their sustainability statement in a way that facilitates its integration with the investor communication, such as preparing an executive summary dedicated to sustainability and achieving a better connectivity with the rest of their corporate reporting. EFRAG has listened to the concerns about data quality challenges in reporting metrics, which also include value chain metrics. For this reason, next to the broad use of the undue cost or efforts principle, companies have a specific relief without a time limit. Similarly, reliefs are introduced regarding forward looking quantitative information about financial effects, that is confirmed to be one of the most challenging reporting areas.

5. Interoperability with global standards

Some of the newly introduced reliefs will negatively affect interoperability, however other amendments promote higher interoperability. EFRAG has aligned language and requirements with international standards when compatible with the CSRD provisions and the simplification objectives. A new emphasis has been put on fair presentation. The consolidation principles have been simplified and aligned with the financial scope and clarity on some important definitions has been added in the environmental standards.

5. How were the proposed amendments to the ESRS decided?

The proposed amendments have been developed based on the EC's proposals in the Omnibus, as well as further indications by Commissioner Albuquerque in her two letters sent to EFRAG[2,3].

On 25 April 2025, EFRAG published its Work Plan to the EC in response to the ESRS Simplification Mandate[6], setting out how it intended to develop the proposed amendments to the ESRS. Activities include:

1. Establishing a vision on actionable levers for substantial simplification (to be confirmed following the stakeholders' feedback)	April to mid-May 2025 (Steps 1 and 2 took place in parallel)
2. Gathering evidence from stakeholders, analysis of the issued reports and other sources	
3. Drafting and approving the Exposure Drafts (EDs) amending ESRS	Second half of May to July 2025
4. Publishing the Exposure Drafts (EDs) receiving and analysing feedback (including via public consultation) from stakeholders	August and September 2025
5. Finalising and delivering the technical advice to the EC	October and November 2025

See Question 5 for further information on the evidence-based gathering exercise.

On 20 June 2025, EFRAG presented its progress report[7] to the EC, where it identified six levers of simplification – see Question 6.

EFRAG also performed a thorough review of all narrative datapoints, with a clear objective to put the emphasis on principles rather than on a checklist of granular information, as suggested in the Omnibus proposals Explanatory Memorandum. This also included a systematic assessment and identification of the least relevant qualitative and quantitative datapoints.

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[6] EFRAG delivers Work Plan to the European Commission in response to ESRS Simplification Mandate | EFRAG

[7] EFRAG Releases Progress Report on ESRS Simplification | EFRAG

EFRAG is publishing the Draft Amended ESRS for a two-months consultation period during August and September 2025. To balance this relatively short comment period, EFRAG organised an extensive outreach and input gathering programme in April and May 2025 and it is currently organising several outreach events during the consultation period.

EFRAG will also perform a preliminary cost-benefit analysis based on the Draft Amended ESRS during the consultation period, which will be updated before delivering the final technical advice to the EC.

Finally, it should be noted that some of the meetings of the EFRAG Sustainability Reporting Technical Experts Group (SR TEG) and Sustainability Reporting Board (SRB) were held publicly. The agenda papers were shared with the public (see EFRAG's website - meetings calendar).

6. What evidence did EFRAG gather and integrate to amend the ESRS?

The evidence-based gathering exercise organised by EFRAG was an invaluable source of input and allowed a very informative interaction with a wide range of individual stakeholders, including major European stakeholder organisations and communities. It was successfully completed by the end of May 2025.

EFRAG received over 820 contributions to its Call for input, which run between 8 April and 7 May 2025. In addition, EFRAG conducted several workshops with all relevant stakeholders and around 40 individual interviews with preparers that had completed their 2024 ESRS reporting.

EFRAG further obtained an analysis[8] of more than 650 ESRS sustainability statements prepared for calendar year 2024 (and available as of 28 April 2025) in relation to 20 critical research questions.

The feedback obtained in this process was presented[9] to both the EFRAG Sustainability Reporting Technical Experts Group (TEG) and the Sustainability Reporting Board (SRB) by the EFRAG Secretariat, in a public session on 21 May 2025. It was also summarised in the EFRAG's progress report published on 20 June[7].

The evidence-based gathering exercise enabled confirmation and enhancement of the preliminary vision that was developed in April and agreed upon at the beginning of May by the EFRAG SRB on actionable levers for substantial simplification. Of note is the diverse composition of the EFRAG's SRB, comprising a mix of various professional and EU country backgrounds, as well as wide stakeholders' representation. This was helpful to obtain the first insights.

