

## **EFRAG's technical advice to the European Commission regarding Amended European Sustainability Reporting Standards (Amended ESRS)**

Ms. Albuquerque

Commissioner for Financial services, financial stability and Capital Markets Union

Rue de la Loi / Wetstraat 200

1049 Brussels

Dear Commissioner Albuquerque,

It is my great pleasure to deliver to you today, as technical advice to the European Commission, the Amended European Sustainability Reporting Standards (Amended ESRS). The EFRAG Sustainability Reporting Board (EFRAG SRB) approved these standards on 28 November 2025, as explained in more details below.

Building on the lessons learned in 2024 by “wave 1” reporters and on an extensive multistakeholder evidence from the public consultation, EFRAG is delivering a simplified set of standards, introducing substantial flexibility, reliefs and phasing-in, as well as reducing the mandatory datapoints by 61%, while retaining the core objectives of the EU Green Deal.

As this letter explains, 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 regulations is enhanced to the maximum extent compatible with the simplification objective.

Practical considerations and proportionality mechanisms have been introduced in all reporting steps. 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 companies and users to disclose only what really matters. Using the Amended ESRS, undertakings will be able to better integrate sustainability in their communication to the market, beyond compliance.

Please note that we have agreed with DG FISMA to deliver before the end of December 2025 some accompanying documents which still need to be finalised and reviewed: the Basis for Conclusions, the Cost Benefit Analysis and the Explanatory Note<sup>1</sup>.

At the time we send this letter, the legislative process referred to as Omnibus initiative is not completed. Should the conclusion of the legislative process affect in any way the substance of this technical advice, EFRAG stands ready to adapt the Amended ESRS if required to do so.

To provide contextual information on the Amended ESRS I would like to bring the following key points to your kind attention with respect to the EFRAG due process, the levers activated for reporting

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<sup>1</sup> This Note illustrates how initiatives and legislation listed in Article 1(8) of the CSRD have been taken into account.

simplification and burden reduction and the required clarifications and explanations about the approval itself.

### **The rigorous and extensive process followed to elaborate the Amended ESRS**

After receiving the mandate at the end of March 2025, EFRAG first issued a call for input in April 2025 which allowed EFRAG to collect highly valuable evidence and feedback from more than 800 stakeholders. In addition, during the same period, EFRAG held 41 one-on-one interviews with preparers of different sizes, sectors and Member States. In parallel, a benchmarking exercise of about 650 ESRS sustainability statements issued on reporting year 2024 was carried out coupled with a detailed analysis of the 887 questions received through the ESRS Q&A Platform. This input enabled the identification of the most critical provisions that needed to be simplified and clarified in the Amended ESRS.

Based on this feedback, interviews and analyses, the EFRAG SRB established the strategic directions for simplification and, together with the EFRAG Technical Expert Group (EFRAG SR TEG), elaborated Exposure Drafts (EDs) that were published on 29 July 2025 for a 60-day public consultation. We received more than 700 responses to this public consultation which, combined with 21 outreach events carried out in the course of September and 2 targeted field tests, provided invaluable input to our due process.

As from mid-October until the approval, the exposed standards have been carefully reviewed by the EFRAG SRB and EFRAG 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.

I would like to highlight the extremely high and very commendable level of mobilisation of all participants to achieve such an outcome within such a tight timeline. I therefore take this opportunity to express my gratitude to the EFRAG SRB and SR TEG members, to the EFRAG Secretariat and to the organisations and individuals that contributed to the process in an unprecedented manner.

Even if EFRAG was given an extra month as compared to the deadline initially set, most of which allowed us to expand the consultation period (initially considered for one month), we had to shorten the normal period of public consultation to 60 days. We also had to adapt some of our internal decision-making mechanisms, in particular by having EFRAG SR TEG and EFRAG SRB working in parallel, by shortening the time between availability of, and discussion on, board documents and by only providing stakeholders with a summary of working groups and drafting discussions in public meetings. It is, however, my firm belief that the level of mobilisation and efforts allowed us to work in line with the key steps of our due process while respecting the very tight timeline set in our mandate.

