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Attn Mr Patrick de Cambourg
EFRAG Sustainability Reporting Board
35 Square de Meeûs
1000 Brussels

Our ref BOD/288

29 September 2025

Dear Mr Cambourg

Revised ESRS

We appreciate the opportunity to provide feedback on the exposure draft of the amended European Sustainability Reporting Standards (ESRS), issued for public consultation by the EFRAG Sustainability Reporting Board. Accompanying this letter, you will find our detailed responses to the consultation survey. We have consulted with, and this letter represents the views of, the KPMG network.

We commend EFRAG for developing proposed technical advice on the simplification of the ESRS to the European Commission given the complexity and short timeframe of the project. We recognise EFRAG's efforts to balance the interests of various stakeholders while seeking to reduce the reporting burden for preparers. Although more work is needed to address remaining concerns, we believe that many of the amendments proposed will enhance the relevance and coherence of sustainability reporting across Europe and globally.

At the same time, we are mindful of the ambitious timeline within which these revisions have been developed. In some instances, clarity may have been affected by the speed of the process. For instance, new definitions are sometimes introduced without sufficient explanation, resulting in potential ambiguity. It is important that the standards remain as clear and practical as possible, enabling companies to implement them effectively.

The revision process has been shaped by the need to provide recommendations to the European Commission against a background of the Omnibus proposals. Given the timing of the project, many first-wave reporters may be looking to the proposals for application guidance in their FY25 reporting. We urge EFRAG to distinguish clarifications – which may be applied when reporting under the existing ESRS – from other amendments.

Our key observations on the proposed revisions are summarised below:

Fair presentation

We welcome the clarification that ESRS is a fair presentation reporting framework and would welcome the inclusion of a similar clarification within the CSRD. We also agree that the stronger focus on materiality supports more relevant, coherent disclosures and is likely to reduce the reporting burden. However, it is important to distinguish fair presentation from materiality, as the latter may apply regardless of the nature of the framework used. In addition, a fair presentation framework requires an entity to provide supplementary information when necessary to fulfil its reporting objectives. Our detailed feedback on this topic is provided in response to question 25 of the consultation survey.

Materiality

We support the introduction of a clear materiality filter for all disclosures, and the simplified requirements relating to the double materiality assessment process. However, the wording in paragraph 21(b) could lead to diverse interpretations, potentially resulting in excessive reporting obligations. We have elaborated on these points in our response to question 11 of the consultation survey.

Interoperability

We view interoperability as a critical factor in achieving the simplification objective. Greater interoperability reduces the reporting burden for preparers and strengthens global comparability in sustainability disclosures. We therefore appreciate the increased alignment with international frameworks, most notably IFRS Sustainability Disclosure Standards IFRS S1 and IFRS S2 developed by the ISSB (‘the ISSB standards’). However, areas of divergence still exist. We highlight that aligning the standards is a two-way process, and we encourage EFRAG and ISSB to work together to achieve interoperability across the two frameworks. We have provided further thoughts on this in our detailed survey responses.

Greenhouse gas emissions reporting

Greenhouse gas (GHG) emissions reporting is a key component of sustainability reporting. We welcome the closer alignment with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (GHGP) but have concerns about the remaining differences. We recommend that entities be required to define their organisational boundaries for GHG emissions reporting in accordance with the GHGP, consistent with IFRS S2. The current proposal requires companies to include additional disclosures or apply exemptions in certain situations. We believe that allowing companies to apply either the operational control approach or the financial control approach without modifications would better achieve the simplification objective.

Additional reliefs

While reporting requirements are being streamlined, care must be taken to preserve the relevance of disclosures and to maintain compatibility with other frameworks. For example, eliminating the requirement to seek direct information from the value chain may reduce the reporting burden for companies but might also reduce relevance, transparency and accountability. Achieving the right balance between useful information for stakeholders and feasibility for preparers is key.

In our detailed responses to the consultation survey, we have provided more specific comments and constructive suggestions. We remain committed to supporting EFRAG's work and look forward to continued collaboration to ensure the ESRS delivers high-quality, decision-useful sustainability information for all stakeholders.