7. What are the six levers of simplification that EFRAG identified following the evidence gathering exercise?

In its 20 June progress report[7], following the evidence-based phase, EFRAG identified six key levers of simplification, which led to the proposed amendments. They are the following:

LEVER 1: Simplification of the Double Materiality Assessment (DMA) – see question 8

LEVER 2: Better readability / conciseness of the sustainability statements and better connectivity with the corporate reporting as a whole – see question 9

LEVER 3: Critical modification of the relationship between Minimum Disclosure Requirements[10] (MDR) and topical specifications – see question 10

LEVER 4: Improved understandability, clarity and accessibility of the Standards – see question 11

LEVER 5: Introduction of other suggested horizontal burden-reduction reliefs – see question 13

LEVER 6: Enhanced interoperability with the ISSB Standards – see question 18

[8] https://www.efrag.org/sites/default/files/media/document/2025-07/EFRAG_State%20of%20Play%202025%20Report_0.pdf
[9] The Report "Consolidated feedback - public call for input, outreach events and preparer interviews" has been released jointly with the Amended ESRS Exposure Drafts.
[10] Renamed General Disclosure Requirements in the Amendments (GDR).

8. How has double materiality, as the basis for sustainability reporting, been clarified and simplified? And the role of materiality of information?

To meet the Corporate Sustainability Reporting Directive's (CSRD) objectives the ESRS require an undertaking to report material information on a given environmental, social or governance topic when the topic relates to one or several material impacts, risks and opportunities (IROs); refer to question 1 for the double materiality principle. These are identified through its double materiality assessment (DMA) which requires performing both an impact materiality assessment, as well as a financial materiality assessment.

Identification of the material IROs and material information to be reported in the sustainability statement has been clarified and simplified in ESRS 1 *General requirements* as follows:

(a) More emphasis has been put on ESRS being a fair presentation framework. This is, a key concept which is retained by the ISSB and many other reporting frameworks, based upon the key quality characteristics of relevance and faithful representation. EFRAG considered that this emphasis would be needed to reduce the risk of over-burdening reporting associated with a compliance exercise. To this effect, an explicit statement of compliance with ESRS 1 is included in ESRS 2 *General disclosures* The fair presentation basis has been heavily debated by the EFRAG SRB and a minority of members expressed reservations on it when approving the ESRS 1 ED. For this reason, the EFRAG SRB is seeking specific feedback on this provision in the public consultation.

(b) Clarifications have been provided on how to perform the DMA. This includes a new section presenting 'practical considerations' in the execution of the DMA. These intend to achieve an efficient approach that only requires further details and assessment when a higher-level assessment does not result in clear conclusions on materiality.

For instance, to reduce the overall complexity of the process and the extent of unnecessary scoring, it has been clarified that the DMA is typically to start from the analysis of the business model to identify the most obvious topics (a 'top-down' approach) to be reported whilst a bottom-up approach may also work. The expected level of evidence to support the conclusions must be reasonable and proportionate. In particular, there may be circumstances when it is obvious that a given topic regards material impacts and/or risks, opportunities for the sector, for peers and/or for the business model.

(c) The role of information materiality has been clarified and made more prominent, to have an overarching filter for the inclusion of any information in the sustainability statement. Unlike the ESRS as issued in 2023, this is applicable now to all the datapoints of the draft revised ESRS 2 *General disclosures*, in addition to those in the topical standards (the latter being consistent with the ESRS as issued in 2023).

(d) The criterion of 'materiality of information' has been clarified, connecting it with users' needs. ESRS 1 now specifies that "*information is material when:*

(a) omitting, mis-stating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make based on those reports, including financial statements and sustainability statements; or

(b) it is necessary to users of general purpose sustainability statements to understand the undertaking's material impacts, risks and opportunities and how it identifies and manages them."

The term '*general purpose'* is now defined to refer *"to interests and view points assessed based on groups of users*".

(e) The list of topics to be considered in ESRS 1 AR 16 has been streamlined and become non-mandatory guidance. The illustrative list includes two levels: topics and sub-topics (eliminating the sub-sub-topic level of AR 16) while respecting the content of the CSRD (see Appendix A of draft Amended ESRS 1).

(f) New guidance has been introduced on how to consider in the DMA the implemented remediation, mitigation and prevention policies and actions when assessing the materiality of an impact (the so called 'gross versus net' issue).

(g) The relationship between identification of material impacts, risks and opportunities (IROs) and the topics (and sub-topics) to be reported has been clarified. Flexibility is provided to the undertaking to decide at which level to report (topical level or IRO level), based on the nature of the IROs and how it manages its material IROs.

EFRAG allows to report at a high level of aggregation (i.e. reporting at a topical level over IRO level) when that aligns with the level at which the undertaking has implemented its management approach.

(h) More emphasis has been put on the aggregation and disaggregation criteria for reporting information at the right level. In particular, 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.

