

Draft

Simplified ESRS

At a Glimpse

November 2025



Key Simplifications



Focus on Useful Information

- Stronger filter on relevance and fair presentation for clearer, less compliance-heavy reporting.



Simplified Materiality Assessment

- Clearer guidance, less documentation, and better alignment with audit expectations.



Less Pressure on Value-Chain Data

- Removal of the preference for direct data reduces data-collection burden.



Major Reliefs & Phasing-In

- Proportionality mechanisms and targeted transition periods for difficult disclosures.



More Principles-Based Narrative Reporting

- Flexible presentation for policies, actions, and targets; greater focus on how sustainability matters are managed.



Shorter, Clearer Standards

- ESRS streamlined and easier to understand and implement.



Fewer Data Points

- 61% reduction in required datapoints (when material) and removal of all voluntary disclosures.



Better Interoperability with ISSB

- Alignment on shared disclosures, improved GHG boundary, and provisions for anticipated financial effects.













Note: Some ESRS reliefs exceed those in ISSB; caution needed if dual-compliance is intended.



DRAFT ESRS 1 GENERAL REQUIREMENTS



-  Explicit emphasis on 'Fair presentation', with strong link to the materiality filter and alignment with IFRS S1.
-  Materiality assessment has been simplified, to avoid unnecessary administrative efforts, refocus on usefulness of information, and to help companies disclose only what really matters. Materiality assessment process simplified and dedicated Chapter (Chapter 3, ESRS 1) restructured for better readability and understandability of the process.
-  No datapoints required to be disclosed the outside scope of information materiality.
-  Clearer reporting boundaries and distinction between 'own operations' and 'value chain'.
-  All voluntary disclosures deleted, and language has been simplified.
-  Now includes principles-based guidance on how to consider prevention, mitigation and remediation actions when assessing the materiality of an impact. Introduces of the concept of 'inherent impact', leveraging on feedback received from the field test.
-  Flexible granularity of reporting: by topic or by specific impacts/risks/opportunities as managed internally by the undertaking.
-  Clarification on the level at which the materiality assessment is completed (consideration of geographies) for both environmental and social topics and additional guidance on material geographies to support the determination of the level of aggregation, disaggregation adopted for reporting purposes. This is also linked to the simplification of the architecture, as this content is now deleted from topical standards.
-  Broad use of 'undue cost or effort' principle including beyond IFRS scope of application.
-  Reliefs without time limits but with transparency mechanism and expectation to see coverage improved over time: Relief for metrics; acquisitions; joint operations without operational control; and for non-material activities.
-  Removed systematic preference for direct data in value chain metrics.
-  More flexible disclosure approach: added option to use internal references, add non-material information, and present appendices and executive summaries to increase readability, satisfy demands of users, with an emphasis on avoiding duplication and boilerplate reporting.
-  Expectation that Level 1 will incorporate a relief for commercially sensitive information.
-  Added phase-ins for Wave 1 reporting undertakings. Phase-ins for undertakings other than Wave 1, including first reporters in future years, are to be determined by the European Commission.

DRAFT ESRS 2 GENERAL DISCLOSURES



-  **BP-1** simplified with direct reference to ESRS 1 via 'comply or explain' principle.
-  **BP-2** updated considering the new phase-in provisions.
-  **GOV:** less granularity in narrative requirements and consolidation of GOV-1 and GOV-2.
-  **SBM-1:** reduced detail on business model & value chain; and simplified disclosure on sector information.
-  **SBM-2:** stakeholder-engagement has been simplified with a focus on key stakeholders.
-  **SBM-3:** anticipated financial effect provisions maintained including quantitative information, with additional reliefs in line with IFRS S1 and phasing-in until 2029 for quantitative information.
-  **SBM-3:** information on IROs in this DR is now limited to the interactions with strategy and business model.
-  **SBM-3:** resilience analysis now limited to qualitative information on the risks covered in this DR.
-  **IRO-1:** simplified and reduced granularity but core of DMA process description maintained.
-  **IRO-2:** information about IROs as outcome of the DMA moved here from SBM 3.
-  **GDR on PAT:** General Disclosure Requirements on Policies, Actions, Metrics and Targets (GDR on PAT) has been simplified by deleting unnecessary overlap with topical standards and renamed GDRs from Minimum Disclosure Requirement. Similar approach taken for topical requirements relate to SBM-3 and IRO-1 (now centralised in ESRS 2)
-  **GDR on PAT:** new AR supporting cohesiveness and conciseness and to avoid redundancies