Please do not hesitate to contact Brian O'Donovan (brian.odonovan@kpmgifrg.com) or Mark Vaessen (vaessen.mark@kpmg.nl) if you wish to discuss any of the issues raised in this letter.

Yours Sincerely

KPMG IFRG Limited

KPMG IFRG Limited

CC. Mr Sven Gentner
Head of Unit DG FISMA, Corporate reporting, audit and credit rating agencies, European Commission

Amended ESRS Exposure Draft July 2025 Public Consultation Survey

1. Introduction

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

YES, I accept that my response is made public

3. Part 1: Information about the respondent

2. 1. Please enter the following information:

Name : Brian
Surname : O'Donovan
Name of organisation : KPMG IFRG Limited

3. 2. Please enter your email

ida.sulkunen@kpmg.se

4. 3. Which of the following stakeholder types do you represent?

Auditor

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

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

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

5. 7. Country of headquarters

United Kingdom

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

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

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

4. Part 2: General Feedback

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

Rationale for the changes

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

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

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

Description of the changes

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

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

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

Question

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

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

I partially agree and partially disagree

3. Provide comments below

We welcome the increased flexibility introduced through permitting a top-down approach to the DMA and support this direction.

We support the introduction of a clear materiality filter for all disclosures and acknowledge the alignment of definitions with IFRS S1 through the addition of paragraph 21 in ESRS 1. However, we note that the language in sub-paragraph (b) may give rise to inconsistent interpretations and could lead to extensive and overly granular reporting requirements. If paragraph 21(b) is maintained, clarification is needed on the difference between the concepts "necessary to understand" and "reasonably be expected to influence". Additionally, without a clearer definition of "users of general purpose sustainability statements" very granular information could inadvertently become material as the user group would potentially be very broad.

Further, we observe that the interconnection between impacts and dependencies, and the related risks and opportunities lacks clarity. As the relevant requirements are currently dispersed throughout the text, the relationship is not always clear. For example, requirements and guidance relating to dependencies are contained in chapters 1.2, 3.3.2 and 3.5. of ESRS 1 and chapter 3 of the NMIG. We recommend strengthening the notion of how a company's dependencies on resources and relationships and its impacts on those resources and relationships give rise to sustainability-related risks and opportunities, aligning language with the ISSB standards to enhance the interoperability and clarity of the requirements.

Overall, we support the direction of increased simplification and flexibility, but recommend that clarity, consistency and interoperability remain at the forefront to support high-quality, comparable sustainability reporting.

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

Rationale for the changes

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

Description of the changes

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

Key discussion points at EFRAG SRB level

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

Question

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

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

I partially agree and partially disagree

5. Provide comments below

We acknowledge the intent to clarify the guidelines but caution that introducing excessive granularity may not best serve the evolving field of impact reporting. To avoid unintended consequences, we recommend elevating these proposals to high-level principles, supported by implementation guidance as practice evolves. The results from the ongoing field testing should also inform any amendments.

A notable concern is the differing treatment of one-off versus ongoing actions. Under the current draft, risks addressed by completed actions (e.g. building a wall) are assessed after mitigation, while those requiring ongoing actions (e.g. continuous monitoring) are assessed before mitigation. This approach can create a reporting bias making static solutions seem more attractive in reporting, even if ongoing actions are more effective in practice.

There is also ambiguity regarding the reporting of one-time material events, such as greenhouse gas emissions that, once released into the atmosphere, continue to have long-term environmental impacts. The guidelines lack clarity on how these should be considered in the DMA, which may lead to inconsistent practices.

If the provisions on remediation, mitigation, and prevention remain, we urge EFRAG to clarify the requirements. For example, ESRS 1.35 states that negative impacts should be assessed without considering mitigation or prevention actions if a company needs to maintain significant ongoing efforts to keep the potential impact below the materiality threshold. However, it is not always clear when these conditions apply, which could lead to varying interpretations.

Finally, we observe that the guidance currently applies these considerations only to impacts. We recommend introducing principles-based guidance also in relation to risks to ensure consistent application across the double materiality spectrum. Such principles should be developed in collaboration with the ISSB to ensure interoperability.