### **The simplification of the Double Materiality Assessment (DMA) and the emphasis on fair presentation**

As the DMA is pivotal in sustainability reporting and has been identified by many stakeholders as a source of burden, the Amended ESRS introduce a substantially clarified and more proportionate approach, aiming to strike a better balance between simplification and robustness. Building on extensive feedback from first-wave reporters and stakeholders, the amendments reinforce the role of materiality of information as an overarching filter, clarify the relationship between IROs and reportable topics, and introduce more flexible, principle-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 remediation, mitigation and prevention actions in the DMA, other proportionality mechanisms) and the possibility to include clearly identified non-material information without obscuring material disclosures. Further simplifications include a streamlined list of topics that is no longer mandatory to consider in the Double Materiality Assessment (AR 16), the ability to report solely on material sub-topics, improved aggregation and disaggregation criteria, and a clarification 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.

In conjunction with these changes, the reference to a fair presentation framework has been made explicit through enhanced emphasis on qualitative characteristics and entity-specific disclosures and the clarification 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 application requirements (ARs) are also introduced to ensure completeness while avoiding obscured or misleading reporting.

The purpose of the streamlined DMA 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.

### **The emphasis on better readability/conciseness of the sustainability statements and better inclusion in corporate reporting as a whole**

The 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. Clarifications include 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.

The purpose of these amendments is to enable undertakings to “tell their story” in a balanced and consistent manner while also providing access to the related detailed data without blurring the management report type information.

### **The critical modification of the relationship between Minimum Disclosure Requirements (MDRs) and topical specifications**

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 policies, actions and targets (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 Amended ESRS do not require anymore the justifications for not having PATs in place and timetables for future adoption (i.e., no behaviour mandated).

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 company effectively manages its sustainability issues.

### **The focus on improved understandability, clarity and accessibility of the amended Standards**

The Amended ESRS address significant confusion arising from the mix of mandatory and non-mandatory Application Requirements (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 and will be considered by EFRAG in future non mandatory guidance, while 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, aligned drafting with EU style guidelines, and ensured objectives accurately reflect their related requirements.

The purpose of these amendments is to make the standards shorter as well as easier to read and understand.

### **The introduction of burden relief reductions**

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

- (a) The 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 overtime.
- (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 purports to represent. 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, reducing the 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 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 Amended ESRS reflect the update on the phase-ins granted to wave 1 companies 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 companies an additional significant phasing-in (until 2029) is granted for the disclosure of quantitative information about financial effects<sup>2</sup> and substances of concern, given

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<sup>2</sup> Except paragraph 38 (a) and (b) and 39 (a) and (b) of ESRS E1.

the current level of maturity of the market practices. In consideration of the close linkage that exists between the phasing-in for wave 2 and other future reporting companies and the ongoing level 1 negotiations, EFRAG is not expressing a view on this specific aspect, 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.* Concerns on Anticipated Financial effects are mainly related to the data quality, the sensitivity of information, and the difficulties in preparing and auditing this information due to the lack of standardised methodologies. The EFRAG 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 Amended ESRS include measures that specify when quantifications of anticipated financial effects 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.

### **The constant effort to enhance interoperability**

The revision of the ESRS has continued to place interoperability at the core of its objectives, aiming to reduce complexity for companies operating across multiple jurisdictions. As a consequence, the 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.

With respect to the ISSB Standards, the revision builds on the 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 Amended ESRS was reorganised to emphasise the link between entity-specific information and fair presentation. Reliefs, notably the “undue cost or effort” mechanism, which you suggested to consider carefully in your letter of 5 May 2025, 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 companies 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.