DRAFT ESRS E1 CLIMATE CHANGE




STRATEGY

-  **E1-1** Transition plan for climate change mitigation: further alignment with IFRS S2: assumptions and dependencies introduced; further simplification performed, several datapoints deleted. Concise, clearer narrative disclosure with a focus on key features of the plan.
-  **E1-2 and E1-3** (IRO and resilience): restructured, renamed and relocated to enhance clarity; relationship between the scenario analysis and the analysis of climate resilience clarified; voluntary feature of scenario analysis highlighted; provision for FI added to allow leveraging on the prudential framework.




POLICIES, ACTIONS AND TARGETS

-  **E1-4** (policies) and **E1-5** (actions): streamlined to avoid redundancy with ESRS 2.
-  **E1-6** (targets): exemption for financial institutions on translating scope 3, cat. 15 intensity targets to absolute values; more base year flexibility; compatibility with 1.5°C maintained as a key element for EU legislation coherence; provision on net-zero targets reintroduced.

METRICS

-  **E1-7** Energy consumption and mix: requirement on energy intensity deleted.
-  **E1-8** Gross scope 1, 2, 3 GHG emissions: reporting boundary clarified; scope of disclosure of biogenic emissions reduced; disclosure of % of scope 1 narrowed down to EU ETS.
-  **E1-11**: several datapoints deleted (location of assets) and further streamlined (stranded assets, potential liabilities); DR offers more flexibility on the gross and net approaches.

DRAFT ESRS E2 POLLUTION

-  **E2-4**: Reference to pollutants listed in E-PRTR moved to ARs to guide identification of material pollutants.
-  **E2-4**: Microplastics requirements split into primary and secondary, allowing qualitative disclosure for secondary microplastics.
-  **E2-5**: Structure of metrics on substances of concern and substances of very high concern refined and indicator breakdown made more explicit; reporting for non-chemical undertakings limited to substances of very high concern only; requirements on substances of concern limited to chemical undertakings, with a phase-in period.



DRAFT ESRS E3 WATER

- 🔄 **E3 Objective:** Marine resources now addressed in ESRS E5 and E4, while scope of 'water' (quality, sources) clarified.
- 🔄 **Across E3:** Datapoints in relation to 'areas with water stress' simplified.
- 🔄 **E3-1:** Relevant water concepts ('water stress', 'water scarcity', water-related risks) clarified through methodological guidance, including on how to assess if an area is with water stress.
- 🔄 **E3-4:** Metrics on water withdrawal and water discharges, made mandatory; metric on water intensity removed.
- 🔄 **E3-4:** Methodological guidance on water metrics (calculation, units of measurement) included.

DRAFT ESRS E4 BIODIVERSITY & ECOSYSTEMS

- 🔄 **E4-1:** Transition Plan disclosure made mandatory, but subject to conditionalities.
- 🔄 **E4-2:** Policy requirements simplified, maintaining specifications on traceability and coverage of sites in or near biodiversity sensitive areas.
- 🔄 **E4-3:** Actions requirements simplified, maintaining specifications on how biodiversity offsets are used as part of actions..
- 🔄 **E4-4:** Targets requirements simplified, maintaining specifications on how biodiversity offsets are used as part of target-setting.
- 🔄 **E4-5:** Location-specific disclosures consolidated and streamlined in metrics section (previously provisions were placed in various E4 sections); requirement to disclose metrics, previously addressed through several mostly optional indicators, now consolidated into one generic paragraph.