6. 13. Improved readability, conciseness and connectivity of ESRS Sustainability Statements

Rationale for the changes

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

Description of the changes

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

Question

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

I agree

7. Provide comments below

We welcome the increased flexibility for companies to present their sustainability information and believe this will result in more concise and clearer reporting.

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

Rationale for the changes

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

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

Description of the changes

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

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

Question

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

I partially agree and partially disagree

9. Please provide comments below

We welcome the revised architecture, specifically the introduction of General Disclosure Requirements (GDR), which we believe will provide a more pragmatic approach to reporting. The revised standards help minimise duplication and unnecessary detail by allowing for cross-referencing and aggregated disclosures. Furthermore, they enable reporting at a level that is most practical and relevant to the specific topic and entity.

With regards to prescriptiveness of the requirements, we note that although the standards are more principles-based, there are still areas where further improvements are possible. See, for example, comments on consideration of remediation, mitigation and prevention actions in the materiality assessment in question 12. In ESRS 2, the clarification to avoid standardised or 'boilerplate' disclosures is a positive step toward enhancing information quality and reducing reporting fatigue.

At this stage it is inherently challenging to assess the consequences of these revisions in the absence of real-world experience with their application. As such, while the amendments seem to support clearer and more relevant reporting, we also encourage EFRAG to engage in field testing to assess the practical impact of these proposed changes on reporting entities. Additional guidance or refinements may become necessary once reporting entities have had the opportunity to implement the revised standards in practice.

10. 15. Improved understandability, clarity and accessibility of the Standards

Rationale for the changes

The Amendments have reorganised the content of the requirements, clearly separating the mandatory from the non-mandatory ones, and eliminating the "may" disclose provisions, which proved to be problematic to understand. These Amendments are described as Lever 4 in the Basis for Conclusions (BfC) (Chapter 4).

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

Description of the changes

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

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

Question

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

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

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

I partially agree and partially disagree

11. Provide comments below

We recognise the amendments made to enhance clarity and consistency in the revised standards; however, some aspects warrant further attention.

While the move toward more concise requirements is welcome, excessive cross-referencing in the standards—particularly where references are circular (e.g. ESRS 1 AR 7), seemingly incorrect (ESRS 1.87 and ESRS 1.44), or lead to 'phantom references' (e.g. ESRS 1 AR26) — make the standards challenging to navigate. We urge EFRAG to undertake a thorough editorial review to address these issues.

Ambiguous terms such as "when necessary" or "significant" introduce uncertainty regarding requirements, presenting challenges for both preparers and assurance providers. Clearer definitions and practical examples would promote uniform understanding and implementation.

Additionally, the respective roles of Disclosure Requirements (DRs), Application Requirements (ARs), and implementation guidance should be more distinctly defined. Some ARs currently serve as examples rather than actionable requirements, while others simply refer the reader further to an appendix (e.g. ESRS 1 AR9), adding little substantive guidance. We also note that some ARs contain language that could be subject to interpretation. For example, ESRS 1 AR 11 comprises both a "may" requirement and "shall" requirements from the CSRD. This causes uncertainty about the respective roles of the DRs, ARs and NMIG and can impair clarity of the standards.

12. 16. Usefulness and status of "Non-Mandatory Illustrative Guidance" (NMIG)

As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to "Non-Mandatory Illustrative Guidance" (NMIG). NMIG does not address all the existing implementation questions on each standard. It simply gathers the content that:
a) was in the Delegated Act
b) is now deleted; and
c) contributes to the overall datapoints reduction.

It contains 'how to report' guidelines (methodology) and examples of possible items to cover when disclosing in accordance with a mandatory datapoint, mainly for narrative PAT disclosures. Its content should not be understood as a list of items of information requiring justification when not reported, consistent with the fact that the previous datapoints are deleted. The legal status of the NMIG will be considered by the European Commission (EC) in due course. However, EFRAG recommends that the EC not include this content in the Delegated Act. On the one hand, NMIG contains helpful support material that may reduce the implementation questions. On the other hand, it could trigger additional efforts of analysis and/or have an ambiguous role as possible additional disclosure with entity-specific relevance if issued within the Delegated Act.

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

You can access the NMIG at this link.