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**

The levers of simplification described above are critical burden reduction factors from a general standpoint. However, the Amended ESRS also reduce significantly the number of mandatory datapoints measured by comparison with Implementation Guidance 3 (IG3) that EFRAG published on the ESRS as adopted in 2023. The amended ESRS reduce the “shall” datapoints by 61% as compared to the initial ESRS (71% including the voluntary datapoints), with a slightly higher reduction compared to the ED published in July 2025. This is achieved by eliminating the less relevant datapoints using an agreed-upon “decision tree” that combines various dimensions of reporting relevance to streamline but still preserving the integrity of the core objectives of the CSRD. The reduction of datapoints is 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, EFRAG SRB has adopted a general rule of not increasing the reporting obligations with the exception of a handful of new datapoints (3)<sup>3</sup>. Additionally, 3 datapoints were moved from voluntary to required if material<sup>4</sup>, which in reality correspond to the more explicit and clearer presentation of already existing requirements.

### **Clarifications and explanations about the EFRAG SRB approval itself**

While approving the standards in due time, the EFRAG SRB wishes to highlight again that the time available for the standard setting process, from the very beginning to the end, was unprecedentedly challenging.

For approval, the EFRAG Internal Rules require the EFRAG SRB to seek consensus to the maximum extent possible. When consensus cannot be achieved, then a qualified majority of two thirds applies with dissenting votes duly reflected (member dissenting and his/her reasons for dissenting) for due process transparency purposes. Abstentions, if any, are considered a negative vote.

The 22 members of the EFRAG SRB participated in the approval vote during the Board public session of 28 November 2025.

Some members casted a dissenting vote on some standards and some others approved them while expressing specific reservations on certain aspects of a standard. However, all 12 Amended ESRS were approved, 5 with a qualified majority and 7 on a consensual basis. Dissenting votes are presented in Appendix 1. For transparency on the vote, specific reservations, while not in contradiction with an approval under a consensus approach, are presented in Appendix 2. In summary:

**Cross cutting standards (2):** both approved by a qualified majority.

- ESRS 1 *General Requirements*: approval by 17 members (9 with specific reservations), dissent by 5 members.
- ESRS 2 *General Disclosures*: approval by 19 members (5 with specific reservations), dissent by 3 members.

**Topical standards (10):** 7 standards approved on the basis of consensus, 3 standards approved by a qualified majority.

By consensus:

- ESRS E3 *Water*: approval by 22 members (1 with specific reservations).
- ESRS E4 *Biodiversity*: approval by 22 members (5 with specific reservations).
- ESRS E5 *Resource use and circular economy*: approval by 22 members (2 with specific reservations).
- ESRS S2 *Workers in the value chain*: approval by 22 members (2 with specific reservations).
- ESRS S3 *Affected Communities*: approval by 22 members (2 with specific reservations).
- ESRS S4 *Consumers and end users*: approval by 22 members (2 with specific reservations).
- ESRS G1 *Business Conduct*: approval by 22 members (2 with specific reservations).

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<sup>3</sup> The 3 new datapoints are: ESRS E1-1 – paragraph 11 (c) AR 3; ESRS E5 paragraph 16(e); and ESRS S1-9 – paragraph 28.

<sup>4</sup> The 3 datapoints moved from voluntary to required if material are: ESRS E3 paragraph 15(c); ESRS E3 paragraph 15 (d); ESRS E4-1 paragraph 10.

## *EFRAG's Cover Letter – Technical advice regarding the Amended ESRS*

By qualified majority:

- ESRS E1 *Climate Change*: approval by 21 members (10 with specific reservations), dissent by 1 member.
- ESRS E2 *Pollution*: approval by 21 members (6 with specific reservations), dissent by 1 member.
- ESRS S1 *Own Workforce*: approval by 20 members (6 with specific reservations), dissent by 2 members.

Beyond what is explained in detail in the appendices, the main reasons for dissenting on the cross-cutting standards are:

- on ESRS 1: for 4 members, the emphasis on fair presentation or the introduction of “informed assessments” in relation to information materiality for other users; for one other member, excess of reliefs and phasing-in;
- on ESRS 2: the mandatory nature of quantitative disclosures on anticipated financial effects after the phasing-in period.