9. What changes have been made to make the sustainability statements easier to understand?

EFRAG is proposing, in the Amended ESRS 1 *General Requirements*, to improve the readability and conciseness of the sustainability statements, and their inclusion in corporate reporting as a whole, as follows:

(a) Introduction of an option to have an 'executive summary' at the beginning of the sustainability statement.

(b) Emphasis of the option to use appendices in case of granular information, e.g. for details on the calculation of the reported metrics, or additional information on non-material matters, or for the EU Taxonomy-related information according to Article 8 of Regulation (EU).

(c) Clarification of the concept of connected information, and discouragement of fragmentating and/or repeating information pertaining to the same topics. Focus has been on the reinforcement of flexibility and readability of the report, in particular in the area of reporting on policies, actions and targets (PAT) and connecting them with the material IROs and related topics, as well as with the undertaking's strategy and business model. See further at question 10.

10. How have the Minimum Disclosure Requirements (MDR) and topical specifications been simplified?

EFRAG is proposing to significantly simplify the ESRS 2 *General Disclosure* Minimum Disclosure Requirements (MDRs), as well as those in the topical ESRS. The aim is 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. Proposed changes are as follows:

(a) Whilst the ESRS 2 cross-cutting MDRs have been maintained and renamed "General Disclosure Requirements" (GDR), they have been revised and the number of datapoints have been significantly reduced with respect to the mandatory policies, actions and targets (PATs) specifications in ESRS 2 and datapoints in topical standards have been drastically reduced. GDRs (including topical) are limited to the essential ones, the rest being deleted and, in some cases, deleted from mandatory material and presented in Non-Mandatory Illustrative Guidance. See question 10.

(b) It has been clarified that:

(i) Consistent with the first set of ESRS, PATs are only to be reported 'if you have' them (i.e., no behaviour mandated). However, the proposed Draft Amended ESRS 2 does not require disclosure of reasons for not having them or plans and timeline to implement them. In addition, preparers can now use a tabular format for the material IROs and PATs and indicate with a single datapoint for the list of material topics for which there are no PATs; and

(ii) It has been clarified that reporting on PATs can follow the categorisation of PATs adopted by the management in conjunction with the strategy and business model of the undertaking, and how it manages the material IROs. For instance, where the undertaking applies the same PATs across more than one material IRO (or topic), it may disclose the information just once, in aggregate, reflecting the level at which they are managed.

11. How have the ESRS Standards been made clearer and more understandable? What are the new Non-Mandatory Illustrative Guidance (NMIGs)?

In response to stakeholders' request to improve the understandability of the ESRS, EFRAG has reorganised the content of the requirements. It proposes the following changes:

(a) Elimination of the 'voluntary disclosure' ('may' disclosure datapoints). See question 12.

(b) Amendment of the general structure of the Standards, separating clearly mandatory and non-mandatory content. The paragraphs on mandatory methodologic guidance (still named 'Application Requirements'/AR) are now placed directly under the respective disclosure requirements to which they belong.

(c) Presentation in a separate document named "Non-Mandatory Illustrative Guidance" (NMIG). This guidance contains part of the non-mandatory content deleted from the first set of ESRS and other content in some Q&As issued by EFRAG, which was considered helpful, particularly for undertakings that have less experience of preparing a sustainability statement. The content gathered in this guidance has been significantly streamlined and is explicitly meant to be guidance for reference only. It can be used by preparers to inform their approach to reporting. It is not intended to be a checklist that an undertaking must consider. The legal status of the NMIGs will be confirmed by the European Commission (EC) in due course, including whether to include them in the ESRS Delegated Act, or to have them published by EFRAG as guidance only (the latter is EFRAG Sustainability Reporting Board's preference). The only exception to this principle is for the non-mandatory Appendix A maintained in Amended ESRS 1 *General requirements*, given its importance (see question 8).

(d) The language in the Standards has been improved and streamlined, in particular for ESRS 1. However, EFRAG took care not to disrupt the implementation investment done by the current ESRS preparers, and did not introduce new language for the most critical general requirements.

12. Why is it proposed to eliminate the "may disclose" datapoints?

The 'voluntary disclosure' ('may disclose' datapoints) has been a source of significant discussions between preparers and auditors. It is interpreted by some as a checklist for entity-specific disclosures rather than an encouragement of good practice by more mature preparers. Accordingly, EFRAG proposes to eliminate this category.

13. What are the new burden reduction reliefs introduced in the Amended ESRS?

To reduce undertakings' reporting burden, EFRAG has incorporated the reliefs that exist in ISSB's IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, which are compatible in the European context. In particular:

(a) The use of the 'undue cost or effort' relief is applicable to the materiality assessment, the extent of coverage in the value chain and to all metrics.
(b) The disclosure of ranges for quantitative financial effects instead of exact numbers.
(c) This does not include the relief that allows to omit Scope 3 GHG emissions when impracticable, considering the role of this metric in the Green Deal and sustainable finance.
(d) This does not include the ISSB relief regarding the disclosure of information about opportunities that IFRS S1 classifies as "commercially sensitive", pending developments in level 1 regulation.
(e) The relief allowing to omit quantitative information about anticipated financial effects is one of the two options on which the EFRAG SRB is seeking views (see question 17).