Please select the NMIG you would like to comment on from the list below:

All

13. Provide comments below

The NMIG's legal status remains unsettled with uncertainty as to whether it will form part of the Delegated Act or be issued independently. We recommend that the NMIG be issued independently of the standards but highlight that it is essential to follow due process in its preparation. This will help ensure that the guidance provided maintains a quality equal to that of the standards themselves.

We emphasise the importance of the NMIG containing only illustrative guidance. Phrases such as "the undertaking is expected to…" may be misinterpreted as mandatory requirements or interpretation guidance rather than illustrative guidance. We recommend clarifying such language to avoid confusion among preparers and assurance providers.

The document includes detailed tables mapping sub-topics to disclosure requirements (DRs) from ESRS E1–E5, S1–S4, and G1. While these mappings are helpful, their depth and specificity could be mistaken for prescriptive obligations. We suggest a clearer explanation to reinforce their illustrative intent.

Finally, some examples within the document reference specific quantitative metrics, percentages, or breakdowns (such as training coverage, emissions intensity, or pay ratios). Without explicit clarification, these could inadvertently be perceived as benchmarks or minimum standards. We recommend making their illustrative nature more prominent.

14. 17. Burden reliefs and other suggested clarifications

Rationale for the changes

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

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

Description of the changes

EFRAG has implemented the following changes:

- **The relief "undue cost or effort" has been introduced, including for the calculation of metrics.**
- **A relief for lack of data quality has been introduced for metrics (ESRS 1 Paragraph 91), allowing to report a partial scope and disclosing actions to improve the coverage in future periods.**
- **The systematic preference for direct data as input to the calculation of value chain metrics has been removed and undertakings may use direct data or estimates depending on practicability and reliability (ESRS 1, Paragraph 91).**
- **Undertakings may exclude from the calculation of metrics their activities that are not a significant driver of IROs (ESRS 1, Paragraph 90) and may exclude joint operations on which they do not have operational control when calculating environmental metrics other than climate (ESRS 1, paragraph 60).**
- **Disclosure about resilience is now limited to risks only and limited to qualitative information only (ESRS 2, Paragraph 24 and ESRS E1, Paragraph 21).**
- **When disclosing financial effects, the information on investments and plans is now limited to those that are already announced (ESRS 2, AR 16 Paragraph 23(b)).**
- **A new relief for acquisitions (disposals) of subsidiaries has been introduced (ESRS 1 Chapter 5.4) allowing to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period.**
- **From October 2024 to February 2025, several implementation issues were identified in the EFRAG ESRS Appendix dedicated to the Q&A implementation platform (Chapter of Basis for Conclusions (BfC)). These issues have now been addressed by clarifying the corresponding provisions.**

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

Question

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

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

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

I partially agree and partially disagree

15. Please provide comments below

We welcome the introduction of the "undue cost or effort" provision, which supports proportionality and enhances alignment with ISSB standards. Nevertheless, we remain concerned that certain ESRS 1 paragraphs (notably 47 and 89) may lead to inconsistent interpretations. We recommend aligning the language in paragraph 47 with IFRS S1 B6 and incorporating IFRS S1 B8-B10 in full, promoting global consistency and comparability.

On value chain disclosures (ESRS 1, para 62), we support practical relief where direct data gathering leads to undue cost or effort but note that overreliance on estimates could compromise the quality and comparability of disclosures. Additionally, as scope 3 GHG emissions is the only required value chain metric, EFRAG may wish to leverage relevant IFRS S2 guidance (IFRS S2 B38-B57) in the NMIG.

We support the proposed relief for acquisitions and disposals but highlight the potential for significant omissions when subsidiaries are acquired or disposed of near the start or end of the reporting period, respectively. As the proposed relief does not apply to restatement of comparative or base year data, its practical effectiveness may also be diminished. Moreover, the approach differs from the measurement period concept in IFRS 3, risking misalignment between financial and sustainability reporting. To promote connectivity, we recommend that EFRAG consider introducing further disclosure or application requirements where discrepancies arise due to the application of this relief.

Overall, we support targeted burden relief where justified, but stress the importance of useful, reliable, and comparable sustainability information to uphold reporting quality and accountability.

