



Cost and Benefit Analysis of Amended European Sustainability Reporting Standards (ESRS)

Presentation of Main Results of the CBA

28/11/2025

Introduction

Scope and sources

This document summarizes the results of the cost–benefit analysis (CBA) developed following the release of the Exposure Drafts on July 31 and incorporating subsequent amendments to date (V1 unapproved Draft). Results are based on analyses derived from a stakeholder consultation involving more than 200 responses from preparers, investors, NGOs and other users of sustainability information. The sample of responses is balanced with respect to the country and sectoral distribution of CSRD undertakings.

The survey design and the cost calculations followed the EU Standard Cost Model, in line with the Better Regulation guidelines.

A comprehensive analysis will be available in the final report, which represents the most up-to-date and complete output of the study.

Reporting costs of Amended ESRS (v1 unapproved draft) and cost savings from ESRS (v2023)

WAVE 1	Below 10,000 employees	Above 10,000 employees
Recurring costs (€ per year)	152,000 - 159,000	1,071,000 – 1,118,000
Recurring cost savings	38% up to 2030 35% from 2030	35% up to 2030 32% from 2030

WAVE 2	Below 10,000 employees	Above 10,000 employees
First year costs (€ per year)	177,000	950,000
First year cost savings	40%	40%
Recurring costs (€ per year)	111,000 – 115,000	621,000 – 645,000
Recurring cost savings	37% (up to 2030) 34% (from 2030)	36% (up to 2030) 34% (from 2030)



Amended ESRS costs are compared to the cost of the original ESRS including phased-in provisions

Changes in V1 unapproved draft of the Amended ESRS

Main Amendments between ED and V1 – Estimated Cost Impacts and Savings

Change in V1	Summary of Revision	Estimated Cost Impact	Estimated Cost savings
Anticipated Financial Effects (AFE)	Mandatory quantitative estimates, with reliefs when data or models not available, or undue costs and efforts required <i>Estimates considering that most of smaller preparers and a large share of large preparers can continue using qualitative AFEs. Cost impacts are larger for preparers which must use quantitative AFEs</i>	2.1 – 2.9% only from 2030 ¹	-
Fair Presentation & Assurance	Stronger fair presentation principle; proportionality and minimum criteria to limit audit scope	-	2% of assurance costs
Net vs. Gross Reporting	Clarifies distinction between gross and net impact disclosures	-	-
Value Chain	Simplification confirmed, phase-ins will not come into force	-	-
Data Requirements Simplification	Simpler disclosures for adequate wages, payment practices, microplastics, corruption accidents.	-	0.5-1.5%
Reporting Boundary	Allows use of financial consolidation perimeter until 2030.	-	0-1% until 2030
Disclosure of Management Approach (DMA)	Clarifies structure and reduces duplication; no repetition if unchanged.	-	0-1% of first year costs for Wave 2 preparers
Total cost savings compared to the ED		-	~ 2.5-3.5%

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Expected cost savings from the Amended ESRS (v1 unapproved draft)

Total reporting costs and costs savings (€ million / year)

Year	2027	2028	2029	2030	2031
Baseline	1,705	2,370	2,237	2,237	2,237
Revised ESRS	1,229	1,471	1,433	1,491	1,491
Reporting costs	1,068	1,467	1,429	1,487	1,487
Adjustment costs ¹	161	3	3	3	3
Net Savings	476	900	805	747	747
	28%	38%	36%	33%	33%

Wave 2 preparers start set-up

Full Inclusion of wave 2, with their set-up costs

Only recurring costs also for wave 2

The costs for Wave 1 show a further reduction compared with the Exposure Draft (ED), amounting to EUR 130 million in 2027–2031. Reductions are particularly marked in 2027–2029 (–3 to –4 pp). From 2030 onwards, costs converge to levels similar to the ED (within +0–1 pp).

The slight increase in 2030 is driven by the introduction of AFEs and by the end of the phase-in period for reporting boundaries. The revised approach to AFEs leads to significantly lower costs than under the ESRS, thanks to the reliefs introduced.

Considering Value Chain Savings², total savings would increase by about EUR 1.1 billion over five years (increasing the overall reduction from 34% to 44%).

Results remain robust to the sensitivity analysis.

¹ **Adjustment costs** are related only to Wave 1 preparers. A part of those costs are investments, hence they are depreciated over a 5-year period.

² **Value chain savings:** the reduction in ESRS data points is expected to lower data requests along the value chain. Only main suppliers are considered (≈500 for small preparers, ≈2,500 for large ones). A conservative 25% cost reduction factor is applied, reflecting fewer suppliers contacted or fewer data required.

Summary: impacts of the Amended ESRS (v1 unapproved draft) compared to ESRS (v2023)

	Reporting cost savings 2027-2032	Competitiveness & Access to Finance	Impact on users
Amended ESRS	4.7 EUR bn 44% of baseline costs	0/+	0/-

Estimated reporting cost savings of approximately **EUR 4.7 billion** over five 2027-2032, equivalent to a 44% reduction compared with the reporting costs under the previous ESRS version

- Reduced reporting costs (recurring only for Wave 1; recurring and implementation for other Waves)
- Lower assurance costs
- Lower indirect costs for value-chain suppliers
- Additional transition costs expected for Wave 1 preparers

No significant negative impacts perceived by preparers; **potential positive effects** on access to green finance

Possible downsides from reduced information and comparability, partly offset by **improved usability** of disclosures



Qualitative impacts are estimated over the following scale: ++ Very positive; + Positive; 0 Neutral; - Negative; -- Very negative.

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