In addition, beyond the existing transitional reliefs in the ESRS as issued in 2023 that have being maintained, additional reliefs are proposed, which go beyond the ones in the ISSB's standards:

(a) With respect to the determination of metrics:

(i) The concept of 'undue cost and effort' has been extended to apply to all metrics (in the ESRS as issued in 2023 it was only applicable in estimating metrics when collection of direct data was not possible with reasonable effort).

(ii) A new relief is proposed when faced with data lacking quality. It allows reporting on a partial scope while providing transparency on assumptions, limitations and actions to increase data availability over time. The relief applies to both own operations (to deal with the time necessary to implement the appropriate data collection or estimation) and value chain metrics.

(iii) A new relief is introduced to exclude non-material activities from calculation of metrics where, due to their nature, they are not expected to be drivers of material IROs. In addition, an undertaking may exclude joint operations on which they do not have operational control from environmental metrics other than climate.

(iv) The systematic preference for direct data as input to the calculation of value chain metrics has been removed. Undertakings may use direct data or estimates depending on practicability and reliability. See further with respect to value chain metrics at question 16.

(v) With respect to financial effects, the information on future investments and plans is limited to those that have already been announced.

(b) With respect to acquisitions and disposals, a relief has been introduced for both the DMA and reporting.

(c) With respect to resilience, the assessment is limited to risks (not anymore including impacts and opportunities). Only qualitative information is required to be disclosed (quantitative on a voluntary basis).

(d) With respect to commercially sensitive information, EFRAG is waiting for the outcome of the debates at the Omnibus level to reflect any modifications. The draft Amended ESRS 1 *General requirements* maintains the existing relief for secret information and adds a note to mention the existing option at Member State level granted by the CSRD, which gives a relief in those countries that have implemented it.

14. What are the changes to the reporting boundaries?

EFRAG is proposing to clarify and simplify the reporting boundaries, including the distinction between what relates to own operations versus to the value chain, as follows:

(a) It is clarified that the sustainability reporting is based on the perimeter of the consolidated financial statements (financial control approach of the GHG Protocol).

(b) Certain activities have been clarified to explain whether they relate to own operations versus to value chain, such as for lease contracts (with a different treatment for lessees/lessors) – which also relate to real estate investments – as well as from assets that are held by employee benefit pension funds.

(c) With respect to GHG emissions reporting, EFRAG proposes to eliminate the new reporting concept introduced in ESRS E1 *Climate change*, which was considered too complex and not sufficiently internationally aligned. The scope of consolidation adopted for financial statements is now proposed to be the relevant boundary for GHG emissions' metrics, with an additional disclosure following the GHG Protocol operational control approach in specific circumstances (see separate question 15).

EFRAG did not add sector specifications to address the definition of value chain for financial institutions, pending the ongoing Omnibus negotiations.

15. What are the special circumstances leading to disclosing GHG emissions in accordance with the GHG Protocol operational control approach?

Stakeholders have expressed concerns about the boundaries of greenhouse gas (GHG) emissions, following a new concept introduced in ESRS E1 Climate change, which creates complexity and diverges from international standards.

The EFRAG Sustainability Reporting Board proposes amending this aspect of ESRS E1 by adopting the consolidated financial statements as the relevant boundary (equivalent to the GHG Protocol (GHGP) financial control organisation), with an additional disclosure of GHG emissions (Scopes 1 and 2) following a GHGP operational control approach where the former metric fails to convey a fair presentation of the IROs deriving from operated assets that are outside the reporting undertaking.

EFRAG assesses that this will enhance the compatibility with the ISSB's IFRS S2 and the GHGP, as the old version of the ESRS E1 boundary could not find direct correspondence with any of the boundaries allowed by the GHGP.

EFRAG considered the possibility to further align with IFRS and GHGP, by allowing all the existing options in the GHGP and to wait for further developments that are expected to arrive in the context of the announced review of the protocol. However, EFRAG considered that allowing the use of different approaches is not helpful for comparability. In addition, the alignment with the scope of financial reporting was indicated by many as a simplification and enhances connectivity with financial statements

16. How do the Amended ESRS interact with the CSRD value chain cap? Is there information to be collected from the value chain?

The Corporate Sustainability Reporting Directive (CSRD) value chain cap was already embedded in the ESRS. EFRAG waits for the outcome of the debates of the EU co-legislators as part of Omnibus before making any further adjustments.