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

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

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

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

I partially agree and partially disagree

17. Please provide comments below

We acknowledge the intention to provide relief for lack of data quality on metrics under chapter 7.4 of ESRS. However, excessive relief could diminish the usefulness and comparability of reported information and we therefore question the need for an additional open-ended data quality relief in addition to the undue cost or effort provision.

Such relief could also create practical challenges for assurance providers in assessing whether the omission of information is justified and in providing assurance on partially estimated metrics.

Accordingly, we recommend that any additional relief related to data quality be clearly justified, restricted to a defined timeframe, and accompanied by suitable application guidance to avoid arbitrary or indefinite omissions.

18. 19. Relief for anticipated financial effects

Rationale for the changes

Preparers' feedback to the public call for input indicated that disclosing quantitative information for financial effects is particularly challenging. This includes issues of lack of mature methodologies and being commercially sensitive (refer to Basis for Conclusions (BfC) Chapter 7). Suggested solutions included the IFRS corresponding relief (IFRS S1 paragraph 37), the deletion of the requirement to report quantitative information, or to report them only on a voluntary basis. The EFRAG SRB is specifically seeking input that would support the determination of the most appropriate relief.

Description of the changes

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

a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions. Option 1 is substantially aligned with the IFRS relief, despite the fact that it includes some differences compared to it: under Option 1, as in the IFRS relief, the undertaking need not provide quantitative information when it is not able to measure separately the financial effect of a specific topic (or IRO) or when the level of uncertainty is so high that the resulting information would not be useful. Differently from the IFRS relief, Option 1 specifies that the undertaking may use the relief when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects. Different from the IFRS relief, the undertaking cannot omit quantitative information when it does not have the skills, capabilities or resources to provide that quantitative information, as this part of the relief was considered not compatible with the entities that are expected to be in scope of the Amended ESRS.

b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions. This option is not aligned with the treatment in IFRS S1 and S2.

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

Question

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

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

I agree with Option 1

19. Please provide the rationale for your preference and suggestions for improvements (if any)

We support Option 1. Allowing the omission of quantitative information under defined conditions offers a pragmatic compromise between ensuring comprehensive disclosures and recognising practical limitations. Furthermore, adopting Option 1 would enhance consistency with ISSB requirements. We suggest that the language be further harmonised with ISSB terminology to improve clarity and promote global comparability.

We believe that option 2 would undermine interoperability and make essential investor information optional.

20. 20. ESRS E1: Disclosures on Anticipated Financial Effects

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

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

Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 have been sufficiently simplified and that they strike the right balance between reporting effort and users' needs?

I partially agree and partially disagree

Select the paragraph on which you want to express agreement / disagreement

21. Please provide comments below

Disclosures regarding anticipated financial effects are primarily intended for investors and achieving global comparability is therefore especially desirable. Accordingly, we encourage EFRAG to align these disclosures with the ISSB standards.

While we acknowledge the provision allowing for disclosure within a range, further enhancements are needed to facilitate interoperability. For example, differences in the treatment of mitigation when reporting monetary amounts or the percentage of assets exposed to significant physical risk would be likely to result in inconsistent reporting outcomes under the different frameworks, which may affect comparability.

Further, we remain concerned that the revised requirements, particularly the inclusion of loan collaterals (E1.41(c)), may introduce unnecessary complexity—especially for entities lacking centralised data collection systems. We suggest relocating such details to illustrative guidance (i.e. NMIG).

As with the other revised standards, several terms require clarification. For example, the phrase "leverages on the process" in paragraphs 40(e)/41(g) of ESRS E1 lacks clear definition, creating potential challenges for consistent interpretation and auditability. We recommend either clarifying or removing such requirements.

Finally, the use of "aligned" in paragraph 42 in reference to business activities and climate-related opportunities appears unduly restrictive and may be difficult to substantiate or audit without further guidance. The current language also does not sufficiently address how potential adverse impacts should be reported in relation to opportunities. We encourage providing a clearer definition of "aligned" and addressing the treatment of adverse impacts.

Overall, while we support the efforts already made towards simplification, further revisions are needed to ensure clarity, practicality, and global comparability in disclosures.