DRAFT ESRS E5 RESOURCE USE & CIRCULAR ECONOMY

- 🔄 **E5-4:** 'Key material' is now a defined concept (Annex II);
- 🔄 **E5-4:** Request for a breakdown by key material (per biological/technical materials deleted);
- 🔄 **E5-4:** Secondary resources as a weight or % of total weight;
- 💡 **E5-5:** New data point: % of waste with unknown final destination.

DRAFT ESRS SOCIAL

DRs 1-4 ACROSS ALL SOCIAL STANDARDS (S1-S4)






- 🔄 Policies (DR 1): S1-S4: Human rights policy moved to ESRS 2. Significant datapoint reduction, including the deletion of S1-1 Health and safety policy as an explicit requirement.
- 🔄 Engagement, Channels, Remedy (DR 2): former DRs 2 and 3 and relevant ARs have been merged, restructured and a significant number of disclosures deleted.
- 🔄 Actions (DR 3) and Targets (DR 4): deleted several datapoints and clarified scope of 'human rights incidents' in ESRS S2-S4.

ESRS S1 OWN WORKFORCE - METRICS

- 🔄 **S1-5** Characteristics of employees and S1-7 Collective bargaining coverage and social dialogue: revised significant employment threshold (i.e. largest ten countries in terms of employees with a de minimis of 50 employees per country). Subject to materiality of information.
- 🔄 **S1-6** Characteristics of non-employees: reduced to one essential datapoint; clarified that DR only material if non-employees are critical to the company's business model. Subject to materiality of information.
- 🔄 **S1-8** Diversity metrics: Age distribution disclosure removed.
- 🔄 **S1-9** Adequate wages: revised methodology for non-EU countries by changing it from a hierarchy to a choice between two options and by introducing ILO Principles for Estimating a Living Wage as basis for the adequacy assessment; 🔄 also added requirement to disclose the benchmark used for transparency and comparability
- 🔄 **S1-10** Social protection: Major life events reduced to four; retirement was deleted.
- 🔄 **S1-13** Health and safety: fatalities due to ill health among non-employees or value chain workers removed and days lost calculation excludes fatalities. Definitions updated.
- 🔄 **S1-14** Work-life balance: disclosure limited to share of employees entitled to family-related leave
- 🔄 **S1-15** Remuneration Metrics: unadjusted gender pay gap retained. New AR introduces explanation of how adjusted gender pay gap could provide entity-specific information or the unadjusted gender pay gap.
- 🔄 **S1-16** Incidents of discrimination & other human rights incidents: Clarified in the objective of the ESRS S1 that this DR is only to be disclosed for material sub-topics. Introduction of new definition of human rights incidents: substantiated, limited to internationally recognised human rights, and assessment based on severity of impacts.



DRAFT ESRS GOVERNANCE

-  **G1-1 to G1-3:** Restructured to enhance alignment with the PAT structure: policies (G1-1), actions (G1-2) and targets (G1-3). Removal of granular datapoints and focus on supplier relationships, corruption and bribery and whistleblowing.
-  **G1-4** Metrics related to incidents of corruption & bribery: Clarification of the scope of convictions, fines and sanctions.
-  **G1-5** Metrics related to political influence & lobbying activities: Simplification of datapoints.
-  **G1-6** Metrics related to payment practices: Removal of the average time to pay an invoice datapoint.  **AR** for entity-specific disclosures on late payments to SMEs.

What's next?

-  Find the full Simplified ESRS on [EFRAG's website](#).
-  The European Commission will prepare a Delegated Act revising the first ESRS set using EFRAG's technical advice.
-  EFRAG will support implementation with guidance, Q&A insights, and educational materials.
-  The ESRS Knowledge Hub launches 4 December 2025 as a central navigation tool.



NEW



AMENDED