Still, EFRAG proposes amendments to have less prescriptive requirements for the collection of direct information from the value chain, emphasising that estimates may be used instead and eliminating the preference for direct data input. It also proposes to concentrate the reporting efforts where severe impacts and risks are more likely to arise.

Overall, apart for the reporting of scope 3 GHG emissions, the topical ESRS do not require metrics specific to the value chain. Still, in a few instances, value chain information may inform certain own operations metrics in the environmental standards.

Value chain metrics are required to be reported when there are entity-specific material IROs relating to the value chain (noting that the new proposed reliefs for metrics will also be applicable, depending on the facts and circumstances).

17. Are any reliefs proposed to the reporting of anticipated financial effects?

EFRAG is seeking feedback from its stakeholders before deciding on the reliefs to be included with respect to the disclosure of anticipated financial effects of its material risks and opportunities.

Under an ‘Option 1’ presented in ESRS 2 *General disclosures*, both qualitative and quantitative disclosures of the anticipated financial effects of material risks and opportunities remain required, noting that a relief substantially equivalent to the one available in IFRS S2 *Climate-related Disclosures* is proposed to be introduced, in addition to the general relief of undue cost or effort. This would allow for the reporting of qualitative information when the level of estimation uncertainty is so high that the resulting quantitative information would not be useful.

Under an ‘Option 2’, only qualitative disclosure would be required, leaving the option to the undertaking to disclose quantitative information voluntarily and departing from the corresponding ISSB’s IFRS S1 and S2 relief.

With respect to ESRS E1 Climate change, the content of the disclosure requirements on anticipated financial effects has been significantly reduced. Still several datapoints remain 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 obligations.

18. How are topical standards and disclosures affected by the simplification?

The first thing to note is the elimination of almost all of the narrative disclosures from the topical standards. This is a significant part of the reduction in datapoints. This reflects the revised architecture, where requirements for strategy, governance, policies, actions and targets are maintained only in the general requirements standard (ESRS 2). This is done to achieve a reasonable balance between standardisation and simplification. While this is expected to support a more focused reporting, there is also a possibility that the resulting reporting will be less comparable.

Beyond the radical reduction in datapoints, EFRAG has streamlined and clarified the points below following the evidence gathering exercise carried out.

For environmental Standards, a more pragmatic approach to by-site disclosure has been implemented, by emphasising the role that local considerations play in determining the appropriate reported level to achieve a fair presentation, while a specific disclosure on the material locations is maintained only in the biodiversity Standard.

With respect to climate, one of the key disclosures is regarding the transition plan for climate mitigation, which is now clearer and easier to apply. However, the Amendments did not attempt to clarify the concept of "compatibility with 1.5 degrees", as this is an aspect where changes are expected to other EU legislation. As a trade-off between simplification and precision, the Amendments may be less detailed on how targets are set and monitored, which may result in less comparability of information for users. However, essential information has been maintained, such as reporting on expected absolute GHG emission values when intensity targets are set, or locked in emissions, despite requests to eliminate them. Similarly, the relief allowing to omit Scope 3 GHG emissions when their calculation is judged impracticable has not been implemented, and the rigour around how climate targets are defined (gross targets) is preserved. This relates to the critical role that this information plays in understanding decarbonisation progress.

On pollution, the reference to the European Pollutant Release and Transfer Register (E-PRTR) regulation was deleted from the mandatory requirements to avoid critical challenges in disclosing at non-EU locations. The requirements on microplastics were maintained given their severe impacts, despite some stakeholders requesting to delete, introduce phase-in or making voluntary the reporting on microplastics. The main requirements on substances of concern have been maintained but refocused on manufacturers and importers, allowing users of substances to focus on substances of very high concern only, which are clearly identified.

As for water, mandatory disclosure of total water consumption, water consumption in areas at water risk, water recycled or reused, and water stored are maintained and water withdrawals and discharges are, exceptionally, transformed as required datapoints as essential aspects to characterize the undertakings water balance and its IROs from dependencies on water resources. Furthermore, under fair presentation only the metrics that better characterize the risks need to be reported and, in most cases, no additional burden is imposed, as water consumption measurement implies measurement of water withdrawals and discharges.

For biodiversity, the requirement to report on metrics maintain flexibility for the preparers to choose the adequate metrics to report, as EFRAG acknowledges the difficulty of prescribing metrics that lack reporting practice and methodological maturity. The disclosure on transition plan for biodiversity is now mandatory (if material), reflecting the deletion of the voluntary category, but to avoid additional burden, it is to be reported only when the company has a plan announced to the public.