22. 21. Enhanced interoperability with the ISSB's standards IFRS S1 and S2

Rationale for the changes

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

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

Description of the changes

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

- **In line with IFRS S1, emphasis has been put on ESRS being a fair presentation framework; materiality of information is now as general filter for the reported information.**
- **To remove one of the main interoperability differences, the ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR19), aligned with the financial control approach in the GHG protocol, while a separate disclosure based on operational control is now required (and aligned with the corresponding disclosure in the GHG protocol) only for entities with more complex ownership structures (ESRS E1, AR 20).**
- **The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented, with the exception of the one on omitting commercially sensitive information about opportunities (pending the outcome of Level 1 discussions), the one allowing to omit Scope 3 GHG emissions when impracticable and the one allowing to omit quantitative financial effects when the undertaking does not have the necessary skills (please note that the relief on anticipated financial effects is treated in question 20). The implementation of reliefs that go beyond the ones in IFRS S1 and S2 results in new interoperability differences (see question 16).**
- **Language for requirements that are common to ESRS and IFRS S1 and S2 has been aligned whenever possible with the one in IFRS S1 and S2, in ESRS 1, 2 and E1.**
- **The reference to SASB Standards and IFRS Industry-based Guidance as a source of possible ("may consider") disclosure when reporting entity-specific sector information is now a permanent feature (before it was temporary, i.e. until the issuance of ESRS sector standards).**
- **The datapoint reduction resulted in the elimination of 7 "shall" datapoints aligned with ISSB standards described in Basis for Conclusions (BfC) (Chapter4).**
- **Several changes have been introduced to further advance interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4).**

Question

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

I partially agree and partially disagree

23. Please provide the comments below

We view interoperability not as a compromise between simplification and alignment, but as a means to achieve both: greater interoperability leads to simpler, less burdensome reporting for preparers and strengthens comparability in sustainability disclosures.

While we acknowledge improved alignment with the ISSB Standards, areas remain where further improvement can be achieved. Continued collaboration with ISSB is essential to resolve existing differences and prevent new inconsistencies, as listed below:

1. For disclosure requirements where the reporting outcomes are expected to be consistent under both frameworks, we urge EFRAG and ISSB to work together to fully harmonise language and definitions. Consistent definitions—such as for "reasonable and supportable information available at the reporting date without undue cost or effort," (see Q17) and "materiality of information" (see Q11), and the disclosure requirements relating to identification of financially material information—would reduce complexity and enhance comparability.

2. We recommend that entities be required to define their organisational boundaries for GHG emissions reporting in accordance with the Greenhouse Gas Protocol (GHGP), consistent with IFRS S2. The current proposal requires companies to include additional disclosures or apply exemptions in certain situations. We believe that allowing companies to apply either the operational control approach or the financial control approach without modifications would better achieve the simplification objective.

3. Some ESRS requirements differ from ISSB standards not just in terminology but also in reporting outcomes. Greater alignment would benefit reporters and users. Notable areas requiring attention include:
- flexibility in time horizon requirements,
- reliefs for acquisitions/disposals during the year (see Q17),
- guidance on remediation, mitigation and prevention actions in DMA (see Q12),
- GHG reporting for joint operations, and
- value chain disclosures for leased assets by the lessor.

Ultimately, maximising interoperability will reduce reporting burden and support more comparable sustainability disclosures across companies.

24. 22. Reduction in the number of mandatory and voluntary datapoints

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

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

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

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

Comments on deleted datapoints in ESRS 2

Comments on deleted datapoints in ESRS E1

Comments on deleted datapoints in ESRS E2

Comments on deleted datapoints in ESRS E3

Comments on deleted datapoints in ESRS E4

Comments on deleted datapoints in ESRS E5

Comments on deleted datapoints in ESRS S1

Comments on deleted datapoints in ESRS S2

Comments on deleted datapoints in ESRS S3

Comments on deleted datapoints in ESRS S4

Comments on deleted datapoints in ESRS G1

25. 23.Six datapoints exceptionally moved from “may” to “shall”