On the outcome of the process in terms of datapoint reduction, some SRB members expressed the view that the reduction is insufficient when coupled with fair presentation, while others highlighted that further cuts would impair the relevance of the sustainability statements and ultimately fair presentation.

In addition, EFRAG brings to your attention the fact that the feasibility of introducing a standardised metric on late payment for small medium enterprises (SMEs) 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 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 to consider 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.

While observers broadly supported the simplification efforts, some critical remarks were also noted, which mainly relate to the accumulation of reliefs without time limits, and more generally to the fact that reliefs should be the exception, not the norm and that this should be explicit in the standards to avoid creating blind spots in reporting and thus hindering appropriate risk management. In addition, observers noted that the scope of application of the undue cost or effort relief has been expanded in comparison with IFRS which could be detrimental for interoperability.

In accordance with the EFRAG due process, the EFRAG SR TEG deliberated in its public session of 24 November 2025 and provided its advice to the EFRAG SRB in due time. All 12 Amended ESRS were approved by the EFRAG SR TEG as explained in Appendix 3.

### **Conclusions**

Overall, I believe that the Amended ESRS, compared to the initial ESRS, strike a reasonable balance between meeting the core policy objectives of the European Green Deal and alleviating unnecessary administrative burdens on undertakings. They constitute a strong and appropriate response to the feedback EFRAG has received through the call for input, outreach events, public consultation, field tests and interviews. In addition, I do believe that the Amended ESRS reflect a balanced and fair reflection of the various constituencies and perspectives in the EFRAG SR TEG and the EFRAG SRB.

EFRAG stands ready to support the European Commission in the performance of its own process. The EFRAG SRB also confirms its willingness to support the implementation of the Amended ESRS and address the questions that will arise in practice.

## *EFRAG's Cover Letter – Technical advice regarding the Amended ESRS*

I would like to thank again my fellow EFRAG SRB members and observers for their remarkable effort and dedication during the past months. We had to work under immense time pressure, and I appreciate the time they spent—often from early in the morning till late at night—helping draft and finalise the standards. As a team, we are pleased to have achieved this remarkable milestone in such a short period of time. Additionally, I would like to warmly thank the members and observers of the EFRAG SR TEG and, for their tireless support, the members of the EFRAG Secretariat.

My thanks also go to Sven Gentner and his team at DG FISMA for placing their trust in the EFRAG SRB and for supporting us during this entire process. They understood the complexity of reducing the reporting burden and the datapoints of the ESRS while preserving the objectives of the CSRD and maximising interoperability with the ISSB and other global frameworks. This was a delicate balancing act, and their input was instrumental in helping us arrive at a very positive outcome.

If you would like to discuss our advice further, please do not hesitate to contact either myself or Chiara Del Prete (EFRAG SR TEG Chair).

With kind regards,

**Patrick de Cambourg, Chair of the EFRAG SRB**

A handwritten signature in black ink, reading "Patrick de Cambourg". The signature is written in a cursive, flowing style with a long, sweeping underline.

2 December 2025

**EFRAG's advice package consists of the following:**

- [Draft] ESRS 1 *General requirements*
- [Draft] ESRS 2 *General disclosures*
- [Draft] ESRS E1 *Climate change*
- [Draft] ESRS E2 *Pollution*
- [Draft] ESRS E3 *Water*
- [Draft] ESRS E4 *Biodiversity & ecosystems*
- [Draft] ESRS E5 *Resources & circular economy*
- [Draft] ESRS S1 *Own workforce*
- [Draft] ESRS S2 *Workers in the value chain*
- [Draft] ESRS S3 *Affected communities*
- [Draft] ESRS S4 *Customers and end-users*
- [Draft] ESRS G1 *Business conduct*
- [Draft] Annex II – *Glossary and acronyms*

*In December 2025, EFRAG will also submit the Basis for Conclusions, the Explanatory Note and the Cost benefit analysis of the amended ESRS.*

## **Appendix 1: Summary of rationale for SRB members expressing a dissenting vote**

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

### **ESRS 1 General requirements**

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”), on AR 23 to paragraph 43 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 reported (ii) on paragraph 30, which limits reporting by companies to subtopics that they identify as “material”; (iii) on the excessive phase-ins granted for Anticipated Financial Effects and (iv) the deletion of “governments” from the list of users in paragraph 4b.