For circular economy, ambiguous provisions were clarified, including clearer boundaries between ESRS E5 and other environmental standards. Definitions have been added to address concerns frequently expressed by stakeholders. For inflows, flexibility was added by allowing undertakings to define "key" materials based on strategic relevance, with streamlined requirements on basic metrics measuring circularity. For outflows, disclosures on durability and repairability are now narrative.

For own workforce, next to the above-mentioned simplification of narrative requirements, the metrics have been simplified. Firstly, there has been a reduction of granularity (e.g. breakdowns) and re-prioritisation of datapoints that led to the deletion of a number of datapoints. Secondly, increased flexibility for preparers that can use tables or narrative text for some quantitative disclosures. In addition, enhanced clarity on key concepts and metrics has been provided by updating the definitions (for example, human rights incidents or adequate wages). Important aspects require input from the consultation phase before confirming the changes are the methodology for adequate wages and the threshold for by country disclosure. This exercise was also accompanied by the consolidation and, in one or two cases, reformulation of SFDR PAIs across all the social standards.

In addition to the general reduction of narrative disclosure, the Standard ESRS G1 has also been streamlined to refocus on information about the administrative, supervisory and management bodies and the management is now excluded from the scope, as well as information about the internal control over sustainability reporting.

19. How do the Amended ESRS improve the interoperability with the ISSB Sustainability Disclosure Standards?

From a general standpoint, EFRAG has considered all opportunities to align further the provisions and avoid unnecessary differences between the ESRS and the ISSB Standards. While some of the amendments go in the direction of enhancing interoperability, others negatively affect it. The EFRAG SRB considers that the Amendments provide an overall enhancement of the level of interoperability, while respecting the objectives of the simplification mandate. More work will be needed jointly with the ISSB in the next phases to further progress on this topic. The EFRAG SRB is seeking for specific views on this conclusion in the consultation[11]. In particular, the following changes improve interoperability:

(a) While maintaining the differences in the respective scope of materiality (double materiality in ESRS and investor materiality in International Accounting Standards Board's (ISSB) Standards), in line with the ISSB's IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, emphasis has been put on the ESRS being a fair presentation framework. In addition, materiality of information is now a general filter for the reported information, as it is in the ISSB's standards.

(b) To remove one of the main interoperability differences, the ESRS E1 *Climate change* GHG emission boundary has been replaced by the financial consolidation approach, aligned with the financial control approach in the GHG Protocol. A separate disclosure based on operational control is now required (aligned with the corresponding disclosure in the GHG Protocol) where the metric based on financial control fails to convey a fair presentation of the IROs deriving from operated assets that are outside the reporting undertaking.

(c) The reference to International Financial Reporting Standards (IFRS) Industry Based Guidance (which includes the IFRS S2 industry based guidance and the Sustainability Accounting Standards Board's (SASB) Standards) when the undertaking reports entity-specific disclosure ('may consider' in the Amended ESRS) is now permanent, reflecting the elimination of proposed ESRS sector standards.

(d) The language used for common provisions has been revised to adopt the same wording as in IFRS S1 and IFRS S2 *Climate-related Disclosures* wherever possible.

(e) The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented. Exceptions include: (1) omitting commercially sensitive information about opportunities (pending the outcome of Omnibus discussions) (2) allowing to omit Scope 3 GHG emissions when impracticable and (3) 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 17 above.

At the same time, the following changes negatively affect interoperability:

(a) The implementation of the proposed reliefs that go beyond the ones in the ISSB's Standards would result in new interoperability differences (see question 13).

(b) In very few cases, EFRAG proposes to delete 'shall disclose' IFRS detailed datapoints that were mapped as corresponding to IFRS disclosures. This will maintain alignment at the higher level of the corresponding disclosure requirement in order to contribute to the overall reduction of datapoints. EFRAG identified 7 detailed datapoints as potentially new differences (see the Basis for Conclusions, Chapter 4, Lever 6).

(c) The requirement to present a disaggregation of Scope 1 and 2 GHG emissions between the consolidated accounting group and other investees has been eliminated, as considered not necessary after the alignment of the reporting boundary with the consolidation perimeter.

20. Does the interaction with other EU regulations (including the SFDR) change?

No, the interaction with other EU regulations (including the SDFR) remains basically the same.

[11] This assessment has not been confirmed nor reviewed by the ISSB.

EFRAG notes that the Omnibus proposals have not changed the general objectives of (i) supporting the creation of the data infrastructure necessary for implementing the Sustainable Finance Disclosure Regulation (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 (DPs) were added to the ESRS regardless of their relevance, including all optional SFDR Principal Adverse Impact (PAI) indicators. These 'EU datapoints' account for 16% of the overall mandatory datapoints (as counted in EFRAG's published guidance IG 3 *List of datapoints*). Input from investors confirms the need to implement the correct flow of information from their investees.

EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction. Despite the significant reduction in datapoints, the coverage of SFDR PAI has been only marginally reduced. Thanks to a limited number of amendments, the relevance of the corresponding information is increased. The Basis for Conclusions, Appendix 4, illustrates how the EU datapoints in Appendix A (formerly appendix B) of Amended ESRS 2 *General disclosures* have been modified.

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 DP 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, but is articulated across the different topics. The content of indicator number 12 Table #2 of Annex can now be found, where relevant, linked to policy disclosure on biodiversity (E4-2);

(c) the Paris-aligned Benchmark datapoint (E1-1, para.16(g)) has been deleted.

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

(d) 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.

(e) A small number of amendments on the scope has taken place for (i) SFDR PAI Indicator 3 of Table #3 in relation to days lost, as fatalities has been deleted from its scope (ESRS S1-13) and ; ii) the scope for the severe human rights cases (refer to (a) above) has been revised in order to provide a clearer definition (ESRS S1-16, S2-3, S3-3, S4-3) .

There were no changes in the ESRS G1.

21. Is the Draft Amended ESRS introducing new datapoints?

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, no new 'shall disclose' datapoints have been added. However, in the context of the comprehensive revision of some of the disclosure requirements and to promote more focused and relevant information, 3 datapoints have been added as an exception to the general rule.

They do not add new obligations, as they refer to an already existing disclosure objective. They make explicit a separate element of required information. Their change of status improves the clarity of the reporting requirements. See the Basis for Conclusions (paragraphs 108/109) for further explanations.

Datapoint
ESRS E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product.
ESRS E5-4 Percentage of total weight that are critical and strategic raw materials

ESRS E5-4 Percentage and/or total weight for which the final destination is unknown

22. What are the 'may disclose' datapoints that have become 'shall disclose' datapoints?

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, in the context of the comprehensive revision of some of the disclosure requirements and to provide for more focused and relevant information, 6 datapoints have been moved from 'may disclose' to 'shall disclose'.

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. Their change of status improves the clarity of the reporting requirements. See the Basis for Conclusions (paragraph 106) for further explanations.

Datapoint
ESRS E3 **-** Own operations total [water] withdrawal
ESRS E3 – Own operations total [water]discharges
ESRS E4 - Transition plan for biodiversity and ecosystems
ESRS G1 – Training of procurement team
ESRS G1 – Nature of confirmed incidents of corruption and bribery
ESRS G1 – Number of confirmed incidents of corruption and bribery

23. What is the extent of the reduction in terms of datapoints?

The amendments to the ESRS are proposed to lead to a substantial reduction in the number of mandatory (-57%) and voluntary (-100%) datapoints. In aggregate – i.e., combining mandatory ('shall disclose') and voluntary ('may disclose') datapoints, the overall percentage of reduction is 68%, as compared to the datapoint count of ESRS as issued in 2023 presented in EFRAG's guidance IG 3 *List of datapoints*.

To meet this objective, EFRAG undertook a systematic review of the datapoints, eliminating the least relevant i.e., those that are not necessary to meet the disclosure objectives. Most of the deleted datapoints stem from the narrative policies, actions, and targets 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 to be a reduction.

24. When the Amended ESRS come into effect, will a current ESRS reporter be able to capitalise on the efforts already implemented for the first set of ESRS?

Yes, undertakings will be able to fully leverage the sustainability information that they have already prepared in accordance with the first set of ESRS:

(a) The double material assessment (DMA) exercise has not changed in substance as the principles remain the same, albeit its process has been simplified with much less granularity in reporting. It is expected to become easier to document the conclusions of the DMA exercise, in particular when updating an initial assessment, and companies can rely on the outcome of the 2024 ESRS DMA as the basis for future years.

(b) The areas of reporting and topics remain the same. There are general disclosures on governance and strategy / business model, and specific information for selected topics on policies, actions, and targets, as well as metrics, albeit flexibility has been introduced to enable more focused and concise reporting. The structure of the topical standards has been simplified with less granularity in the structure of topics and sub-topics as sub-sub-topics have been deleted.

(c) The simplification effort has greatly focused on the narrative datapoints, which were creating redundancies in reports. Metrics have been both amended or deleted and clarified in areas where they were particularly difficult to develop, to ease their preparation. Still, the essence of the sustainability reporting is maintained, to meet the objective of the CSRD, as the simplification exercise has moved to a more principles-based standard-setting rather than rules based.

(d) The number of new 'shall disclose' datapoints, and amendments to 'may disclose' that become 'shall disclose" datapoints, represent very limited and justified exceptions (see questions 20 and 21).