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

Datapoint	Rationale for moving from “may” to “shall”
ESRS E3 *Water* - Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
ESRS E3 *Water*– Own operations total discharges (Amended ESRS E3 paragraph 17)	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
ESRS E4 *Biodiversity and ecosystems*- Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
ESRS G1 *Business conduct*– Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of suppliers’ relationship for which several other DPs have been deleted.
ESRS G1 *Business conduct* confirmed incidents (Amended ESRS G1 paragraph 14) (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

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

Please provide comments below

26. 24. Four new mandatory datapoints (exception)

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

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

Datapoint	Rationale for new datapoints
ESRS 2 *General disclosures* – BP 1 the undertaking shall state that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product. Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
E5-4 Percentage of total weight that are critical and strategic raw material Added draft ESRS E5 paragraph 15(c).	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
E5-5 Percentage and/or total weight for which the final destination is unknown. Added in draft ESRS E5 paragraph 18(e).	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

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

Please provide comments below

27. 25. Emphasis on ESRS being a "fair presentation" reporting framework

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

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

I partially agree and partially disagree

28. Please provide comments below

We welcome the clarification that ESRS is presumed to result in a sustainability statement that is fairly presented. We agree that this emphasis, alongside the increased focus on materiality, will help shift reporting away from a "checklist mentality" towards more meaningful and coherent sustainability narratives. However, we caution that the introduction of the fair presentation principle itself does not necessarily lead to a reduction of reportable information. Under a fair presentation framework an entity is required to provide supplementary information when necessary to fulfil its reporting objectives.

We note that fair presentation is a distinct concept and should not be conflated with materiality. Materiality applies regardless of whether a fair presentation or compliance framework is used, and the omission of immaterial information is permitted under both. It is essential that preparers and users clearly understand the meaning of fair presentation in this context; further guidance may be needed to support consistent interpretation and implementation.

In this regard, we highlight that valuable guidance is available in educational materials, such as Accountancy Europe's paper "Sustainability statements based on ESRS: 'compliance' or 'fair presentation'?", published on 24 September 2025, which could be leveraged by EFRAG to support consistent interpretation and implementation, for example via the NMIG.

Ultimately, reinforcing the fair presentation requirement, while maintaining a robust materiality filter, will support more relevant disclosures. This will help ensure that sustainability reporting under ESRS remains decision-useful and effective.

29. 26. Exception for Financial Institutions' Absolute climate reduction Targets

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

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

30. 27. ESRS S1: New threshold for reporting metrics disaggregated at country level

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

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

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

I agree

31. Please provide comments below

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

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

In consideration of the complexity of this issue, EFRAG is running a targeted field test and is interested in involving a diversified sample of companies. This entails participating in dedicated working sessions with EFRAG Secretariat where the company is expected to present how the revised methodology is feasible and relevant in practice (refer to the non-EU hierarchy described in ESRS S1 paragraph AR 22 (b) i) to iii) to ensure transparency and comparability on this issue. A dedicated questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8 and 26 September. To confirm your interest in participating to the field test on Adequate Wage please send an email to fieldtestadeqwages@efrag.org by August 18, 2025.

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

I partially agree and partially disagree

33. Please provide comments below

We welcome the initiative to simplify the approach to calculating adequate wages outside the EU. Nonetheless, given the variability in how statutory minimum wages are determined, these may not always reflect an 'adequate wage' standard. To enhance transparency and ensure the disclosure requirement's objective is met, we recommend that EFRAG require companies to disclose the specific methodology used, particularly when a statutory minimum wage is applied as the benchmark for adequacy.

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

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

Appendix 4 of the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now Appendix A of Amended ESRS 2) 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 DPs in Appendix B (indicator number 12 Table #2 of Annex) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical standards. This refers to the topic of marine resources, which is not in scope of ESRS E3.

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

(a) this was a consolidation exercise. Firstly, for the policies related to human rights and for the alignment with UNGP and OECD MNE Guidelines (two SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1), eight datapoints from the four Social standards have been merged into a "human rights policy" in ESRS 2 GDPR-P, for the four affected stakeholder groups. Secondly, the indicator in relation to severe human rights cases (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been merged into one and it is maintained across the four Social standards.

(b) a small number of amendments on the scope has taken place for SFDR PAI Indicator 3 of Table #3 in relation to days lost. Fatalities (ESRS S1-13) has been deleted from its scope. The scope of revised human rights incidents datapoint (ESRS S1-16, S2-3, S3-3, S4-3) is now clarified.