### **ESRS 2 General disclosures**

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**

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**

The following SRB member expressed a **dissenting vote** and provided the following rationale:

- **Cristina Saporetti (BusinessEurope)** on the disclosure concerning secondary microplastics, on the quantification of substances of concern (SoC) and substances of very high concern (SVHC) 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 Set 1).

### **ESRS S1 Own Workforce**

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 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.

## *EFFRAG's Cover Letter – Technical advice regarding the Amended ESRS*

### **Appendix 2: Summary of rationale for SRB members expressing approval with specific reservations**

*The following is a verbatim of detailed explanations provided by SRB members on their specific reservations. Comments received from observers are also provided at the end of this appendix.*

#### **ESRS 1 General requirements**

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**

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**

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 making reference 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**

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 microplastics, on pollutant transfers 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.

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- **Isabelle Schömann (ETUC), Filip Gregor (FrankBold) and Ruben Zandvliet (Shift)** on the phasing-in for reporting substances of Concern (SoC).
- **Kerstin Lopatta (DRSC)** on the PRTR thresholds and transfer of water pollutants 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**

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**

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**

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**

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 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**

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**

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**

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.

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### **ESRS G1 Business Conduct**

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 reference to SMEs in AR 10 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.

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* which will be reflected in the Basis for Conclusions.

### **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 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.

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

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.

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.

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 reservations<sup>5</sup>.*

#### Rationale for SR TEG members expressing a dissenting vote

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**

The following 7 SR TEG members expressed a **dissenting vote** and provided the following rationale:

- **Pier Mario Barzaghi (liaison member for Italy)** on fair presentation.
- **Roberta Ceccon (preparer)** on fair presentation and materiality of information (which should not include “informed assessment”);
- **Kati Beiesdorf (liaison member for Germany)** on (i) materiality of information (which should not include “informed assessment”), (ii) still complex gross-net provisions, 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.
- **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 and governments should be included in the list of users.
- **Sandra Adler (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 subtopics that they identify as “material”.

#### **ESRS 2 General disclosures**

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**

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 Langreny (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.

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<sup>5</sup> The number of paragraphs in this Appendix refer to the version ESRS V.1 provided for the SR TEG approval on the 24 November 2025 and available at the web page of that meeting in EFRAG website.

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### **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**

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**

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 and governments to be maintained in list of users (**Sandra Adler – 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**).
- Add to paragraph 30 that interlinkages between different subtopics are to be considered in the DMA (**Signe Andreassen Lysgaard – at large**).
- Gross versus net provisions 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 companies 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 Vitols – 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**

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

### **ESRS E1 Climate change**

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 Cecon – preparer, Pier Mario Barzaghi – liaison member for Italy**).

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- 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, audit**).
- E1-6: past reduction targets need to be introduced and defined, E1-6 target years should reintroduce the 5 years periods for comparability reasons, expand operational control to scope 3 (**EriDuvaud – 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 Langreny – 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**).
- The standard fails to address 1.5°C definition (**Luis Piacenza – SMP**).

### **ESRS E2 Pollution**

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**).
- 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**).
- Excessive focus on location based considerations and disaggregation (**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**

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**

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

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- 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**

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**

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 paygap 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**

No reservations for this Standard.

### **ESRS S3 Affected communities**

No reservations for this Standard.

### **ESRS S4 Consumers and end users**

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 class actions as a requirement in S4 (**Thierry Langreny – NGO**).

### **ESRS G1 Business Conduct**

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 Andreasen Lysgaard – at large, Sigurt Vitols – trade unions, Olivier Scherer – audit, Luca Bonaccorsi – consultancy, Vanya Rusinova – preparer, Robert Adamczyk - investor, Thierry Langreny - 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 Langreny – NGO**).