III. Contextual information - CSRD/Omnibus/EFRAG: what is it?

25. What is the CSRD? What is its purpose? What is 'Omnibus'?

Please refer to the Explanatory Memorandum accompanying the European Commission COM (2025) 81 for proposals of the European Parliament and European Council amending Directives 2006/43/EC (Audit directive), 2013/34/EU (Accounting Directive), (EU) 2022/2464 (CSRD) and (EU) 2024/1760 (CSDDD) as regards certain corporate sustainability reporting and due diligence requirements (the 'Omnibus Explanatory Memorandum') [12].

The Corporate Sustainability Reporting Directive[13] (CSRD) entered into force on 5 January 2023. It strengthened and modernised corporate sustainability reporting requirements through modifications to the Accounting Directive, the Transparency Directive, the Audit Directive and the Audit Regulation. The CSRD is an important element of the European Green Deal and of the Sustainable Finance Action Plan. It aims to ensure that investors have the information they need to understand and manage the risks to which investee companies are exposed from climate change and other sustainability issues. It also aims to ensure that investors and other stakeholders have the information they need about the impacts of companies on people and the environment. It thereby contributes to financial stability and environmental integrity. This is a necessary condition for financial resources to flow to companies that pursue sustainability goals and creates more accountability and transparency towards all stakeholders regarding companies' sustainability performance.

The 'Omnibus' proposal released by the European Commission on 26 February 2025 contains provisions to simplify and streamline the regulatory framework with a view to reduce the burden on undertakings resulting from the CSRD and the Corporate Sustainability Due Diligence Directive (CSDDD) without undermining the policy objectives of either piece of legislation and to ensure more cost-effective delivery of the overall ambition of the European Green Deal related to the green and just transition.

26. What is the relationship between CSRD, ESRS, and Omnibus?

The Corporate Sustainability Reporting Directive (CSRD) requires undertakings in scope to report sustainability information according to mandatory European Sustainability Reporting Standards (ESRS). It also requires the European Commission (EC) to adopt such standards through delegated acts. In July 2023, the EC adopted a first set of ESRS[1], which was developed based on the technical advice issued by EFRAG in November 2022. EFRAG is the technical advisor to the European Commission for ESRS, in accordance with the provisions of the Accounting Directive.

As part of the Omnibus initiative, Commissioner Albuquerque sent a letter to EFRAG on 27 March 2025 indicating the EC's intent to adopt a Delegated Act to revise and simplify the existing ESRS[2]. The Commissioner asked EFRAG to initiate the process to develop a technical advice as soon as possible, considering the relevant content of the Omnibus Explanatory Memorandum.

27. Which undertakings are subject to the CSRD and ESRS?

Please refer to the Commission Notice C/2024/6792 on the interpretation of certain legal provisions in Directive 2013/34/EU (Accounting Directive), Directive 2006/43/EC (Audit Directive), Regulation (EU) No 537/2014 (Audit Regulation), Directive 2004/109/EC (Transparency Directive), Delegated Regulation (EU)

[12] Commission proposes to cut red tape and simplify business environment - European Commission – See also Omnibus I - European Commission and COM(2025) 81

[13] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 (Corporate Sustainability Reporting Directive)

2023/2772 (first set of ESRS), and Regulation (EU) 2019/2088 (Sustainable Finance Disclosures Regulation, 'SFDR') as regards sustainability reporting.

The scope of undertakings mandated to report against the CSRD is currently under revision under the Omnibus proposals (refer to the Omnibus Explanatory Memorandum). It is expected that the number of companies in scope is to be reduced.

Overall, subject to the CSRD transposition by EU Member States in local law, large public-interest entities and issuers on an EU-regulated market, with more than 500 employees, have been the first undertakings to report according to the CSRD and ESRS, as from 1st January 2025 (i.e. on financial year 2024). Other undertakings in scope were benefiting from at least one more year before the CSRD obligations applied. However, considering the current Omnibus discussions, the European Commission has issued a "stop-the-clock" directive in April 2025[14], which postpones the CSRD obligations for those companies by two more years.

28. What is EFRAG?

EFRAG is a private association established in 2001 with the encouragement of the European Commission (EC). EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting.

In its sustainability reporting activities, EFRAG provides technical advice to the EEC in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

In its financial reporting activities, EFRAG ensures that the European views are properly considered in the International Accounting Standards Board's (IASB) standard-setting process and in related international debates. EFRAG ultimately provides advice to the EC on whether newly issued or Amended IFRS Accounting Standards meet the criteria of the International Accounting Standards (AS) Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

EFRAG's Member Organisations are European Stakeholders Organisations, National Organisations and Civil Society Organisations. EFRAG is also funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo, participate.

For more information about EFRAG, please visit EFRAG's website at https://www.efrag.org.

[14] Directive (EU) 2025/794 of the European Parliament and of the Council of 14 April 2025 amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements (Text with EEA relevance)