There were no changes in the ESRS G1.

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

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

Provide comments below

35. 30. ESRS E4 DR E4-4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets

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

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

Do you agree with the review of AR 26 in Amended ESRS E4?

I partially agree and partially disagree

36. You are invited to provide suggestions for improvements, if any.

We agree that AR 26 should be reviewed.

We acknowledge that the requirements in E4-4 have been largely removed, and that the purpose of AR 26 is to provide methodological guidance on what biodiversity and ecosystems-related targets can cover.

We support the inclusion of methodological guidance, either in application requirements or illustrative guidance. We recommend that reference is made to established market practices and guidance, especially where methodologies from the Science Based Targets Network (SBTN) exist for freshwater, land, and ocean targets. Science-based targets, as defined by the SBTN, are measurable, actionable, and time-bound objectives grounded in the best available science. Companies should be encouraged to apply leading external frameworks—such as the SBTN guidance for land and biodiversity, the Kunming-Montreal Global Biodiversity Framework (GBF) targets, and the Taskforce on Nature-related Financial Disclosures (TNFD) target-setting guidance.

Further consistency across environmental topics could be achieved by aligning guidance for freshwater and ocean target-setting between E4 and E3.

37. 31. ESRS S1 DR15: Gender pay gap

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

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

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

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

I partially agree and partially disagree

38. You are invited to provide suggestions for improvements, if any.

While simplification of reporting requirements can reduce administrative burden, the adjusted gender pay gap metric can provide essential context for understanding pay equity, especially for companies with operations in multiple jurisdictions. Its removal could undermine the comparability of disclosures and limit stakeholders' ability to assess progress toward gender pay equity on a consistent and meaningful basis. We therefore recommend maintaining the voluntary datapoint as part of the application requirements.

Furthermore, inconsistencies in the guidance for calculating the gender pay gap and total remuneration ratio in ESRS S1-15 should be addressed; AR 33 for the gender pay gap requires "all male and female employees' gross hourly pay level," while AR 36b for the total remuneration ratio prompts companies to consider base salary, benefits in cash and kind and the fair value of long-term incentives. It is unclear why there are differences between the two definitions and if it is intended that different forms of compensation are included within each. We recommend that EFRAG clarifies this point and if the amount is intended to be different between these two metrics, state this and clarify what is to be included for each metric.

39. 32. ESRS G1 DR G1-2 and G1-6: Payment practices

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

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

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

You are invited to provide suggestions for improvements, if any.

40. 33. Overall feedback per standard

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

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

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

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

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

You can access the Exposure Drafts of the Revised ESRS and the amended Glossary at this link.

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

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

	I agree	I partially agree and partially disagree	I disagree
ESRS 1			
ESRS 2			
ESRS E1			
ESRS E2			
ESRS E3			
ESRS E4			
ESRS E5			
ESRS S1			
ESRS S2			
ESRS S3			
ESRS S4			
ESRS G1			
Glossary			

Please provide comments regarding ESRS 1 below

Please provide comments regarding ESRS 2 below

Please provide comments regarding ESRS E1 below

Please provide comments regarding ESRS E2 below

Please provide comments regarding ESRS E3 below

Please provide comments regarding ESRS E4 below

Please provide comments regarding ESRS E5 below

Please provide comments regarding ESRS S1 below

Please provide comments regarding ESRS S2 below

Please provide comments regarding ESRS S3 below

Please provide comments regarding ESRS S4 below

Please provide comments regarding ESRS G1 below

Please provide comments regarding the Glossary below

41. 34. Any other comments

Please provide here any other comments on the 12 EDs or on the Glossary

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

The survey allows to provide comments and suggestions at chapter / DR level or at paragraph level

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

Select at which level you would like to provide comments:

Comments at chapter or DR level

Please select the ESRS standards on which you would like to provide comments at chapter or DR level

6. Part 3: ESRS 1

Overall agreement on the proposed amendments to the revised ESRS 1 text

You can access the Exposure Drafts of the Amended ESRS at this link

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this link

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

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.